

Indiana	ICES Program Policy Manual	DFR
CHAPTER: 3400 BUDGETING AND BENEFIT CALCULATION	SECTION: 3400 TABLE OF CONTENTS	

3400.00.00 BUDGETING AND BENEFIT CALCULATION

3405.00.00 INCOME BUDGETING PRINCIPLES

3405.05.00 INCOME FREQUENCY

3405.10.00 BUDGET METHODS

3405.10.05 Regular Budget Method

3405.10.10 Fluctuating Budget Method

3405.10.15 Averaging Budget Method

3405.10.20 Prorated Budget Method

3405.10.25 Beginning/Terminating Budget Method

3410.00.00 BUDGETING SELF-EMPLOYMENT INCOME

3410.05.00 DEFINITION OF SELF-EMPLOYMENT

3410.10.00 ESTABLISHING ANNUAL SELF-EMPLOYMENT INCOME

3410.15.00 ALLOWABLE SELF-EMPLOYMENT COSTS

3410.20.00 HOME USED FOR SELF-EMPLOYMENT (S)

3410.25.00 FARM LOSS BUDGETING (S)

3415.00.00 BUDGETING BOARDER INCOME (S)

3415.05.00 BOARDER COST OF BUSINESS (S)

3415.05.05 Net Boarder Income (S)

3415.10.00 BUDGETING ROOMER AND BOARDER INCOME (S)

3420.00.00 RENTAL INCOME

3420.05.00 BUDGETING RENTAL INCOME

3420.05.05 Allowable Rental Expenses

3425.00.00 BUDGETING STRIKER'S INCOME (S)
 3425.05.00 DEFINITION OF STRIKER (S)
 3425.10.00 DETERMINING STRIKER'S INCOME (S)
3430.00.00 BUDGETING EDUCATIONAL INCOME
 3430.05.00 ALLOWABLE EXPENSES FROM EDUCATIONAL INCOME
3435.00.00 RECURRING LUMP SUM PAYMENT CALCULATIONS (C)
3437.00.00 CONTRACT SALE OF REAL PROPERTY
3439.00.00 CONTRACTUAL INCOME (S)
3440.00.00 BUDGETING EXPENSES (S)
 3440.05.00 DEPENDENT CARE EXPENSE/DEDUCTION (S)
 3440.06.00 CHILD SUPPORT DEDUCTION (S)
 3440.10.00 SHELTER EXPENSES/DEDUCTIONS (S)
 3440.10.05 Continuing Charges (S)
 3440.10.10 Property Taxes, Assessments, Insurance (S)
 3440.15.00 STANDARD UTILITY ALLOWANCES (S)
 3440.15.05 Telephone Standard (S)
 3440.15.10 Verification Of Shelter Expenses (S)
 3440.20.00 HUD UTILITY PAYMENTS (S)
 3440.25.00 REPAIR COST EXPENSES (S)
 3440.30.00 SHELTER EXPENSES OF UNOCCUPIED HOMES (S)
 3440.45.00 ALLOWABLE MEDICAL EXPENSES FOR SNAP (S)
 3440.45.05 Medical Expenses In The SNAP Budget (S)
 3440.47.00 ENTERING MEDICAL EXPENSES IN ICES (S)
 3440.48.00 VERIFICATION OF MEDICAL EXPENSES (S)
 3440.50.00 EXPENSES NOT ALLOWED AS DEDUCTIONS (S)

3440.55.00 BUDGETING ACTUAL EXPENSES (S)
3440.60.00 ANTICIPATING EXPENSES (S)
3440.65.00 BUDGETING ONE TIME ONLY EXPENSES (S)
 3440.65.05 One Time Only Medical Expenses (S)
 3440.65.10 One-Time Only Non-Medical Expenses (S)
 3440.65.15 Changes In One-Time Only Expenses (S)
3440.70.00 BUDGETING LESS OFTEN THAN MONTHLY EXPENSES (S)
3440.75.00 BUDGETING ONGOING EXPENSES (S)
3440.90.00 SHARING EXPENSES (S)
3440.95.00 EXPENSES OF DISQUALIFIED MEMBERS (S)
3445.00.00 BENEFIT CALCULATION (S)
3445.05.00 STANDARD DISREGARD (S)
3445.10.00 EARNED INCOME DEDUCTION (S)
3445.15.00 CATEGORICALLY ELIGIBLE AGS (S)
3445.20.00 GROSS INCOME ELIGIBILITY DETERMINATION (S)
 3445.20.05 Net Income Calculation/AG Below Gross Income
 Limit (S)
3445.25.00 NET INCOME CALCULATION FOR ELDERLY/DISABLED
 AGS (S)
3445.30.00 165% INCOME LIMIT BENEFIT CALCULATION (S)
3445.35.00 ROUNDING (S)
3445.40.00 SNAP BENEFIT LEVEL (S)
 3445.40.05 Prorating Benefits (S)
3445.50.00 BUDGETING AGs WITH DISQUALIFIED MEMBERS (S)
3445.55.00 BENEFIT CALCULATION WITH INCOME FROM SPONSOR
 (S)
3445.60.00 NO SNAP INCREASE WHEN TANF DECREASED DUE TO

NON-COOPERATION (S)

3450.00.00 FINANCIAL ELIGIBILITY & BENEFIT CALCULATION(C)

3450.05.00 CASH ASSISTANCE NEED STANDARD (C)

3450.05.05 185% Gross Income Test (C)

3450.10.00 CASH ASSISTANCE RATEABLE REDUCTION (C)

3450.15.00 EARNED INCOME DEDUCTIONS (C)

3450.20.00 WORK EXPENSE DISREGARD (C)

3450.25.00 \$30 AND 1/3 DISREGARD (C)

3450.25.05 \$30 And 1/3 Disregard At Initial Eligibility
(C)

3450.25.10 \$30 And 1/3 Disregard At Reapplication (C)

3450.25.15 \$30 And 1/3 Disregard For Ongoing Cases (C)

3450.25.20 Determining Countable Months Of \$30 And 1/3
Disregard (C)

3450.25.25 \$30 Disregard (C)

3450.35.05 Benefit Calculation (C)

3450.40.00 ALLOCATION OF PARENTS' INCOME (C)

3450.40.05 Allocation/185% Test (C)

3450.40.10 Allocation/Benefit Calculation (C)

3450.45.00 DEEMED INCOME CALCULATION (C)

3450.45.05 Income Deemed From a Stepparent/Non-Recipient
Spouse (C)

3450.45.10.05 Income Deemed From an Ineligible Parent
(C)

3450.45.15 Income Deemed From the Parent(s) of a Minor
Parent (C)

3450.45.20 Income Deemed From Two Non-Recipient Parents
(C)

3450.45.25 Income Deemed From Non-Recipient Parent with Spouse (C)

3450.45.30 Income Deemed From a Non-Recipient Parent with No Spouse (C)

3450.45.35 Income Deemed From an Alien's Sponsor (C)

3450.50.00 INCOME OF THE MINOR PARENT (C)

3450.55.00 PRORATING BENEFITS (C)

3499.00.00 FOOTNOTES FOR CHAPTER 3400

Indiana	ICES Program Policy Manual	DFR
CHAPTER: 3400	SECTION: 3400.00.00	
BUDGETING AND BENEFIT CALCULATION	BUDGETING AND BENEFIT CALCULATION	

3400.00.00 BUDGETING AND BENEFIT CALCULATION

This chapter discusses the budgeting of income, income deductions, and the calculations necessary to determine financial eligibility. Specific information includes:

- Income Budgeting Principles (Section 3405);
- Budgeting Self-Employment Income (Section 3410);
- Budgeting Boarder Income (Section 3415);
- Rental Income (Section 3420);
- Budgeting Striker's Income (Section 3425);
- Budgeting Educational Income (Section 3430);
- Lump Sum Calculation (Section 3435);
- Budgeting Expenses (Section 3440);
- Benefit Calculation (F) (Section 3445);
- Benefit Calculation (C) (Section 3450);
- Footnotes for Chapter 3400 (Section 3499).

3405.00.00 INCOME BUDGETING PRINCIPLES

Financial eligibility is based on the best estimate of income and circumstances which will exist in the month for which the assistance is being considered. This estimate should be founded upon the most complete information available to the Local Office as of the authorization date. This eligibility determination requires knowledge of an individual's and/or AG's current, past or anticipated future circumstances. A presumption that current or historical trends will continue in the future cannot be made. Use of historical trends is appropriate if there is reason to believe, with supporting documentation, that the trends will continue.

