I-1520 Need-C-Related Income

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Table of Contents

I-1520 NEED - C-RELATED INCOME

I-1521 INCOME UNIT

The income unit is the individual or group of individuals whose income is considered in determining eligibility.

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Exceptions:
Do not include the income of parents or siblings of Pregnant Unmarried Minor's (PUM) or pregnant Minor Unmarried Mother's (MUM) when determining Medicaid eligibility for a pregnant MUM or PUM.

Do not include SSI recipients, or persons in SSI Protected Status who do not actually receive an SSI check.

Do not include persons enrolled in Medicaid waivers or persons residing in facilities.

Refer to H-100.3, Optional Exclusions.

Refer to I-1411, Need - PAP, for determining the income unit in stepparent, MUM's parent, sibling, and alien sponsor situations.

The income unit may not include a minor child who has been excluded.

For CHAMP cases and MNP cases rolled down from CHAMP or LIFC, it is to the advantage of the applicant/ enrollee to include in the MNP income unit household members receiving Medicaid in LIFC and PAP because the AFDC income standard is below the income standards used in CHAMP and MNP.

Explain to the applicant/ enrollee:

- The difference between the income standards used in LIFC, CHAMP, and MNP, and
- The advantage of including household members (within the proper degree of relationship) receiving LIFC or PAP in the CHAMP or MNP income unit.

Refer to H-100.3, for optional exclusions, and H-240.3 for mandatory exclusions of members of the income unit.

Consider the income of any person who is in the income unit. The applicant/ enrollee must pursue and take advantage of all income to which he is legally entitled.

Do not count money withheld from any income source to repay a prior overpayment from that source.

I-1524 TYPES OF INCOME (C-Related)

Begin with gross income when determining eligibility.

Income exclusions are listed when an exclusion is allowable. The programs for which the exclusion is allowed are also noted. If no exclusion is indicated, none shall be given. Refer to H-100.3 for optional exclusions and H-240.3 for mandatory exclusions.

ADOPTION ASSISTANCE - LIFC AND PAP ONLY

Adoption Assistance is provided by the Office of Community Services (OCS) to families who adopt children with special needs.

If the child is not included in the assistance unit, do not count adoption assistance. If the child is included in the assistance unit, do not count adoption assistance if this income, when added to all other income, does not exceed the AFDC 100% Need Standard for the assistance unit. Refer to Z-0000, Charts. When the Need Standard is exceeded, count the amount by which the Need Standard is exceeded.

AGENT ORANGE SETTLEMENT PAYMENTS

Do not count any payments made from Agent Orange Settlement Fund. This includes both disability payments made to veterans each year they are disabled and non-recurring lump-sum payments made to survivors of deceased veterans.

AGRICULTURE AND STABILIZATION AND CONSERVATION (ACSE) PAYMENTS

Count as unearned income after deducting expenses of soil conservation practices.

ALIEN SPONSOR'S INCOME

Refer to I-1411.1, Alien Sponsor.

ALIMONY

Count as unearned income payments made directly to the household from non-household members.

CASH CONTRIBUTIONS

Count as unearned income.

Cash contributions include any money other than loans received by or for a member of the income unit if:

- The use is left to the discretion of the member of the income unit, or
- The contribution is provided for the specific purpose of meeting the maintenance needs of a member of the assistance unit.

Note:
Money which is contributed by the absent parent of a child in the assistance unit is considered child support.

If a cash contribution is made for the specific purpose of meeting the needs of a sanctioned parent not included in the assistance unit, count the entire amount of the contribution.

Do not count small, non-recurring monetary gifts (e.g., Christmas, birthday, or graduation gifts).

CENSUS BUREAU EARNINGS

Do not count earnings from the temporary employment of individuals by the Census Bureau in conducting Census activities.

CHILD CARE FOOD PROGRAM

Count payments received from the Child Care Food Program as income from self-employment.

The costs related to purchasing, preparing, and serving meals by a day care provider for children in day care may be deducted as self-employment business expenses.

This includes money received for the applicant/ <u>enrollee</u> 's own children as well as expenses related to preparing meals for these children.

CHILD SUPPORT

Count court - ordered or voluntary child support as unearned income to the child for whom it is intended.

When budgeting, use the best estimate of anticipated child support income based on available information. Do not routinely average fluctuating child support income.

Disregard $50 per assistance unit per month.

CHILD'S EARNED INCOME

The earned income of a child who is not a full-time student is counted when determining eligibility. A child who is a part-time student and a part-time employee is considered a full-time student for purposes of this policy. The earned income of a child who is a full-time student is subject to the AFDC 185% pretest. Refer to I-1525.1. Apply this test as follows:

- At application, and
- When there is a change in circumstances.

Income for this test includes the total income (earned and unearned) of the income unit without allowing any deductions.

If the total income exceeds the AFDC 185% Need Standard for the assistance unit, the full-time student's earnings may be exempt for a maximum of six months per calendar year. The six months do not have to be consecutive months. If the child's earnings do not exceed the AFDC 185% Need Standard, the earnings are exempt and that month is not counted as one of the six months.

Breaks in school attendance (e.g., summer vacation and holidays) do not change the student status of the child. Verify that the child's enrollment will continue following the break. The enrollee 's statement of intent is sufficient verification.

CONTRACTUAL INCOME

Annual income received under an implied, verbal, or written contract in less than 12 months shall be averaged over the 12 month period it is intended to cover unless the income is received on an hourly or piecework basis. Examples include teachers, teacher's aides, and school bus drivers.

If the contract is for less than annual support, average the income over the period of the contract.

Budgeting of Contractual Income

To budget gross monthly income from contractual income, divide the total gross amount of income under the contract by the number of months in the contract.

Allow the standard deduction and earned income exemption, if applicable, throughout the time earnings are budgeted even though the applicant/<u>enrollee</u> may not actually be engaged in employment during certain months.