Prospective budgeting rules require that the AG's assistance for a given month be based on the income expected to be received during that month. (f1)

To calculate monthly amounts, the frequency and budgeting method of the income must first be determined.

3405.05.00 INCOME FREQUENCY

Frequency is defined as how often income is received. Amounts may be received weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually, annually, or less often than monthly. The codes used in ICES to correspond to these frequencies are WK, BW, SM, MO, QT, SA, AN, and LO.

3405.10.00 BUDGET METHODS

Once the frequency of an income is determined, the method of budgeting the amount is determined.

The following sections list the various budget methods and the circumstances under which they are used.

3405.10.05 Regular Budget Method

Regular income is income received in the same amount each pay period with no variances.

The monthly amount is determined using the appropriate conversion factor as follows: (f2)

The gross amount of income received weekly is to be multiplied by 4.3.

The gross amount of income received biweekly is to be multiplied by 2.15.

The gross amount of income received semimonthly is to be multiplied by 2.

Enter the amount of the income which corresponds to the frequency; the ICES calculator will convert it to a monthly amount.

3405.10.10 Fluctuating Budget Method

Income which varies each pay is to be converted to a monthly amount using the "fluctuating budget method" unless the client requests that the "averaging" method be used.

Fluctuating (F) method:

The payments received during the months being reviewed are added together and the total is divided by the number of payments; then, the appropriate conversion factor as explained in Section 3405.10.05 is applied. A pay which is unusually high or unusually low should not be included in the calculation. The budget method "S-SKIP" should be entered for a pay which is not reflective of what can be expected to be received in the future.

If "S-SKIP" is used in an application month, the pay amount will be included for the application month calculation but will be skipped for months past the application month.

3405.10.15 Averaging Budget Method

The Average (A) budget method may be used with income received weekly, bi-weekly, semi-monthly or monthly. Averaging may only be used when complete monthly amounts are available and there are two or more months of history.

Migrant AGs applying for SNAP may not have their income averaged.

An AG has the option of choosing this budget method. However, if complete monthly amounts are not provided, it may not be used.

3405.10.20 Prorated Budget Method

The Prorated (P) budget method distributes an income over the period of time associated with the income or expense. This budget method is only used with the frequency LO - less often than monthly. Educational income is a common example of income which is often calculated using this frequency and budget method. This is also the only budget method with which it is appropriate to enter the begin and end date on ICES. This entry is used by the ICES calculator to determine how many months by which to divide the income amount. This budget method is not used for earned income.

3405.10.25 Beginning/Terminating Budget Method

Income is projected when an individual has just begun working, has changed jobs, or has had a change in rate of pay. If the person has just begun to work, verified

earnings to the date of the budget computation are to be used. Otherwise, an estimate of anticipated earnings can be obtained from the employer and used as a basis for projection on a monthly basis.

When the 'B' budget method is used, that budget month will use all the 'B' income or expenses as actual 'B' amounts with no conversion. The system will take the last entry only and convert it for any subsequent month. If the 'B' method is left, the system will continue to budget for future months converted by the appropriate frequency. If the beginning pay is not reflective of future months, a new amount and budget method must be entered.

The 'B' budget method should only be used if all of the following 3 statements are true about the income (or expenses):

The job is a new job or the source of income is new,
and

The income will not be received for every frequency (a full month's income) in the month the job/income source begins, and

The same month the income source begins also needs to have this income included (new job starts in October, income of new job is budgeted for October) in the budget for that month. This usually would occur at a new application point or for add a program.

EXAMPLE :

A client applies on 7/10 with a new app. and has a job where he will receive his first pay on 7/22. The worker verifies the information with the employer that the client will receive a partial pay of \$50 and then \$100 a week there after. The income on AEINC should be listed as follows:

RCVD DATE	FREQ	BGT MTD	GROSS AMT
07/22	WK	B	50.00
07/29	WK	B	100.00

July's budget will be \$150 (50 + 100) and August and thereafter will be \$430 (100 X 4.3)

If this same situation was new information reported at a 7/10 redet, these pays would then be listed as 'S' for the first pay and 'R' for the second pay since all 3 criteria for the 'B' budget method were not met. (3rd criteria not met as the July budget is already in effect without the new earnings.)

While rare, the client could report at a 7/10 redet that he will be starting a job in August and will be paid bi-weekly with the only one check being received in late August. The worker would correctly project the one actual pay for August since the August budget is not in effect yet and this situation meets the criteria for using the 'B' budget method. (Notice this is not a new application or add a program situation where most 'B' situations will occur.)

RCVD DATE	FREQ	BGT MTD	GROSS AMT
08/22	BW	B	100.00

August would be budgeting \$100 (actual) and September would be budgeting \$430 (100 X 4.3).

When an employed person loses his employment, which includes being laid off or on strike, an evaluation is to be made of the expected length of time without income.

If the period without income is expected to be at least one month, a new budget showing loss of income is to be computed. This is done by using the 'T' budget method. An entry must be made for each anticipated source of income (or expense) in the last month that it is expected to be received. The system will add up each 'T' entry and use the actual amount for that budget month if the budget month is not in effect yet. No 'T' entry is ever carried into the budget beyond the month it was received.

EXAMPLE:

The client reports on 10/20 that he will only be working until the end of the month and will receive 2 more pays in November for \$100 each. The income should be listed on AEINC as follows:

RCVD DATE	FREQ	BGT MTD	GROSS AMT
11/1	WK	T	\$100
11/8	WK	T	\$100

If the worker authorizes this before the 11/1/ pulldown, the November budget will reflect \$200. If authorized after pull-down, no income will appear in the December budget. An auxiliary benefit would be needed for November (calculated manually).

3410.00.00 BUDGETING SELF-EMPLOYMENT INCOME

Self-employment budgeting procedures are outlined in the following sections. Self-employment income is generally determined by subtracting allowable expenses from the gross income. The income and expenses are entered on AEISE.

3410.05.00 DEFINITION OF SELF-EMPLOYMENT

The determination of whether an individual is self-employed will generally be verified by federal income tax returns and there is no need to further question the existence of a trade or business. However, in some instances, it may be necessary to inquire further into the situation to determine if a person is self-employed when tax returns are not a definitive measure. Consider the following when determining that a person is self-employed:

The good faith intention of making a profit or producing income as a regular occupation;

The holding out to others as being engaged in a business of selling of goods or services;

The continuity of operations or regularity of activities;

The lack of an "employer" relationship in the regular sense of the word in which the employer pays wages and or provides benefits;

The existence of documentation in the person's possession that supports his or her claim of self-employment;

Being a member of a business or trade association;

A single factor is not always sufficient to determine whether a person is self-employed, nor must all of the above factors be met. Caseworkers must apply the factors listed as well as others that may exist, to determine whether an income producing activity is self-employment. In some cases it may be necessary to distinguish self-employment from a hobby. Also persons working as contractors or subcontractors may or may not be self-employed.

A person is not self-employed if he or she receives a W-2 form showing wages paid, the employer pays FICA taxes, or the person is paid a salary from a corporation or individual.

The net profit from self-employment income may be determined through a review of past books or records of the previous year's Federal Income Tax Report. The method of determining the net profit is to be documented in the case record.

IRS regulations are not used in all programs in determining whether a given expense is deducted as an expense in the calculation of self-employment income. (Not all of the expenses listed on tax returns can be allowed as self-employment costs for all programs when a self-employed individual files an income tax return.)

Current income from self-employment may be determined by using the individual's tax return filed for the previous year if a review of his current business records indicates no substantial variance. If the previous year's tax return is not an accurate reflection of current income, his recent records are to be used to project the annual income.

When the individual is engaged in a new business, he must supply business records for his taxable year-to-date and annual income is to be projected.

When he is engaged in a new business and records are not yet available or the business has been going on for some time but no records were kept, annual income is determined by using the individual's best estimate. For TANF, if approved for assistance, the individual must keep records and after no longer than two months actual income must be verified. For SNAP, if the AG is subject to simplified reporting rules, the AG must report only if the actual income exceeds 130% of the gross income limit for the AG. However, if the AG reports new verification for TANF after two months, the new income is also included in the SNAP budget.

Seasonal self-employment income which is intended to meet the household's needs for only part of the year should be prorated over the period of time the income is intended to cover. For example, clients who are self-employed only during the summer months to supplement their annual income will have their summer self employment income prorated over the summer months.

3410.15.00 ALLOWABLE SELF-EMPLOYMENT COSTS

Allowable costs of producing self-employment income differ depending on the program.

Examples of allowable costs for all programs are:

Wages, commissions, and mandated costs relating to the wages for employees of the self-employed;

The cost of shelter in the form of rent, the interest on mortgage or contract payments, taxes, and utilities;

The cost of machinery and equipment in the form of rent or the interest on mortgage or contract payments;

Insurance on the real and/or personal property involved;

The cost of any repairs needed; and

The cost of any travel required. If the actual cost cannot be determined, 40 cents per mile may be used to calculate the expense. The number of miles must be verified to allow the 40 cents per mile.

For SNAP expenses which are not allowable costs of doing business include income net losses from previous periods, work related expenses covered by the 20 percent earned income deduction and depreciation. When calculating the costs of producing self-employment for SNAP the greater deduction, either 40% of the gross income or actual verified expenses directly related to the production of income, is used unless the business involves boarders or day care.

When calculating the income for SNAP boarders, either the maximum SNAP allotment for a household size that is equal to the number of boarders or actual costs is deducted as a cost of business.

When calculating the income for SNAP clients who are day care providers, use either the actual costs or the amounts used in the Child and Adult Care Food Program which are \$1.58 for breakfast, \$2.93 for lunch or supper or \$0.80 per snack or a State Standard of \$3.78 per day as a cost of doing business. These determinations must be made off-line and entered on ICES as a cost of doing business.

Actual expenses for items other than the cost of food and meals can be used in addition to the state standard and child and adult care food program prices.

SNAP also allows payments on the principal of the purchase price of income producing real estate and capital assets. Capital assets may be vehicles, real property or equipment used in the self-employment business.

For Cash Assistance C, the AG may have the greater deduction, either 40% of the gross income or actual verified expenses directly related to the production of income, deducted. (f4)

Net profit is the total income derived from a self-employment enterprise less allowable deductions.

3410.20.00 HOME USED FOR SELF-EMPLOYMENT (S)

When a room of an AG's home is used only for a self-employment enterprise, a prorated share of the interest paid on the mortgage is an allowable business cost.

When the SNAP AG qualifies for a Standard Utility Allowance #1, a utility expense cannot be deducted from the self-employment income. The chosen SUA is listed only as a utility expense on screen AEFUC; a utility expense is not listed on screen AEISE. However, if the home is equipped with two meters, one for the AG's residence and one for the self-employment enterprise, the AG will receive a SUA for the residence. The actual utility bills are deducted from the self-employment income. The AG would not be entitled to use a standard utility allowance for the residence as well as a standard utility allowance for the self-employment enterprise in this situation.

3410.25.00 FARM LOSS BUDGETING (S)

If the cost of producing self-employment income exceeds the income derived from self-employment as a farmer, such losses are offset against any other countable income received by the AG. Losses from farm self-employment enterprises are offset in two phases. The first phase is an offsetting against nonfarm self-employment income. The second phase is offsetting against the total of earned and unearned income.

For purposes of this provision, to be considered a self-employed farmer, the farmer must receive or anticipate receiving annual gross proceeds of \$1000 or more from the farming enterprise. If less than \$1000 annual gross income is anticipated, the farm loss calculation is not considered.

3415.00.00 BUDGETING BOARDER INCOME (S)

Boarder income is entered on AEIRB. The income from boarders includes all direct payments to the AG for room and meals, including contributions to the AG's shelter expenses. (f6)

Shelter expenses paid directly by boarders to someone outside of the AG are not counted as income to the AG.

NOTE: This does not include the income of payments made to persons in foster care who are considered boarders for SNAP purposes when they are not included in the AG.

3415.05.00 BOARDER COST OF BUSINESS (S)

After determining the income received from the boarders, the portion of the boarder payment which is a cost of doing business is excluded as income. The cost of doing business is equal to one of the following, provided that the amount allowed as the cost of doing business does not exceed the payment the AG received from the boarder for lodging and meals.

The maximum SNAP allotment for an AG size that is equal to the number of boarders; or

The actual documented cost of providing room and meals, if the actual cost exceeds the maximum SNAP allotment. If actual costs are used, only separate and identifiable costs of providing room and board to the boarder are excluded.

3415.05.05 Net Boarder Income (S)

The net income from self-employment is added to other earned income and the 20% earned income deduction applied to the total. Shelter costs the AG actually incurs, even if the boarder contributes to the AG for part of the AG's shelter expenses, is computed to determine if the AG will receive a shelter deduction. However, the shelter costs must not include any shelter expenses directly paid by the boarder to a third party, such as the landlord or utility company.

3415.10.00 BUDGETING ROOMER AND BOARDER INCOME (S)

In a roomer and boarder situation, net rental income is determined by deducting allowable expenses (see Section 3420.05.05) proportionately to the number of rooms (excluding bathrooms) in a private house or by the number of people living in the house. Examples of roomer and boarder situations are as follows:

The applicant owns a seven room house (excluding bathrooms) and rents one bedroom. The roomer pays \$100 a month. All allowable expenses equal \$400 a month. One-seventh of those expenses (\$57.14) is deducted from gross rental income. \$42.86 is budgeted as net rental income.

The applicant and his wife have a five room house (excluding bathrooms) and rent one room with meals provided. The roomer and boarder pays \$200 a month. Allowable income producing costs equal \$200 a month and food costs equal \$300. One-fifth of \$200 = \$40. One-third of \$300 = \$100. \$140 is deducted from gross rental income. \$60 is budgeted as net rental income.

3420.00.00 RENTAL INCOME

Rental income is payment for the use of real or personal property. Rental payments may be received for the use of land (including farm land), for land and buildings, for a room, apartment, or house, or for machinery and equipment.

3420.05.00 BUDGETING RENTAL INCOME

Rental income may be considered either unearned or earned income. Regardless, for all programs, income from rental property is determined by the costs of doing business being deducted from the gross income.

For F: Rental income is unearned unless a member of the AG is actively engaged in the management of the property at least an average of 20 hours per week. If the income is earned, the 20% earned income disregard is subtracted from the gross.

For C Cash categories of assistance: Rental income is unearned unless the production of income includes some type of personal involvement and effort on the part of an AG member.

ICES determines whether the income is unearned or earned for each program based upon answers to questions on AERPI.

3420.05.05 Allowable Rental Expenses

Allowable rental expenses include most costs allowed by the Internal Revenue Service.

Examples of rental expenses allowed are:

- Property taxes;
- Interest payments (and principal payments for SNAP);
- Repairs;
- Advertising expenses;
- Lawn care;
- Insurance premium for property only;
- Trash removal expenses;
- Snow removal expenses;
- Water;
- Utilities; and
- Other necessary expenses.

The following costs are allowed by the Internal Revenue Service, but are not allowable deductions for all assistance programs:

- Depreciation;
- Payments on mortgage principal (Note: these are allowable for SNAP);
- Personal expenses of the owner;
- Insurance to pay off the mortgage in the event of death or disability; and
- Capital expenditures.

3425.00.00 BUDGETING STRIKER'S INCOME (S)

The following section outlines the policy relating to budgeting striker's income for SNAP.

3425.05.00 DEFINITION OF STRIKER (S)

For SNAP purposes, a striker is anyone involved in a strike or concerted stoppage of work by employees (including a stoppage by reason of the expiration of a collective bargaining agreement) and any concerted slowdown or other concerted interruption of operations by employees. Any employee affected by a lockout, however, should not be determined to be a striker. Further, any individual exempt from work registration in accordance with Section 2438.00.00 (other than those exempt solely on the grounds that they are employed) who may go on strike should not be determined to be a striker.

If an AG member is a striker according to the above definition, apply the criteria below to determine if the AG member is a striker for the budget month:

The AG member is a striker if on strike the last known point in the month; or

The AG member is not a striker if:

- he would have been exempt from Work Registration for a reason other than employment (such as child under age six) on the day prior to the strike;
- is unable to work because other related professions are on strike;
- is not a part of the bargaining unit on strike;
- will not cross the picket line due to fear of injury or death;
- is fired or officially resigns from his job; or
- is replaced by permanent employees hired by the company.

3425.10.00 DETERMINING STRIKER'S INCOME (S)

Determining striker's income is done by comparing his pre-strike income with his current income. To determine pre-strike income, use only the income of the striker prior to going on strike. This is entered on AEIEI. If the month is not over, anticipate the amount the striker would have received for the month had he not gone on strike. To determine the current income amount, anticipate the amount the striker will actually receive for the month on AEINC. ICES then compares the striker's pre-strike income to his current income and the higher of the two is used as the striker's income. (f7)

To determine eligibility and benefit amount, the striker's income is added to the current income of non-striking AG members and the total compared to the appropriate income limits.