Allow the dependent care deduction only in the months the applicant/<u>enrollee</u> is actually engaged in employment, if applicable.

Note:
Do not continue budgeting the contractual amount of income if it is not received as stipulated or when labor disputes result in an interruption of income. If the employment situation changes:

- Recompute the income,
- Take any appropriate case action, and
- Document all the facts that caused the recomputation.

CONTRIBUTIONS FROM TAX-EXEMPT ORGANIZATIONS

Do not count the following gifts, made on or after October 28, 1996, from tax-exempt organizations, such as the Make-A-Wish Foundation, to children under age 18 who have a life-threatening condition.

- Any in-kind gift, not converted to cash; and
- A cash gift to the extent that the total cash excluded under this

provision does not exceed $2000 in any calendar year. Cash in excess of $2000 received in a calendar year is subject to regular income counting rules.

If an in-kind gift is converted to cash, the cash is counted as income in the month converted.

DELTA SERVICE CORPS

The Delta Service Corps is a program funded through the national and community Service Grant Program. Participants receive a living allowance and may receive post-service benefits.

The living allowance is considered earned income. Count as follows:

LIFC Children

- Apply at 185% Pretest.
- If the child is a full-time student or part-time student not employed full-time, disregard the living allowance.
- If the child is a part-time student employed full-time or is not a student, count the living allowance as earned income.

Adults

- Count the living allowance as earned income.

Post service benefits are for full-time and part-time participants upon completion of their term of service. These benefits are intended for higher education, paying back a student loan, or for closing cost or down payment on a home. Disregard these benefits if they are used for these purposes.

DISABILITY INSURANCE BENEFITS

Count as unearned income.

Exception:
Count as earned income if federal and/or state taxes are being deducted.

DISASTER PAYMENTS

Do not count disaster payments issued by Individual and Family Grant Programs or the Small Business Administration.

DIVIDENDS

Count as unearned income. Average dividends for the period they are intended to cover.

DOMESTIC VOLUNTEER SERVICE ACT

Do not count payments for supporting services or reimbursements made to individual volunteers serving as foster grandparents, senior health aides, or senior companions, and to persons serving in the Service Corps of Retired Executives (SCORE) and Action Corps of Executives (ACE) and any other programs under Title II and III, pursuant to Section 418 of Public law 93-113.

Do not count payments to volunteers under Title I of Public Law 93-113, pursuant to Section 404 (g) of Public Law 93-113.

EARNED INCOME CREDITS (EIC)

Do not count EIC payments whether received monthly as advance payment or as part of a tax refund. Persons with tax dependents and gross monthly earnings at or below levels established by the Internal Revenue Service are potentially eligible to receive Earned Income Credit payments from the IRS. Policies concerning EIC payments apply only to persons who are employed. Self-employed clients are not entitled to EIC. EIC payments may be included in an eligible person's monthly paycheck (advance EIC payments) or in the person's income tax refund.

EDUCATION ASSISTANCE

Do not count educational loans, payments from Title IV College Work Study Program, or other educational assistance from any source regardless of how it is used.

Exception:
Count the portion of VA Educational Assistance which is for the student's dependents who are in the assistance unit.

Do not count Vocational Rehabilitation maintenance allowances or funds provided by Vocational Rehabilitation for business, occupational tools, or equipment.

Verify what type of assistance is received. Obtain verification of the amounts of educational assistance, tuition, and mandatory fees when not exempt.

ENERGY ASSISTANCE

Do not count energy assistance from federally funded, state administered programs (LIHEAP, Weatherization).

Do not count utility supplement payments from Department of Housing and Urban Development (HUD), local housing authorities, or governmental housing programs, whether they are in the form of cash, in-kind, or vendor payment.

FOSTER CARE PAYMENTS

Do not count.

HOUSING AND URBAN DEVELOPMENT (HUD) PAYMENTS

Count as earned income:

- Wages or stipends paid under the HUD Family Investment Centers Program.

Do not count:

- HUD Community Development Block Grant Funds,
- HUD payments or subsidies, or
- Government housing subsidies.

INDIAN AND NATIVE CLAIMS AND LANDS

Do not count payments received under:

- Public Laws 92-254, 93-134, 94-540,

- Section 6 of Public Law 94-114 (89 stat. 577, 25 USC 459d),
- Tax-exempt portions made pursuant to Public Law 92-203, the Alaska Native Claims Settlement Act,
- Public Law 98-123 or Public Law 98-124, or
- Public Law 96-420.

INDIAN FISHING RIGHTS INCOME

Income derived by a member of an Indian tribe from the exercise of recognized fishing rights (i.e., secured as of 3/17/88, by a treaty, Executive Order, or an Act of Congress) is counted as unearned income in the month of receipt.

IN-KIND INCOME

Consider as earnings the cash value of an "in-kind" item received from an employer instead of all or part of the salary.

For direct cash payments or direct payments through other financial instruments which are convertible to cash made to an applicant/ enrollee, refer to Cash Contributions. All other payments are considered in-kind.

Do not count other in-kind income.

INTEREST

Count as unearned income. Average interest income for the period it is intended to cover.

IRREGULAR AND UNPREDICTABLE INCOME

Count as income in the month of receipt.

Winnings from Gambling

Gambling losses are not subtracted from gambling winnings when determining an applicant/enrollee's countable income. If an individual claims gambling as a profession and files tax returns to that effect, consider as self-employment.

- For all C-related applicant/ enrollees other than LIFC, count infrequent winnings from gambling as unearned income in the calendar month of receipt.

  Note:
  Gambling winnings on a regular basis is unearned recurring income and shall be averaged.

- For LIFC applicant/enrollees only, winnings from gambling which are paid in one installment are considered lump sum payments. This includes winnings from bingo, gaming machines, scratch-off cards, race tracks, etc. Refer to I-1524.27, Need - C-Related Income, Lump Sum Payments, for treatment of this income.

Winnings from gambling which are paid in yearly installments are averaged for a twelve month period of time. This includes lottery jackpots and gaming machine jackpots paid annually.