3430.00.00 BUDGETING EDUCATIONAL INCOME

If an AG member has both exempt and non-exempt income (see Sections 2860.05.00), allowable educational expenses are deducted from exempt income first. All remaining allowable expenses are then deducted from the non-exempt income. If any non-exempt income remains, it is prorated over the number of months it was intended to cover and counted as unearned income. **Note:** The second step only applies to non-exempt educational income received directly by the student. If the entire amount is received and retained by the school, it is completely excluded from the budgeting process. If the school receives the income directly and refunds any unused portion to the student, only the refunded amount is budgeted as unearned income (after allowable additional educational expenses are deducted).

EXAMPLE:

Mr. Smith is a graduate student. His verified educational income and expenses are listed below:

<u>Financial Aid</u>	<u>Educational Expenses</u>
\$3000 Perkins Loan (Exempt income)	\$4000 Tuition, fees \$ 500 Books, supplies
\$3500 Kiwanis Scholarship (Non-exempt income)	\$ 100 Transportation \$ (Actual)

Step One: Subtract expenses from exempt educational income:

\$3000
- 4600
- \$1600 (unmet educational expenses)

Step Two: Establish what portion, if any, of the non-exempt scholarship money is accessible to the student. It has been verified that the scholarship funds are sent directly to the school. The financial aid office verifies that a refund check for \$2500 will be sent to Mr. Smith. \$1000 of the total scholarship money is excluded from consideration since it was retained by the school and is not available to the recipient/student. This leaves \$2500 available non-exempt income.

Step Three: Subtract the unmet expenses in Step One (\$1600) from the remaining non-exempt income:

\$2500 available non-exempt educational income
- 1600 unmet educational expenses
\$ 900 countable educational income is prorated over the month it was intended to cover and budgeted as unearned income to the AG.

The income and resources of persons determined to be ineligible students for SNAP are not considered in determining eligibility or level of benefits of the SNAP AG.

3430.05.00 ALLOWABLE EXPENSES FROM EDUCATIONAL INCOME

Allowable expenses for undergraduates and graduate students include tuition, mandatory fees, supplies, books and

transportation. Mandatory fees include the costs of rental or purchase of equipment, materials and supplies related to the pursuit of the course of study involved for all programs. Transportation is allowed at 25 cents per mile if the actual cost cannot be determined. For SNAP, dependent care amounts made available for dependents by the grantor can be excluded on AEFEE. The worker must ensure that dependent care expenses allowed on AEFEE are not included on AEFDE.

Miscellaneous personal expenses (other than normal living expenses) are also allowable deductions if they are incidental to attending the school, institution or program. Such expenses could include such things as subscriptions to educational publications or dues for a professional association. Normal living expenses which are not allowable would include such items as food, rent, board, clothes, laundry, haircuts and personal hygiene items.

For SNAP, students attending vocational and technical schools and those attending a program in which a high school diploma, or equivalent is received, may also receive expenses from educational income.

In addition to those listed above, for SNAP, allowable expenses also include insurance premiums on loans and personal expenses necessary to the course of study.

3435.00.00 RECURRING LUMP SUM PAYMENT CALCULATIONS (C)

Within the programs designated above, this policy applies only to the following categories: ADCR and ADCU.

Recurring lump sum income received on the date of application or after by a person whose income is counted in the eligibility determination is counted as income in the month received.

3437.00.00 CONTRACT SALE OF REAL PROPERTY

For SNAP, when property is sold on contract, the monthly land contract payments, less ownership expenses, are counted as income. Payments received on a basis other than monthly are to be prorated to establish a monthly amount.

For C, any payment of interest received as a result of the sales contract (including that portion of any periodic

payment) is to be budgeted as unearned income in the month of receipt.

The portion of the periodic payment that represents payment toward the principal is considered a non-exempt resource.

3439.00.00 CONTRACTUAL INCOME (S)

Contractual income that is a household's annual income (intended to provide support for the household for the entire year), and is not paid on an hourly or piece work basis, should be prorated over 12 months. Contractual income that is not the household's annual income (intended to provide support for the household for only a portion of the year), and is not paid on an hourly or piece work basis, shall be prorated over the period the income is intended to cover. For example, clients who receive contractual income only during the summer months to supplement their annual income will have their contractual income prorated over the summer months. (See 3420.00.00 for budgeting contractual income received from self-employment. Contractual income that is from the sale of real property is addressed in 3437.00.00.

Contractual income received other than monthly (for example, quarterly, semi-annually or annually) should be prorated over that period to establish a monthly amount.

3440.00.00 BUDGETING EXPENSES (S)

The following sections outline which expenses are allowable and the correct policy for budgeting expenses.

3440.05.00 DEPENDENT CARE EXPENSE/DEDUCTION (S)

Expenses for dependent care for a child or other dependent which are incurred by an AG member and are necessary for the member to seek/accept/continue employment or attend training/education in the amount of the actual cost. (f15) The costs of any adult-supervised activity provided to dependents of any age, before and after school or when school is not in session, are allowable. Such costs may include: the cost of care, transportation to and from care, co-payments for subsidized care, un-reimbursed payments for care, and fees for unused care.

Dependent care expenses covered by payments from Step Ahead voucher agents and other government agencies are not allowed as deductions.

If the expense qualifies as both a dependent care and a medical expense, the expense is counted as a medical expense. See Section 3445.50.00 regarding the budgeting of dependent care expenses of ineligible/disqualified AG members.

3440.06.00 CHILD SUPPORT DEDUCTION (S)

Child support payments paid by a SNAP AG to a non-AG member are considered as an allowable deduction if the payments have been ordered by the court.

The deduction may be allowed if the payment is made to an individual or agency outside the household even if the child for whom the support is paid is an AG member. For example, if the payment is being made to IV-D, the deduction would be allowable.

No deduction is allowed if the payment is made to another AG member.

A deduction is to be allowed for any legally obligated Child Support, whether paid directly to the household or as a vendor payment. For example, Child Support that is provided in-kind, such as payment of rent directly to the landlord would also be eligible as a deduction if it is court ordered.

Arrearage payments may be included in the deduction if anticipated to continue. The support order or separation agreement does not have to require payment of arrearages.

The AG must provide verification that the payments have been ordered by the court as well as proof that payments are being made in order for a deduction to be given.

The AG may use an average of prior month payments as a determining factor in which to base the amount of the deduction. The DECB screen may be used to verify past months payments. The AG is not required to report fluctuations in the amount of the support received within the certification period when an average has been used to determine the amount of support in the budget. However,

the worker must act on changes that the AG voluntarily reports.

If a past history of payments does not exist, the deduction will be based on the obligated amount.

At redetermination, verification must be obtained of changes in the legal obligation, including the amount of the obligation and the amount of child support the AG member pays.

Unchanged information must not be verified at redetermination unless the information is incomplete, inaccurate, inconsistent or outdated.

AG's which contain all elderly and/or disabled members and have a 12 month certification are required to report changes in the legal obligation to pay child support.

If the allowable child support deduction is paid by an ineligible member, the deduction is divided by all AG members (including the ineligible member) and all but the ineligible members share is counted as deduction in the SNAP budget. See Section 3445.50.00 regarding members who are ineligible/disqualified.

3440.10.00 SHELTER EXPENSES/DEDUCTIONS (S)

Allowable shelter deductions are listed in the following sections. Allowable deductions include continuing charges, taxes, assessments, insurance, and utility expenses.

3440.10.05 Continuing Charges (S)

Continuing charges for the shelter occupied by the AG including rent, mortgage, or other continuing charges leading to the ownership of shelter, such as loan repayments for the purchase of a mobile home, including interest on such payments, are allowed as deductions. Condo and association fees are also allowable shelter expenses.

Continuing charges include second mortgages or "home equity loans" as they are commonly known. Regardless of the terminology used or the purpose of the loan the determining factor is whether the loan is secured by a lien placed on the property by the lending institution. Payments on secured loans meet the criteria of continuing charges for

the shelter, and are considered shelter costs. Payments made on unsecured, or "personal" loans are not considered shelter costs. Loans provided under the Homestead Act are also allowable as they are considered to be continuing charges that lead to ownership of the shelter. Under the Homestead Act, homes are given to households and loans are provided so the shelter can be repaired.

See Section 3445.50.00 regarding the budgeting of expenses of AGs containing ineligible/disqualified members.

3440.10.10 Property Taxes, Assessments, Insurance (S)

Property taxes, state and local assessments, and insurance on the structure itself are allowed as deductions. Separate costs for insuring furniture or personal belongings are not allowed as deductions. If structure/content insurance cannot be separated, the entire premium is allowed.

Service charges for installment payments of insurance premiums are not allowable.

See Section 3445.50.00 regarding the budgeting of expenses of AGs containing ineligible/disqualified members.

3440.15.00 STANDARD UTILITY ALLOWANCES (S)

Four Standard Utility Allowances (SUA) are available. (f17)

The heating/cooling SUA 1 requires that the AG has a recurring primary heating or cooling expense or that the AG receives an Energy Assistance Payment (EAP) through the Low Income Home Energy Assistance Program (LIHEAP) or other similar energy assistance benefits. The household must receive a payment greater than \$20 annually from one of these sources in the current month or in the immediately preceding 12 months in order to automatically qualify for the SUA1.

It is not necessary that the AG have both a heating and a cooling expense. If the AG has only a heating or only a cooling expense obligation and the need for that particular expense has ended solely because the seasonal need for that expense is ended the AG continues to be entitled to the heating/cooling SUA. Also, an AG that has a room air conditioner is entitled to the Heating/Cooling SUA.

Persons in private rental housing who are billed by their landlords on the basis of individual usage or who are charged a flat rate separately from their rent are eligible for the heating or cooling standard (SUA 1).

Persons in public housing units which have central utility meters and which charge households only for excess heating or cooling costs are entitled to the heating/cooling standard (SUA 1).

The heating/cooling SUA 1 includes gas, electricity, water, sewer, trash collection expenses and the telephone standard.

The non heating/cooling SUA 2 includes electricity and fuel for purposes other than heating or cooling, water, sewerage, well and septic tank installation and maintenance, telephone and garbage or trash collection. In order to qualify for the SUA 2 the AG must be billed for at least two of the expenses included in the SUA 2.

A third option, the Single SUA may be used if the AG has a utility expense other than heating/cooling or telephone. For example, AGs that pay for trash removal only would receive the Single SUA.

The fourth SUA option is the Telephone Standard. It is allowed for AGs that incur only a telephone expense but do not have a heating or cooling expense. (The telephone is included in the SUA 1 and SUA 2.)

There is never a prorating of utility expenses. If a SSN ineligible, ineligible alien or disqualified member pays part or all of the utility cost for the AG, the entire applicable standard is allowed in the budget. Ineligible students are considered non-household members. If an ineligible student pays all of an expense, no SUA is allowed in the budget.

SUA amounts are included in Section 3020.00.00

3440.15.05 Telephone Standard (S)

An AG which incurs the cost of telephone service that is associated with a specific device and is not eligible for the SUA 1 or SUA 2 is entitled to the Standard Telephone Expense. This includes traditional land-line service, cellular service and Voice Over Internet Protocol (VoIP, or

internet phone service). With regard to cellular telephone service, the cost is deductible whether the household pays a monthly fee or buys a pre-paid card with a certain dollar value or number of minutes. The cost of pay phones and of phone cards that are not associated with specific devices are not allowed. Actual expenses for telephone service are not allowed.

All AGs living together which share the cost of telephone service that is associated with a specific device (and have no other utility expenses) are eligible for the Telephone Standard. See Section 3440.15.00 regarding members who are ineligible/disqualified.

The cost of special telephone equipment for the handicapped is allowed as a medical expense rather than a shelter deduction.

SUA amounts are included in Section 3020.00.00

3440.15.10 Verification Of Shelter Expenses (S)

At application, each AG must verify a utility obligation of a primary heating or cooling expense or receipt of Low Income Home Energy Assistance Program (LIHEAP) for the SUA 1. The household must receive a payment greater than \$20 annually from LIHEAP or other similar energy assistance benefits in the current month or in the immediately preceding 12 months to qualify for the SUA 1. (See 3440.15.00.)

The AG must verify the obligation for the relevant utility types if SUA 2, Single Utility Standard or the telephone standard is allowed. Specific amounts of the obligation are not required.

Homeless AGs may not be able to provide the normal verification of shelter expenses. If a homeless person reports shelter expenses for several nights but is unable to provide verification, the caseworker must use good judgment to decide if verification is adequate or otherwise obtainable. If the costs reported are comparable to the costs incurred by others in the community, the caseworker may decide to accept the household's statement as adequate verification. The caseworker may anticipate expenses and allow the SSE based on the verification.

Verification at recertification is not required if there has been no change in residence or obligation for expenses since previously verified.

If there are question marks in the fields for any questions or their verifications, non-expedited SNAP AGs will be pended for incomplete verification for 30 days. After 30 days, if verifications are still incomplete for SUA choice, no utility costs are allowed in the budget.

Note: If an AG member is disabled, screen AEIDP must be properly coded in order for the system to allow the uncapped shelter deduction to be included in the budget.

3440.20.00 HUD UTILITY PAYMENTS (S)

HUD rent and utility payments are exempt as income. Any HUD payments made to AGs should be shown on AEF AI.

The HUD payments should be deducted from the actual expense and only the excess portion the AG must pay is to be deducted on AEFSC or AEFUC. (ICES does not make the deduction with the information from AEF AI).

CLRC should document the explanation for the deduction.

3440.25.00 REPAIR COST EXPENSES (S)

Charges for the repair of the home which was substantially damaged or destroyed due to a natural disaster such as a fire or flood are allowable as a shelter deduction. Shelter costs may 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. Only the non-reimbursed costs of repairs are allowable.

3440.30.00 SHELTER EXPENSES OF UNOCCUPIED HOMES (S)

Shelter costs are allowable for a home that is not actually occupied for one of the following reasons: Employment or training away from home; Illness; Abandonment of the home due to natural disaster; or Casualty loss.

Additionally, the shelter costs of an unoccupied home are only allowed if: the AG intends to return to the home; and the home is not leased or rented in the AG's absence; and the current occupants of the home, if any, must not be

claiming the shelter costs for SNAP purposes during the absence of the AG; and AGs claiming shelter costs for unoccupied homes must verify the actual expenses to include them in the budget.

If the above stated criteria are met, shelter costs are allowable for the unoccupied home. It is possible for an AG to be eligible for shelter deductions for an occupied home and an unoccupied home during the same month(S). However, the AG is only allowed one SUA in the budget. The SUA for either the occupied home or unoccupied home may be counted. Whichever SUA is most advantageous to the AG should be budgeted.

If the entire AG moves in the middle of a month and there are shelter expenses for two residences for the same month, the costs from both residences are allowable. However, if a member(s) moves and the AG splits, that member(s) who moved is not allowed the shelter expenses from the former home as a deduction.

3440.45.00 ALLOWABLE MEDICAL EXPENSES FOR SNAP (S)

This section lists allowable medical expenses and how they are used in the eligibility determination for SNAP. Medical expenses in excess of \$35 which are incurred by AG members who are elderly (60 or over) or disabled are allowed if the expenses are not paid by Medicaid and not subject to payment by a third party. This means that if an expense is reimbursable by a third party such as health insurance, it is not an allowable expense. The difference between the amount paid by the third party and the amount of the expense is allowable. Note, in this context the Medicaid program is not a third party. For additional SNAP budgeting information, refer to Section 3440.45.05.

Special diets are not allowable medical expenses.

Allowable medical expenses include the following:(f19)

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. For SNAP, payments by the AG for an individual who was an AG member

immediately prior to entering a hospital or nursing home provided by a facility recognized by the state are allowed.

3. Prescription drugs when prescribed or approved by a licensed practitioner authorized under state law and other over the counter medication (including insulin) when prescribed by a licensed practitioner or other qualified health care professional.

A medical deduction can be claimed for the cost of vitamins which are prescribed by a licensed practitioner authorized under State law and for vitamins which can be purchased over the counter when approved by a licensed practitioner or other qualified health professional. A medical expense deduction is allowed since vitamins cannot be purchased with SNAP.

The cost of postage incurred by the individual for mail-order prescriptions is also an allowable medical expense.

4. Medical supplies and durable medical equipment.
5. Health and hospitalization insurance policy premiums. Premiums for 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** allowed. The premiums paid for indemnity policies are not allowed since indemnity policies do not limit benefits and the purposes for which benefits can be used.

If the insurance premium includes AG members not eligible for the deduction and the eligible AG member's portion cannot be broken out, prorate the premiums among all insured AG members and allow only the portion for the eligible AG member(s).

6. Medicare Part A and Medicare Part B premiums which are paid by the individual; For Medicare recipients on Buy-In, the state pays their

premiums and, therefore, the premiums are not allowable in the SNAP budget.