JOB TRAINING PARTNERSHIP ACT OF 1982 (JTPA)

Earned income

Income received from employment through the JTPA program is earned income.

- For children, disregard earned income for six months per year. Refer to I-1524.9, Child's Earned Income, for treatment of this income after six months. Do not count need-based payments or payments for supportive services.

- For adults, count as earned income.

Unearned income

Income received for training through the JTPA program is unearned, need - based payments. The amounts of these payments are based on the number of persons and income received in the household.

Disregard need-based payments when this income, if added to other income, does not exceed the AFDC 100% Need Standard amount for the assistance unit. When the Need Standard is exceeded, count the amount which exceeds the Need Standard. Refer to Z-1700, Charts.

Income received for supportive services through the JTPA program is unearned income. These payments are intended to cover transportation, child care, meals, etc. Disregard payments for supportive services.

Note:
Job Corps and the Summer Youth Employment Program (SYEP) are JTPA Programs. Income from Job Corps and SYEP is considered earned income.

Other Job Training and Allowances

Do not count payments from other agencies that are for training related expenses.

Note:
If the payment is for training and monthly maintenance, exempt only the portion that is for training.

LOANS

Do not count bona-fide loans as income.

A loan is considered bona-fide if the enrollee is legally obligated or intends to repay the loan.

If the household receives regular and recurring money from the same source but claims the payments are loans, the provider of the loan may be asked to sign a statement which states that repayments are being made or will be made according to an established repayment schedule. If repayment will not be made, count as unearned income.

Verify all loans at certification, recertification, and when changes occur.

LUMP SUM PAYMENTS

For all C-related applicant/enrollees other than LIFC, count a non-recurring cash payment as income only in the calendar month of receipt. Refer to the appropriate type of income to determine if it is counted as earned or unearned.

Do not count the portion of the lump sum payment withheld for attorney fees.

Do not count as lump sum income money received:

- From the conversion of an allowable resource,
- As compensation for the loss of a resource,
- Which is payable to a third party for the purpose of settling a claim,
- Which is earmarked for a specific purpose (e.g., medical bills which resulted from an accident),
- From an income tax refund, or
- In a month for which the unit is ineligible.

LIFC Only - Budgeting Procedures for Lump-Sum Payments

Use only for lump-sum payments received by LIFC applicants/ enrollees or persons who would be in the assistance unit had they not been sanctioned.

Step 1. Determine other countable income for the month the lump sum was received.

Step 2. Add the amount of the lump sum to other countable income.

Note:
A lump-sum received by a person disqualified from FITAP cash assistance because of intentional program violation will be budgeted in LIFC.

Step 3. If the amount of the lump sum along with other countable income is insufficient to meet the Need Standard, consider as income in the month of receipt.

Step 4. If the amount of the lump sum with other countable income is sufficient to meet the Need Standard, divide the total income by the Need Standard amount for the assistance ** unit. Refer to Z-1700, Charts.

The whole number resulting from the above computation is the number of months the assistance ** unit is ineligible.

Count the remainder of the lump sum, if any, as income for the month after the assistance ** unit's ineligibility ends.

Period of Ineligibility

If ineligible, the period of ineligibility begins in the month of receipt of the lump sum.

Shortening the Period of Ineligibility

Shorten the period of ineligibility if the Need Standard increases and the enrollee re-applies during the period of ineligibility.

Persons to Whom the Period of Ineligibility is Applicable

All persons who were members of the assistance ** unit when the lump sum payment was received remain ineligible, even if some members move to another home. If the enrollee applies for a child that was not in the assistance ** unit when the payment was received, certify the child for LIFC if the child is otherwise eligible. Count all income of the child's parents, excluding the lump sum payment, to determine if the child is eligible.

Note:
A family that is ineligible for LIFC because of a prorated lump sum, consider for MNP in the month following the receipt of the lump sum.

MILITARY PAY AND ALLOWANCES

Count military pay and allowances for quarters, housing, food, base pay, and flight pay as earned income.

MINOR UNMARRIED MOTHER'S (MUM) INCOME

Budget the minor unmarried mother's income in the same manner as the income of a LIFC child, regardless of who is payee.

Exception:
In LIFC, PAP and CHAMP count the income of a sanctioned MUM but do not count the MUM's needs in the income standard. In MNP, count the income and include the sanctioned MUM's needs in the MNIES.

Do not include the income of parents or siblings of Pregnant Unmarried Minor’s (PUM) or pregnant Minor Unmarried Mother’s (MUM) when determining eligibility for a pregnant MUM or PUM.

Note:
Verification of student status is required prior to allowing the MUM the LIFC deductions for a child's earnings, even though school attendance is not an eligibility factor for the MUM.

If the non-legal father (including a minor father) of the pregnant unmarried minor's unborn child lives in the home with the pregnant unmarried minor and her parents, count only the income he actually makes available to the pregnant unmarried minor. At the baby's birth, count all of the non-legal father's income.

NUTRITION PROGRAMS

Do not count the value of supplemental food assistance under the Child Nutrition Act of 1966 and under the special food service program for children (the National School Lunch Act).

Do not count benefits received under Title VII, Nutrition Program for the Elderly, or the Older Americans Act of 1965.

OIL AND LAND LEASES

Prorate regular recurring income from leases over the period it is intended to cover and count as unearned income.

Payments received in the first year of the oil lease, which are above the regular recurring rental and payments received when an oil lease is written for only one year, are treated as non-recurring lump sum payments.

PENSIONS AND ANNUITIES

Count as unearned income.

POTENTIAL INCOME

Income is potentially available when the applicant/ enrollee has a legal interest in a liquidated sum and has the legal ability to make this sum available for the support and maintenance of the assistance unit.

Count potential income when it is actually available as well as when it is potentially available but the applicant/ enrollee chooses not to receive the income.