7. Home health care is a medical expense provided by a licensed health care professional.
8. Dentures, hearing aids, prosthetics, and eyeglasses (including repairs) prescribed by an ophthalmologist or optometrist.
9. Actual verified cost of transportation necessary to obtain medical care or items that are allowable expenses.

If the person has driven his own car, and cannot prove the actual cost, 40 cents per mile is allowed.

10. The Medicaid co-payment. This is a nominal fee assessed to certain Medicaid recipients for prescription drugs, non-emergency visits to a hospital emergency room, and transportation services.
11. Services approved for a recipient under one of the Medicaid Home and Community-Based Services (HCBS) waivers, except case management and home-delivered meals.
12. The M.E.D. Works Premium.
13. Cost of purchasing/renting an air conditioner and other equipment which are not considered medical supplies or durable medical equipment, but are prescribed by a qualified health care professional;
14. Costs associated with securing and maintaining any animal specially trained to serve the needs of elderly or disabled persons such as seeing eye dogs, hearing guide dogs, and housekeeper monkeys trained to assist quadriplegics. Specific types of training, credentials or certifications are not required, but the animal must be specially trained to perform a function that the elderly or disabled person cannot readily perform on their own. ;

15. Lodging expenses spent to obtain medical treatment or services;
16. Cost of an attendant, homemaker, child care services, or housekeeper necessary due to age, infirmity, or illness. If the AG furnishes the majority of the attendant's meals, an additional medical expense is allowed equal to the maximum one person SNAP benefit allotment.
17. The Medicaid liability paid by the client when he is residing in a Medicaid certified group living arrangement.
18. Payments made on an old bill that has not been previously counted in the SNAP budget.
19. Home repairs and remodeling costs to accommodate a disabled person (example-ramps or handrails).
20. Expenses for an individual who was or would have been an AG member immediately prior to entering the hospital or nursing home.
21. Special telephone equipment related to medical needs.

3440.45.05 Medical Expenses In The SNAP Budget (S)

An allowable medical expense is deducted in the SNAP budget if the person who incurs the medical expense is elderly or disabled as defined in Section 3210.10.25.05. The amount of the medical expense deducted in the SNAP budget depends upon whether the person with the medical expense has been determined eligible for SNAP only; for SNAP and regular Medicaid; SNAP and Medicaid with a spend-down; or SNAP with Medicaid under QMB-only. The total amount of the medical expense that exceeds \$35 and is not reimbursable by a third party is allowed in the SNAP budget. If a medical expense is reimbursable, only the difference between the amount of the expense and the amount of the reimbursement can be allowed in the SNAP budget. The types of medical expenses which are allowed in the SNAP budget are listed in Section 3440.45.00. The following discusses how expenses are included when all members of the SNAP AG receive SNAP only (Example #1); when the member of the SNAP AG who incurs the

medical expenses is also participating in a regular Medicaid AG (Example #2); when a member of the SNAP AG who incurs the medical expense is also participating in a Medicaid AG with a spend-down (Example #3); when a member in the SNAP AG who incurs the medical expense is also participating in a QMB-only Medicaid AG (Example 4).

For elderly or disabled individuals who receive SNAP only, the SNAP budget will include all allowable medical expenses listed in items A and B of Section 3440.45.00 which exceed \$35. These expenses are indicated in ICES by a Y in the SNAP column of Table TMEE. Table TMEE is Field Level Help for the TYPE field on screen AEFME. See Example #1. However, if a medical expense has been listed as reimbursable on screen AEFME, the amount of the medical expense will not be included in the SNAP budget until the amount of the reimbursement is entered on screen AEFME. Once the amount of the reimbursement has been entered, the difference between the amount of the expense and the amount of the reimbursement is allowed in the SNAP budget when the amount exceeds \$35 see Example #1.

EXAMPLE 1

Client A receives SNAP only, he has the following medical expenses, all are coded with a Y in the SNAP Column of Table TMEE:

\$75 durable medical expense (monthly)
\$200 eyeglass expense (one time only)
\$50 prescription (monthly)

The SNAP budget will include $\$75 + \$200 + \$50 = \$325 - \$35 = \290 . The following month the \$200 one time only expense will be removed and the $\$75 + \$50 = \$125 - \$35 = \$90$ medical expense will be budgeted.

(The AG could have also had the one time only expense prorated over the cert period which would have to be completed by a fiat if the client is also on Medicaid.) See Section 3440.65.05.

For elderly or disabled individuals who receive SNAP and regular Medicaid (no spend-down), the SNAP budget will include all medical expenses which are allowed for SNAP only and medical expenses not covered by Medicaid which

exceed \$35. However, if a medical expense has been listed as reimbursable on screen AEFME, the amount of the medical expense will not be included in the SNAP budget until the amount of the reimbursement is entered on screen AEFME. Once the amount of the reimbursement has been entered, the difference between the amount of the expense and the amount of the reimbursement is allowed in the SNAP budget when the amount exceeds \$35. The SNAP only medical expenses are coded on Table TMEE with a Y in the SNAP column; N in the MED column and N in the SNAP/MA column of Table TMEE. Some of these expenses are Medicaid co-payment, lodging expenses to obtain medical treatment or services and securing and maintaining a helping animal. Medical expenses not covered by Medicaid are coded with a Y in the SNAP column; Y in the MED column and Y in the SNAP/MA column of Table TMEE. Some of these expenses are Medicare Part B premium which is paid by the individual and health and hospital insurance premiums. See Example #2.

EXAMPLE 2

Client B receives SNAP and Medicaid. There is no spend-down. She has the following medical expenses, prescription, physical therapy and doctor visits are coded as Y Y N on Table TMEE. The health insurance is coded as Y Y Y.

\$125 prescriptions (monthly)
\$50 physical therapy expense (monthly)
\$60 doctor visit expense (monthly)
\$45 health insurance premium (monthly)

The SNAP budget will include the health insurance premium only, $\$45 - \$35 = \$10$ because Medicaid will pay for the remaining medical expenses.

For elderly and disabled individuals who receive both SNAP and Medicaid and have a spend-down the following expenses which exceed \$35 will be included in the SNAP budget in the following order:

1. All SNAP only expenses (coded Y N N on Table TMEE).
2. All non-Medicaid covered expenses (coded Y Y Y on Table TMEE).

3. Medicaid covered expenses which are coded with a Y in the SNAP column; Y in the MED column and N in the SNAP/MA column of Table TMEE. These expenses are allowed up to the spend-down or the portion of the spend-down not met by non-Medicaid covered expenses in step #2. Example #3 explains this budgeting.

If any of the above medical expenses are listed as reimbursable on screen AEFME, the amount of the medical expense will not be included in the SNAP budget until the amount of the reimbursement is entered on screen AEFME. Once the amount of the reimbursement has been entered, the difference between the amount of the expense and the amount of the reimbursement is allowed in the SNAP budget when the amount exceeds \$35.

EXAMPLE 3

Mr. C receives SNAP and Medicaid. Mrs. C, his wife, age 60, receives SNAP but does not receive Medicaid.

Mr. C has a \$270 spend-down.

Mr. and Mrs. C have the following medical expenses:

\$100 prescriptions (monthly) not reimbursable -- Mr. C;

\$100 prescriptions (monthly) not reimbursable -- Mrs. C;

\$80 health insurance premium (monthly) -- Mrs. C.

The SNAP budget will include the following in this order:

1. None of the medical expenses are SNAP only expenses (coded Y N N on Table TMEE). The calculation of the medical expense would begin with Step #2.
2. All non-Medicaid covered expenses which is the \$80 health insurance premium;
3. The non-Medicaid covered health insurance expense of \$80.00 does not equal the spend-down amount, therefore, \$190 of the prescription expense is added to the \$80.00 health insurance premium; for a total of \$270 - \$35 = \$235 in the SNAP budget.

There are five (5) expenses on Table TMEE which are allowable for meeting the Medicaid spend-down but are not paid by Medicaid after the spend-down is met. These expenses are allowed in the SNAP budget regardless of the spend-down amount. These include Health Insurance premiums, Medicare Part B premiums (self-pay), non-Medicaid covered expenses (NM), expenses denied prior authorization by Medicaid and an old bill that has not been previously counted in the SNAP budget. These expenses are coded as Y Y Y on Table TMEE.

When a SNAP AG has any of these five (5) expense types and has a spend-down, they should be encouraged to use these expenses to meet the spend-down rather than expenses that will be paid by Medicaid (coded as Y Y N on Table TMEE). This will ensure that the client's out-of-pocket expenses (which must be included in the SNAP budget) do not include expenses that could have been paid by Medicaid.