If the agency representative is unable to determine the amount of benefits available, reject the case for failure to establish need.

Exception:
An applicant/enrollee is not required to elect the improved pension under the Veterans and Survivors Improvement Act of 1978.

RADIATION EXPOSURE COMPENSATION PAYMENTS

Do not count any payments made to persons through the Radiation Exposure Compensation Act which was enacted October 15, 1990, or the Radiation Exposure Compensation Amendments of 2000 which was enacted on July 10, 2000.

RAILROAD RETIREMENT

Count as unearned income the amount of the entitlement including the amount deducted from the check for the Medicare premiums, less any amount that is being recouped for a prior overpayment.

REIMBURSEMENTS

Count as unearned income the amount of the reimbursement which exceeds actual expenses.

Reimbursements will not be considered to exceed actual expenses unless the provider or the household indicates the amount is excessive.

Note:
Refunds, credits, or rebates of money originally paid by the client are not considered income.

Money received through the Child Care Food Program is not treated as a reimbursement.

RELOCATION ASSISTANCE

Do not count if received under Title II of the Uniform Relocation

Assistance and Real Property Acquisitions Policies Act of 1970.

RENTAL PROPERTY

Ownership of rental property is considered a self-employment enterprise. Income received from rental property may be earned or unearned. To be counted as earned income, the applicant/ enrollee must perform some work-related activity. If the applicant/ enrollee does not perform work-related activity, the money received is unearned income. Deduct only allowable expenses associated with producing the income. If the income is earned, also allow other earned income deductions.

RESOURCE GRANNY

The Federal Oversight Agency responsible for this Title X grant money is the Office of Public Health.

Income is not based on need.

Count as earned income.

RETIREMENT

Count the gross amount of retirement benefits as unearned income.

ROOMER/BOARDERS

Count as self-employment income. Allow the following as cost of producing income.

- Food - the food stamp allotment for the size household equal to the number of boarders or roomer/boarders. Refer to the Food Stamp Program's Coupon Allotment Table to derive the allotment for the size of household needed.

- Shelter - the pro rata share of the total verified shelter cost (rent, house note, utilities) for the roomer or roomer/boarder.

If the eligible is able to verify an expense greater than the above, deduct the greater amount. Any additional verified expenses must also be allowed.

ROYALTIES

Count as unearned income. Prorate royalties for the period they are intended to cover.

SEASONAL EARNINGS

Count as earned income in the month received.

If contractual, such as a bus driver or teacher, prorate the earned income over the period it is intended to cover.

If earnings are self-employment seasonal income, refer to Self-employment earnings.

SELF-EMPLOYMENT INCOME

This is income received from an applicant/enrollee's own business, trade, or profession if no federal or state withholding tax or Social Security tax is deducted from his job payment. A self-employed person is not eligible to draw Unemployment Compensation Benefits (UCB) by virtue of his job efforts.

Budgeting Self-employment Income

Annualize over a 12 month period self-employment income which represents a household's annual income even if it is received in a shorter period of time.

Example:
Farm income when gained from a once a year harvest represents the only farm income received in the year.

Average over a six month period self-employment income which is received monthly but which represents a household's annual source of income. Do not average over a six month period if the averaged amount does not accurately reflect the household's anticipated monthly income due to a substantial increase or decrease in business.

Average self-employment income which is intended to represent the household's income for only part of the year over the period of time it is intended to cover.

Self-employment income which is received from a business which has been in existence for less than a year must be averaged over the period of time the business has been in operation and projected for the period of certification.

Budgeting Procedures

Step 1. Total all gross self-employment income including capital gains for the period of time for which self-employment will be averaged or for the month if received monthly.

Capital gain is the financial profit from a sale or transfer of capital assets which are accumulated possessions including products, equipment, or ownership of a business. Count the full amount of a capital gain.

When calculating self-employment income, add any capital gains the household expects to receive in the next six months and average the total over six months. Use this averaged amount for each certification period within the next six months unless the amount changed substantially and a new average is computed.

Do not count crops in storage as income until they are sold.

Step 2. Subtract allowable deductions for the cost of producing the income. Schedule C of the IRS Form 1040, if available, is acceptable documentation of business expenses.

Deductions: Allowable and Non-allowable

- Advertising: Allowable
- Business Losses: Not allowable from other self-employment enterprise.
- Capital Asset Purchases and/or Improvements: Such as real property, equipment, machinery, and other durable goods (items expected to last for at least 12 months) is not allowable.
- Car and Truck Expenses: Allowable if directly related to the cost of producing goods or services.

Example:
Van used in delivery services business.

- Commission and Fees: Allowable
- Contract Labor: Allowable
- Depletion: Not allowable
- Depreciation: Not allowable
- Employee Benefit Program: Allowable
- Insurance other than Health: Allowable if separate from personal insurance coverage.

  Example:
  Cost of insurance on a vehicle used for delivery services.

- Interest: Only the interest and taxes on income-producing property and insurance premiums are allowable. Payment on the principal of real estate mortgages on income producing property is not allowable.
- Legal and Professional Services: Allowable
- Net Loss which occurred in a previous period: Not allowable
- Office Expenses: Allowable, if costs can be identified separately from personal expenses and necessary for the cost of doing business.
- Personal Transportation Expenses: Not allowable
- Rent or Lease: Allowable if separate from the home and related to the cost of doing business.

  Example:
  Beauty shop located in a separate building from home.

  If the self- employment business is conducted in the applicant's home, consider the cost of the home (rent or mortgage) as shelter costs, not business expenses, unless these costs can be identified separately as necessary for the business. Rent or lease of vehicles, machinery and equipment and other business property is allowable if necessary for the cost of doing business.

- Repairs and Maintenance: Allowable if used to maintain the income bearing level of the business related property.

- Supplies: Allowable

- Taxes and Licenses: Allowable (Federal, state and local income taxes are not allowable).

- Travel, Meals and Entertainment: Travel is allowable at the state reimbursable rate only for the cost of actual miles used in the delivery of services or goods. Travel to and from the place of business is not allowable. Meals and entertainment are not allowable.

- Utilities: Utilities are allowable only if business related and separate from the home utilities. If the self-employment business is conducted in the applicant's home, consider the cost of the utilities as shelter costs, not business expenses, unless these costs can be identified separately as necessary for the business.

- Wages: Allowable
  Do not deduct a loss from self-employment from other household income.

Step 3. Divide the remainder by the number of months over which the income will be averaged to determine monthly profit. The monthly profit is considered the gross earned income from self-employment.

Step 4. Earnings from self-employment are subject to the same earned income deductions and exemptions that are applied to other earned income. These deductions and exemptions are applied to the profit, which is that income remaining after all verified business expenses are deducted from total receipts.

Assign renewals (in accordance with Section K-100) to households with averaged self-employment income.

Use documentary evidence such as business records and income tax forms (including all schedule attachments such as Schedule C, Profit or Loss from Business, necessary to determine gross earnings and allowable business expenses) as verification of self-employment income and deductions.

If documentary evidence is not available, use a statement completed and signed by the self-employed applicant/enrollee at initial application only.

Document the source of verification, the method used for averaging income, deductions for the costs of doing business, the number of hours engaged in the enterprise, if applicable, and other factors used in arriving at the income figure used.

SOCIAL SECURITY RETIREMENT, SURVIVORS AND DISABILITY INSURANCE BENEFITS (RSDI)

Count as unearned income the amount of the entitlement including the amount deducted from the check for the Medicare premium, less any amount that is being recouped for a prior overpayment.

Note:
If an RSDI payment for a member of the assistance unit is received by someone not living in the same home, count only the amount made available.

STEPPARENT'S INCOME

Count as a contribution any cash given directly to the assistance unit by the stepparent.

Note:
Refer to I-1400, Need - PAP, for treatment of other stepparent income.

SUMMER YOUTH EMPLOYMENT PROGRAMS (SYEP)

Refer to Job Training Partnership Act of 1982 (JTPA).

SUPPLEMENTAL SECURITY INCOME (SSI)

Do not count the SSI payment and any income considered in determining SSI payment amount.

Note:
If the enrollee is payee of an SSI check for someone not living in the home, count any portion of the SSI payment the enrollee uses for himself or members of the assistance unit.

Do not count the income, earned or unearned, of persons in SSI Protected Status who do not actually receive an SSI check.

TAX REFUNDS

Do not count.

TRUST FUNDS

Count as unearned income trust withdrawals, dividends, or interest which are or could be received by the applicant/enrollee.

TUTORSHIP FUNDS

Count as unearned income any money released by the court to the applicant/enrollee.

UNEMPLOYMENT COMPENSATION BENEFIT (UCB)

Count payments as unearned income in the month of receipt.

VENDOR PAYMENTS

Do not count payments made by a person or organization outside the household/assistance unit directly to the applicant/ enrollee's creditor or person providing the service.

Exception:
Count as earned income vendor payments made by an employer instead of all or part of the salary.

VETERAN'S ADMINISTRATION BENEFITS

Count as unearned income.

Exception:
When a recipient of Veteran's Benefits is in a VA hospital, subtract $30 from his VA benefits for his personal needs. Count the remainder as unearned income.

WAGES, SALARIES, AND COMMISSIONS

Count gross wages, salaries and commissions, including paid sick and vacation leave, as earned income.

Include as earned income vendor payments made by the employer instead of all or part of the salary.

Include the cash value of an in-kind item received from an employer instead of all or part of the salary.

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WOMEN, INFANTS AND CHILDREN PROGRAM (WIC)

Do not count the value of WIC coupons or vouchers.

WORK STUDY

Do not count payments from the Title IV College Work Study Program.

WORKMAN'S COMPENSATION

Count the amount of weekly benefits actually received as unearned income.

I-1525 NEED - C-RELATED - TREATMENT OF INCOME

Evaluate with the household its circumstances and income, using income received in the calendar month prior to the month of application or renewal as an indicator of anticipated income. Decide if any factors are likely to change in the current or future months. If changes are unlikely, certify the household based on anticipated income and circumstances. If changes are likely, determine how the change will affect eligibility.

Consider income the household has already received and/or expects to receive. If the household is unsure about the amount of income expected, use the best estimate of the amount to be received. Do not count income from a new source which the client is not certain to receive.

There are generally two budgeting techniques used in determining income eligibility:

- prospective income budgeting, and
- actual income budgeting.

In general, prospective income budgeting involves looking at past income to determine anticipated future income. Actual income budgeting involves looking at income actually received within a specific month to determine income eligibility for that month. Actual income should be used for all retroactive coverage.

<u>Consider eligibility in a retroactive month using actual gross income when income exceeds allowable limits for the program due to receiving 5 checks when paid weekly or 3 checks when paid bi-weekly during the first month for which eligibility is being determined. If not eligible for a retroactive month or the month the application is received, consider the month following the month the application is received. Eligibility can begin no earlier than the first month in which actual or estimated income is below the limit.</u>

Prospective Income Budgeting

Use income earned in the calendar month prior to the month of application or renewal which the client will be expected to earn in the current and future months.

For fluctuating earned income, budget the amount which the individual can reasonably be expected to have available in future months.

Estimate monthly earned income based on the latest information available at the time the client is interviewed or provided to the agency prior to the date of action.

Do not use income earned in the month prior to the month of application or renewal to determine the best estimate if:

- The client started employment in the month prior to the month of application or renewal, or
- A change (e.g., termination, interruption, pay raise, change in number of hours worked, etc.) has occurred in the month prior to the month of application or renewal, or
- if a change is anticipated.