The spend-down amount is not an allowable expense in the SNAP budget.

The Medicare Premium Part B (self-pay) is always an allowable expense in the SNAP budget. The possibility that it may be paid or bought-in by the State does not make it a reimbursable expense.

Transportation and other medical services provided by neighbors or other non-Medicaid approved providers must be coded as "NM", non-Medicaid covered expense, to allow the actual out-of-pocket expenses in the SNAP budget.

If the SNAP AG member who has medical expenses is on the Medicare Savings Program as QMB-only (not full coverage Medicaid), Medicare covered services are not allowed in the SNAP budget because any out of pocket expense such as the coinsurance and deductibles will be paid by Medicaid. On TMEE, these expenses are shown as 'Medicare covered'.

EXAMPLE 4

Mrs. B. has SNAP and QMB-only Medicaid coverage. Her medical expenses are as follows:

\$135 in prescriptions

\$500 in monthly oxygen rental (Medicare covered)

\$100 (\$135 minus the \$35 threshold) is allowed in the SNAP budget because Mrs. B. has no out-of-pocket expense for the oxygen.

3440.47.00 ENTERING MEDICAL EXPENSES IN ICES (S)

Medical expenses must be correctly entered on AEFME to be reflected in the SNAP budget. Any amount of an expense that is shown as the reimbursable amount on AEFME will be deducted from the total amount of the expense to be included in the SNAP budget. For Medicare covered

services, the "Medicare approved amount" is the amount of the expense to enter, not the provider's private rate. This amount is discernible on the provider bill to the patient and also on the Medicare Summary Notice that the individual receives. Amounts shown as "Medicare write off" are not allowed in the budget. If the provider does not know the Medicare approved amount, the amount that the provider would charge a non Medicare beneficiary is to be entered. This will likely happen if a bill is presented to the caseworker prior to adjudication by Medicare or other insurance. In this situation the verification code for both the expense and the reimbursable amount must be entered as question marks. Follow regular program verification guidelines. If the worker does not receive verification of a third party payment or medical expense amount, the expense is disallowed.

3440.48.00 VERIFICATION OF MEDICAL EXPENSES (S)

Verification of medical expenses will include the type and amount of the expense, the date the expense is incurred, whether or not it is reimbursable by a third party, and the reimbursed amount. For bills on which a monthly payment has been arranged, verification must be obtained from the provider to prove the arrangement.

Medical expenses and third party reimbursed amounts can be verified by the following:

- Bill from a provider;
- Receipt from a provider;
- Written statement from a provider; and/or
- Telephone contact with the provider, as a last resort.

Verification must show whether a third party has or will be billed, and if a third party has paid, the amount of the payment must be shown so that the caseworker can determine the individual's out-of-pocket expense.

Medicare or other insurance reimbursement can also be verified by the Medicare Summary Notices that Medicare sends to beneficiaries and other explanation of benefit notices from insurance payers.

3440.50.00 EXPENSES NOT ALLOWED AS DEDUCTIONS (S)

An expense covered by excluded reimbursements or vendor payments shall not be deductible. This would include rent

paid by exempt HUD payments (see 2835.15.05 and 2845.55.00). The portion of the rent or utility expense covered by HUD is not calculated as part of the shelter or utility deduction. (f20) The AG would only be entitled to an SUA if they are responsible for paying a portion of the applicable utility.

EXAMPLE:

The AG's rent is paid by a relative who is not an AG member. The relative pays the rent directly to the landlord. The rent payment is not counted as income to the AG nor is it allowed as a shelter expense.

Expenses are only deductible if the service is provided by someone outside of the AG and the AG owes a money payment for the service. For example, a dependent care deduction is not allowed if another AG member provides the care or if compensation for the care is provided in the form of an in-kind benefit such as food. Contributions made by non-recipient household members toward living expenses shared with the AG are exempt as income and the expense is not allowed (see Section 2870.05.00).

Also, expenses covered by in-kind earnings which are not countable (See Section 2815.05.00) are not allowed as deductions.

EXAMPLE:

The AG "works off" \$200 of their \$400 rent. The landlord verifies he would not give the AG the option to receive the \$200 in cash. In this situation, the SNAP budget would not count the \$200 as income. The \$200 portion of the rent covered by the in-kind earnings is not allowed as a deduction; only \$200 is allowed as a shelter cost.

An exception to this rule is expenses paid through LIHEAP (see 2835.05.00). These expenses are to be allowed as a deduction expense if the amount due is current, even though the payment is not considered as income.

3440.55.00 BUDGETING ACTUAL EXPENSES (S)

A deduction is allowed in the month the expense is due, regardless of when the AG intends to pay the expense, unless it is a one-time only or less often than monthly

expense. For example, rent which is due each month is included in the AG's shelter costs, even if the AG has not yet paid the expense. (f21)

The due date is the date by which the expense should be paid that is indicated on the bill or statement. If a due date cannot be determined, consider the date the bill or statement is issued to be the due date.

Amounts carried forward from past billing periods are not deductible even if included with the most recent billing and actually paid by the AG. In any event, a particular expense may only be deducted once.

3440.60.00 ANTICIPATING EXPENSES (S)

If actual expenses are not known, an AG's expenses should be based on the expenses the AG expects to be due during the eligibility period. Anticipation of the expense should be based on the most recent month's bills unless the AG is reasonably certain a change will occur.

In the situation where the shelter has recently changed, the AG should be asked to provide proof that they incur the utility expense for the applicable SUA.

Medical expenses for the entire certification period must be reported and verified at the time of certification, and budgeted in the appropriate month provided the amount is based on a reasonable estimate of the expense and verification of the change is provided. (See Section 3440.45.15 regarding verifications.) If an AG reports an anticipated change at the time of certification but is unable to provide verification, the AG must be told that the expense will be allowed in the appropriate budget month when the verification is provided. If a change in medical expenses is discovered from a source other than the AG, the change is to be acted upon provided complete verification of the change is obtained without contacting the AG. If the AG voluntarily provides verification of a change, action must be taken according to Sections 2215.00.00 and 2220.00.00.

SNAP AG's are not required to report or verify changes in medical expenses during the certification. If a new or different expense is reported during the certification period but not verified, the expenses verified previously will be left in the budget. Claims will not be established

nor will auxiliaries be provided for AGs that do not report or verify expenses during the certification period.

3440.65.00 BUDGETING ONE TIME ONLY EXPENSES (S)

A one-time only expense is an expense which the AG cannot state with certainty when the AG will be billed for again. An example is a prescription which is taken as needed. The AG may choose to have the total expense allowed during one month or averaged over the certification period as follows.

3440.65.05 One Time Only Medical Expenses (S)

AGs with medical insurance that are entitled to the medical deduction will have the portion of their medical expenses, which have not been paid by an insurance company or another third party, considered as a one-time only expense when the information about the client's share of the expense is received. This will usually be known when the statement is received from Medicare or the insurance company explaining what amount was paid and the remaining portion of the bill that is the client's responsibility to pay. When the amount paid by the 3rd party is entered in the reimbursed amount field on AEFME, the remainder of the bill will be counted.

One-time only medical expenses are budgeted in one of two ways:

A one month deduction in the budget month in which the bill is due during the application process month, or the first month the caseworker will be able to allow the expense if reported as a change; or

A deduction prorated over each of the rest of the months of the certification period. The caseworker will prorate the expense over the period beginning with the first budget month in which the expense may be included and ending with the last budget month of the certification period. If the person with the expense also receives MED I, the SNAP AG must be fiated with code 153, because none of the MED I categories allow the pro-ration of one time medical expenses. If the expense is coded Y N N on table TMEE, it is a SNAP only expense and fiating is not necessary.

3440.65.10 One-Time Only Non-Medical Expenses (S)

A deduction prorated over the period intended to cover or prorated over the interval between scheduled billings. The AG must be able to state what period the expense is intended to cover and when the next bill will be due. The caseworker will prorate the expense over the period beginning with the first month the expense is due and ending with the last month the bill is intended to cover, or the month before the next bill is due. The prorated amount will be counted in each budget month included in the proration. This may be the new certification period.

If a second billing for a type of expense coded as (LO) less often than monthly is received, the second billing may be added to the first if the same budget method is chosen and the period intended to cover is the same.

If a different budget method or the period intended to cover is different, another type code must be used as ICES will not budget 2 expenses with the same "Type" code from TSCT. Select "Other" (OT) from table TSCT and document the client's option on CLRC.