If earnings began in the month prior to the month of application or renewal, determine income as follows:

- If less than two full paychecks have been received, contact the employer and obtain sufficient information to estimate future earnings (e.g., number of hours expected to work, hourly wage, etc.). Document the case record to show basis of estimate.
- If at least two full paychecks have been received, verify all full paychecks received in the month prior to the month of application or renewal and average these checks to estimate future earnings. Document the case record to show the basis of the estimate.

If a change occurred in the month prior to the month of application or renewal or is anticipated to occur, determine income as follows:

- Change in hourly wage - verify new hourly wage by employer's statement or check stub. Average hours worked for the month prior to the month of application or renewal and multiply by new hourly wage to estimate income.
- Change in number of hours worked - verify new number of hours to be worked by employer's statement and multiply by hourly wage.

A change for purposes of this section does not include normal fluctuations in the number of hours worked, amount paid or short term temporary changes such as covering for another employee who was ill.

It does include changes in hourly wage, changing from part to full time or vice-versa, etc.

To determine gross monthly income and dependent care deduction, use the following conversion factors:

- divide yearly income by 12,
- multiply weekly income by 4,
- add amounts received twice a month, or
- multiply amounts received every other week by 2

Actual Income Budgeting

Use actual income or the best estimate of anticipated actual income if:

- the income terminates during the month,
- the income begins during the month, or
- the income is interrupted during the month.

  Note:
  None of the methods described above may give the most accurate estimate of monthly earning due to unique circumstances which may occur. In that case, use whatever method gives the most accurate estimate of earnings. Document the case record to clearly show the basis of the estimate and the reason the method chosen most accurately estimates anticipated earnings.

If an employee asks the employer to hold his wages, count this money as income in the month the household would otherwise have been paid. If, however, an employer holds wages as a general practice, do not count this money as income unless the household expects to ask for and receive an advance or the household expects to receive income from previously held wages. Advances on income are a loan in the month of receipt and income when held out of wages for repayment.

If unearned income (i.e., contributions, child support, etc.) fluctuates, base estimated income on an average of amounts received in the past thirty days. If income began within the past thirty days, contact the source of the income to obtain sufficient information to estimate future income. Verify the amount received from the source of the income.

Do not use periods when income was not received or when income varied greatly due to unusual circumstances in computing this average.

* *

185% Pretest

This test for income eligibility is applied only to cases in which there is a child who has earned income and is a student. The maximum income limit is 185% of the AFDC Need Standard (Chart Z-1700). The assistance unit is ineligible for any month in which total income exceeds the limit. Apply this test:

- at application and
- when there is a change in circumstances.

Total income for this test must include:

- countable unearned income, and
- gross income from employment, and
- profit from self-employment.

  Exception:
  Do not count the earnings of the full-time student for 6 months per calendar year. Count after the exclusion has been applied for 6 months.

  Count as one of the 6 months only months in which the child's earnings would have made the assistance unit ineligible. The 6 months do not have to be consecutive months.

The total gross earned income may not exceed 185% of the need standard for the assistance unit. Refer to Chart Z-1700.

If the total countable income is greater than the Flat Grant amount for the assistance unit, the assistance unit is income ineligible.

If the total countable income is less than the Flat Grant amount, round down deficit. If less than $10, the assistance unit is income eligible.

Rounding Procedures

Round only in calculating gross monthly earned income.

In calculating gross monthly earned income, round off to the nearest dollar after the computation of the monthly earnings using the conversion factor. Do not round until after the conversion in this situation.

Round down in each calculation that equals 49 cents or less. Round up in each calculation that equals 50 cents or more.

Exception:
Do not round off calculations of less than weekly income, such as hourly or daily wages.

Income Conversion Factors

Rounding Example: Annual or Yearly Income

	$13,245.00	per year
÷	12	months
	$1,103.75	
rounded to:	$1,104.00	avg. per month

Rounding Example: Weekly Income

#1	$156.40	January 2
#2	$215.63	January 9
#3	$169.15	January 16
#4	$201.78	January 23
#5	$172.23	January 30
	$915.19	
	$915.19	
□	5	occurrences
	$183.04	avg. per paycheck
	$183.04	
x	4	(Weekly Conversion Factor)
	$732.16	
rounded to:	$732.00	avg. per month

Rounding Example: Bi-weekly Income

#1	$156.40	January 2
#2	$169.15	January 16
#3	$172.23	January 30
	$497.78	
	$497.78	
÷	3	occurrences
	$165.93	avg. per paycheck
	$165.93	
x	2	(Bi-weekly Conversion Factor)
	$331.86	
rounded to:	$332.00	avg. per month

I-1526 DEDUCTIONS

Subtract the first 15% of total monthly gross income when determining eligibility for pregnant women.

The following are earned income deductions:

- standard earned income deduction,
- Earned Income Exemption (EIE), and
- dependent care.

The deductions are applied to all earned income, including payments while the employee is on paid sick or vacation leave.

Standard Earned Income Deduction

Allow a standard earned income deduction of a maximum of $90 a month for each employed income unit member.

Note:
Any unused portion of an employed individual's EIE shall not be transferred to another income unit member.

Earned Income Exemption (EIE)

Under certain circumstances, individuals may receive or continue to receive the EIE in Medicaid only cases.

Apply the EIE only:

- if the person is applying for LIFC and has not used up the EIE, or

- if the person with earnings received LIFC in at least one of the four months preceding the month of Medicaid application, and is eligible for the EIE, or

- when the parent:

  - is payee only,

  - is included in the income unit,

  - received LIFC in at least one of the four preceding months, and

  - is otherwise eligible for the EIE.

If the applicant/enrollee received LIFC in one of the four preceding months:

- allow the balance (up to the full four months, if applicable) of the EIE not used in the LIFC earned income determination, and

- allow the balance of the eight consecutive months of the $30 disregard.

Apply the earned income exemption after the standard deduction and before the child care deductions.

The exemption begins the first month earnings are used to determine eligibility for Medicaid.

The exemption is divided into two periods:

- the first four consecutive months, the exemption is the first $30 plus one third of the remaining earned income, and

- the next eight calendar months, the exemption is $30.

If the applicant/ enrollee does not receive four consecutive months of the $30 and one third exemption because the case is closed or because wages stop, he is entitled to four consecutive months of this exemption at a later date.

If the applicant/enrollee 's income is reduced to zero after deducting the standard so that no portion of the $30 and one third exemption is deducted, do not count the month as one of the four consecutive months. This is a break in the four consecutive months.

If the applicant/ enrollee terminates employment or requests case closure for the purpose of entitling himself to additional months of the $30 and one third exemption, the months the exemption was applied must be counted toward the months of entitlement.

Count as one of the four consecutive months a month in which the $30 and one third is not applied due to failure to timely report earnings.

Once the applicant/enrollee has received the $30 and one third exemption for four consecutive months, he is entitled to the $30 disregard for an additional eight calendar months regardless of whether employment or assistance is interrupted.

Once the applicant/ enrollee has received the $30 and one third exemption for four consecutive months, or the eight month period has expired, he is not entitled to these deductions again until 12 consecutive months have passed during which he did not receive LIFC.

Exception:
A person who has received the earned income exemption in another state is entitled to the earned income exemption in Louisiana as this exemption is not transferred from state to state.

Do not apply the earned income exemption to stepparents, alien sponsors, or MUM's parents who are not in the assistance unit.

In the following examples the enrollee s are Medicaid eligible and also received LIFC in one of the preceding four months.

Example #1:
Mrs. Red begins employment in January and works for the full calendar year. The $30 and one third disregard is applied to her January, February, March, and April earnings. The $30 disregard is applied to her May through December earnings.

Example #2:
Mrs. White begins employment in January and works until her job

terminates in August. The $30 and one third disregard is applied to her January, February, March, and April earnings. The $30 disregard is applied to her May through August earnings. If she again becomes employed, she would be eligible for the $30 disregard for months with earnings through December.

Example #3:
Ms. Blue begins employment in January and works until her job terminates in March. She receives LIFC for April and May. Ms. Blue is later re-employed and is again entitled to the $30 and one third disregard since she did not receive it for four consecutive months during her prior period of employment.

Dependent Care Deduction

Deduct from earned income only, monetary payments for the cost of caring for a child or incapacitated adult living in the home if this care is needed in order for the applicant/enrollee to accept employment, continue employment, or attend training activities to prepare for employment. Do not deduct payments made by an agency or person outside the income unit, such as Child Care Assistance payments.

The child or the incapacitated adult must be a member of the assistance unit in LIFC, PAP, and C-MNP.

The maximum care deduction is:

- $175 per month per person in care age two or older, or
- $200 per month per person in care under age two.

The maximums are applicable regardless of the number of hours of employment.

Verify dependent care at application, renewal, and when a change occurs.

A dependent care deduction may not be allowed for payments made to:

- A member of the income unit or of the assistance unit in LIFC, or
- The qualified relative's child or stepchild under age 18 who lives in the home.

Court-ordered Child Support and/or Alimony to Persons Outside the Home Reduction

The amount of income to be reduced for dependents not living in the home is the amount actually paid up to the amount of the court order.

Reduce Total Countable Income by the verified amount paid for dependents not living in the home up to the court ordered amount.

I-1527 NEED - C-RELATED - BUDGETING OF INCOME

Use the following procedures when budgeting income in C-related programs.

Budgeting in LIFC for Stepparent or Spouse of a Qualified Relative

In LIFC, budget the income of a stepparent or spouse of a qualified relative living in the home beginning with the date of marriage. Count the income of a stepparent or spouse of a qualified relative living in the home who is not a member of the assistance unit as follows:

Step 1. Verify the total income.

Step 2. If earned income, subtract the $90 standard deduction.

Step 3. Subtract the AFDC 100% Need Standard for the number of persons living in the home who are not in the assistance unit, and whom he could claim as dependents for federal income tax purposes. This includes a dependent who receives SSI, but not a sanctioned LIFC parent. The amount deducted will not be reduced by income received by these dependents.

Step 4. Subtract verified child support and/or alimony payments made by him to persons not living in the home.

Step 5. Subtract verified amounts paid by him to persons not living in the home whom he could claim as dependents for federal income tax purposes.

Step 6. Count the balance as unearned income. If he actually makes a larger cash contribution, count the larger amount.

Note:
Refer to I-1528, Allocation of Income in LIFC, when his income is insufficient to meet the needs of the person(s) for whom he is responsible.

The stepparent could claim unrelated persons as dependents for income tax purposes. For example, a 19-year-old sibling of the C-related child could be claimed by the stepparent for income tax purposes.

In all other Medicaid programs, count only the actual contributions of a stepparent for the child.

Example #1:
Mrs. Wilson applies for LIFC for herself and two children of a prior marriage. She resides with her husband and she and Mr. Wilson have one child. Mrs. Wilson is not eligible for inclusion in the LIFC certification due to a sanction. Mr. Wilson has gross earnings of $600 per month and Mrs. Wilson has no income of her own. In computing the amount of Mr. Wilson's income to budget in the LIFC certification, no deduction shall be made for Mrs. Wilson's needs because she is sanctioned.

Example #2:
Mrs. Apple applies for LIFC for herself and her three children by a previous marriage. She resides with her legal spouse and their two children. Mr. Apple is employed full time and earns $700 per month. Mr. Apple has one child by a previous marriage for whom he pays $50 per month court ordered child support.

$	700	Mr. Apple's earned income
	- 90	Standard deduction
	610	
	- 507	AFDC 100% Need Standard for three (Mr. Apple and their two children)
	103	
	- 50	Child Support
$	53	Countable income

Budgeting Income from the Parents of a MUM or Pregnant Unmarried Minor

A Minor Unmarried Mother (MUM) is a child under age 18 who is also the parent of a child. The term MUM also refers to a minor who has a child and who is pregnant.

A Pregnant Unmarried Minor is a child under age 18 who is pregnant and has no children living with her.

In all Medicaid programs except LIFC, a child of a MUM shall never be denied assistance because of his grandparents' income. This is a prohibited AFDC provision (PAP). The MUM (who is not pregnant) is denied assistance if the income of her parent(s) meets her needs.

Exception:
Do not include the income of parents or siblings of Pregnant Unmarried Minor’s (PUM) or pregnant Minor Unmarried Mother’s (MUM) when determining Medicaid eligibility for a pregnant MUM or PUM.

MUM's Parents Budgeting in LIFC

In LIFC budget the income of the MUM's parents as follows:

Step 1. Verify the total income of the MUM's parent(s).

Step 2. If earnings, subtract the $90 standard deduction for each employed parent.

Step 3. Subtract the AFDC 100% Need Standard for the number of persons in the home who are not in the assistance unit whom the MUM's parents could claim as dependents for income tax purpose (include the MUM's parents). The amount deducted will not be reduced by income received by these dependents.

Step 4. Subtract verified child support and/or alimony payments made by the parents to persons not living in the home.

Step 5. Subtract verified amounts paid by the parents to persons not living in the home who could be claimed as dependents for income tax purposes.

Step 6. Count the balance as unearned income to the MUM (who is not pregnant).

Note:
The MUM's parents could claim unrelated persons as dependents for income tax purposes.

MUM's Parents Budgeting in C-MNP and CHAMP

In these Medicaid programs, count the actual contributions from a MUM's parent to the MUM's child. To determine whether the MUM can be included in a C-MNP Medicaid certification, use the LIFC budgeting procedure shown in I-1527.3.

Pregnant Minor's Parents Budgeting in LIFC, PAP, and C-MNP

Use steps 1 through 6 of the budget shown in I-1527.3, MUM's Parents Budgeting in LIFC, when the pregnant minor has a dependent in the home. The pregnant minor must have a dependent in the home in order to be categorically eligible for LIFC, PAP or C-MNP.

If the pregnant minor does not have a dependent in the home, use steps 1 through 6 of the budget shown in I-1527.6 Pregnant Minor's Parents Budgeting in CHAMP.

Do not include the income of parents or siblings of Pregnant Unmarried Minor's (PUM) or pregnant Minor Unmarried Mother's (MUM) when determining Medicaid eligibility for a pregnant MUM or PUM.

Pregnant Minor's Parent's Budgeting in CHAMP

Do not include the income of parents or siblings of Pregnant Unmarried Minor's (PUM) or pregnant Minor Unmarried Mother's (MUM) when determining Medicaid eligibility for a pregnant MUM or PUM .

In CHAMP for a pregnant minor, budget the income of the pregnant minor as follows:

Step 1. Verify the total earned income of the pregnant minor.

Step 2. Subtract the $90 standard deduction for the pregnant minor.

Step 3. Add total monthly unearned income of the pregnant minor.

Step 4. Subtract verified child support payments made by the pregnant minor to persons not living in the home who could be claimed as dependents for income tax purposes.

Step 5. Subtract 15% of unearned income in determining eligibility for pregnant women.

Step 6. Compare total countable income of the income unit to 185% FPIG for PW. The income unit for the PUM consists of the PW, unborn child and the unborn child's siblings.

I-1528 ALLOCATION OF INCOME IN C-RELATED

The allocation of income is the assignment of countable income of a qualified relative to meet the needs of persons living in the home who are not included in the assistance unit. Income may be allocated regardless of whether the qualified relative is included in the assistance unit. If there is a child with earned income in the assistance unit, allocate income before applying the 185% Pretest.

Income is allocated to meet the needs of:

- Persons living in the home who are not included in the assistance unit for reasons other than a sanction when the qualified relative is legally responsible to meet their needs (children and spouses),
- The qualified relative when not included in the assistance unit for reasons other than a sanction, and
- Persons living outside the home that the qualified relative is under court order to support.

Note:
Allocation policy does not apply to restricted income (e.g., RSDI or VA) or when the qualified relative is not legally responsible to support the person for whom the income is intended.

The maximum amount of income that can be allocated is the AFDC flat grant for the number of persons to whom the income is allocated.

The amount of income to be allocated for dependents not living in the home is the amount actually paid up to the amount of the court order.

If the person living in the home whom income is allocated has income, deduct that income from the AFDC flat grant amount. The qualified relative's income is then allocated to any remaining balance.

Income is not allocated to persons whose needs:

- Have been met by a lump sum payment or the income of a stepparent, or
- Have been removed from the assistance unit due to a sanction.

In LIFC, if the stepparent's income is not sufficient to meet the needs of persons for whom he is responsible, the qualified relative's income may be allocated for their unmet needs if the qualified relative is also legally responsible for these persons. The amount to be allocated is the lesser of:

- The AFDC flat grant amount for the number of persons for whom the qualified relative is legally responsible, or
- The unmet need after application of stepparent income.

Example:
Mrs. Jones applies for LIFC for herself and her three children by a previous marriage. She resides with her legal spouse and their five children. Mr. Jones is employed full-time and earns $800 per month. Mrs. Jones receives $150 per month from an oil lease.

$ 800	
- 90	Standard Deduction
$ 710	
- 863	AFDC 100% Need Standard for six
0	(Mr. Jones and five children)

$ 863	
- 710	Mr. Jones' countable income
$ 153	Unmet need of Mr. Jones and five children.

Mr. Jones' income is not sufficient to meet the needs of himself and the five children. Mrs. Jones is also responsible for their support, and thus her income may be allocated. The unmet need is $153 which is less than the AFDC flat grant amount for the number in the household for whom Mrs. Jones is legally responsible. Therefore, $153 of Mrs. Jones' income is allocated to meet their needs and $0 is budgeted in the LIFC certification.

Reminder:
In Medicaid programs other than LIFC, do not allocate to children restricted from the assistance unit because of PAP or at the request of the applicant/ enrollee or parents.