EXAMPLE: 1

If an insurance payment is intended to cover January through June, on AEFSC the frequency would be "LO" and the budget method "P". Begin date would be January 1, and the end date would be the end of June. ICES would then prorate by the six months.

EXAMPLE: 2

The same AG from Example 1 reports the purchase of another homeowners insurance policy during April. Coverage will begin in May and continue through December.

Although the frequency and budget method is the same the period covered is different. Therefore another code, OT, "Other" must be used. The frequency would be LO and the budget method P with a begin date of May 1 and end date of December 31.

Ongoing expenses are received at regularly scheduled intervals, or weekly, biweekly, and so forth. The amount of an ongoing expense which is counted is the current amount (including taxes) reported and verified at application. This amount remains in the budget until a subsequent change is reported. If a monthly variation is anticipated, the variable amount will be used for the appropriate budget month.

Whenever an expense is received or anticipated to be received on a weekly, biweekly, or semimonthly basis for the entire month, the expense is to be converted to a monthly amount by multiplying weekly amounts by 4.3, biweekly amounts by 2.15, and semimonthly amounts by 2.
(f22)

3440.90.00 SHARING EXPENSES (S)

The amount to be used when an AG/ineligible member is responsible to a third party for a shelter expense, but has a nonparticipating member contribute toward the expense, is determined by subtracting the amount contributed by the nonparticipating member from the total expense. Documentation in running records comments should support the reason.

3440.95.00 EXPENSES OF DISQUALIFIED MEMBERS (S)

The entire amount of allowable medical and dependent care expenses incurred by or paid by an IPV ineligible, fleeing felons, parole/probation violator, drug felon or Work Requirement noncompliant member is allowed as a deduction.

A prorata share of dependent care expenses which is either paid by or billed to the SSN ineligible member or ineligible alien is counted as a deduction for the remaining members. ICES makes this determination automatically.

3445.00.00 BENEFIT CALCULATION (S)

The method used to determine an AG's benefit is dependent on the composition of the AG. However, all AGs are given a standard deduction. AGs with earned income are allowed an earned income deduction.

3445.05.00 STANDARD DISREGARD (S)

All AGs are allowed a standard deduction based on the household size as determined by federal regulations. The current standard amounts are listed in Section 3025.10.00. The amount is established by federal regulations and is adjusted each October. (f23)

3445.10.00 EARNED INCOME DEDUCTION (S)

Twenty percent of gross earned income is allowed as a deduction. No additional deductions are allowed from earned income except for costs of self-employment. (f24)

The earned income deduction is not allowed on any portion of income earned under a work supplementation (Grant Diversion) program that is attributable to public assistance (TANF). If there is additional money received by the client that is non-subsidized, the earned income deduction will be applied to this portion of the client's income.

3445.15.00 CATEGORICALLY ELIGIBLE AGS (S)

An AG comprised entirely of persons receiving or authorized to receive TANF and/or SSI does not have the gross or net income figure compared to the limits to determine eligibility. Such AGs are considered categorically eligible for the SNAP program, but may or may not receive a SNAP allotment. The allotment for these AGs are designated on the issuance charts. These AGs are to be suspended if not eligible for an allotment; code 022 is shown on AEWAA if the AG is categorically eligible. To authorize, SUSP must be entered. Their benefit level is determined as other AGs according to the following sections.

In addition to the income and resource information other eligibility factors deemed to be met and verified for categorically eligible SNAP AGs include Social Security number, sponsored alien information and residency.

3445.20.00 GROSS INCOME ELIGIBILITY DETERMINATION (S)

The total gross income of all AG members and disqualified members is the gross income. This figure will include both earned and unearned income. Exempt income is not included in this total. This gross income figure is compared to the Gross Income Eligibility Standards to determine eligibility for AGs which do not contain an elderly/disabled member and/or is not categorically eligible.

If the AG's gross income exceeds the gross income limit for the AG size, the AG is ineligible. If the AG's gross income is below the limit, eligibility is based on the AG's net income.

3445.20.05 Net Income Calculation/AG Below Gross Income Limit (S)

The following steps outline the determination of the net income for those AGs determined to be gross income eligible:

The total gross income of all AG members is added together. This figure will include both earned and unearned income. The gross earned income (except any portion of grant diverted income) is multiplied by 20% and this figure is subtracted from the total gross income.

The standard deduction is subtracted from the income amount.

The child support deduction is subtracted from the remaining income.

The monthly dependent care deduction is subtracted from the remaining income.

The allowable shelter expenses are added to determine total shelter costs. 50% of the adjusted income (the AG's monthly income after all the above deductions have been subtracted) is subtracted from the total shelter costs. The remaining amount, if any, is the excess shelter deduction.

- If there is no excess shelter deduction, the net monthly income has been determined.
- If there is excess shelter deduction, the excess shelter deduction is subtracted up to the maximum amount allowed.

The AG's net income is determined.

NOTE: It is possible that certain AGs may meet the gross income eligibility determination, but not be eligible for any benefits due to excess net income. This case shall be

denied if at application or cancelled if a change has been reported.

**3445.25.00 NET INCOME CALCULATION FOR ELDERLY/DISABLED
AGS (S)**

The following steps outline the determination of an AG's net income if the AG has at least one member age 60 or over or who is disabled. For determination of eligibility and benefit levels for all other AGs, refer to the Gross Income Eligibility Determination Section.

The total non-excluded gross income of all members of the AG is added to the income of disqualified members (see Budgeting AGs with Disqualified Members, Section 3445.50.00). This figure will include both earned and unearned income.

The total gross earned income is multiplied by 20% and this figure is subtracted from the total gross income.

The standard deduction is subtracted from the income amount.

The child support deduction is subtracted from the remaining income.

\$35 is subtracted from the verified non-reimbursable medical expenses.

The monthly dependent care expense is subtracted from the remaining income.

The allowable shelter expenses are added to determine total shelter costs. 50% of the adjusted income (the AG's monthly income after all of the above deductions have been subtracted) is subtracted from the total shelter costs. The remaining amount, if any, is the excess shelter cost.

- If there is no excess shelter cost, the net monthly income has been determined.
- If there is excess shelter cost, the excess shelter cost is subtracted from the AG's monthly income after all the above deductions have been made.

The AG's net SNAP income is determined.

3445.30.00 165% INCOME LIMIT BENEFIT CALCULATION (S)

When an individual is 60 years of age or older and resides with others but is unable to purchase and prepare meals, he may be able to be a separate AG if the following conditions apply:

- he suffers from a disability considered permanent by the Social Security Administration (SSA) or suffers from a non-disease-related, severe, permanent disability, and
- the gross income of the others with whom he resides (excluding the income of the individual's spouse) is less than the 165% Gross Income Limit (found in Chapter 3000).

The information to support the requirement is entered on AEIDP.

If eligible, the individual's spouse (and dependent children) must also be included in the AG.

ICES will determine eligibility for this provision by including all those who eat together and their income. If the AG passes the 165% gross standard it will fail the AG with all included with reason code 359 and then form separate AG's with the elderly disabled individual (their spouse and their dependent children) in a separate AG.

3445.35.00 ROUNDING (S)

In calculating net SNAP income, cents are retained in all calculations made to determine the SNAP income. The final income figure is rounded to the closest dollar amount. The amount is rounded down if the income figure ends in one cent through 49 cents, and rounded up if the income figure ends in 50 cents through 99 cents.

3445.40.00 SNAP BENEFIT LEVEL (S)

The net monthly income is compared to the net income eligibility standards for the appropriate AG's size. If the AG is determined eligible, ICES will determine benefit levels. ICES will prorate benefits if the AG is subject to prorated benefits.

If the calculation of benefits for a one or two person AG during an initial month would yield an allotment of less than \$10, they would receive minimum monthly allotments equal to the minimum benefit.

If the calculation of benefits for a three or more person AG during an initial month would yield an allotment of less than \$10, no benefits shall be issued to the household for the initial month.

If the net income exceeds the limit the AG is denied benefits except for categorically eligible assistance groups.

All eligible one or two person AGs will receive at least the minimum benefit of \$16 (effective 10/01/14) unless it is prorated to less than zero. Categorically eligible AGs with zero allotments will be suspended.

3445.40.05 Prorating Benefits (S)

An AG's allotment for the initial month of entitlement is based on the day of the month it applies for benefits. AGs receive allotments prorated from the day of application to the end of the month. (f25)

An exception to the above occurs with migrant and seasonal farm workers. These AGs do not have their allotment prorated. They receive a full month's allotment for the initial month of participation if the AG has participated in the SNAP program in any state within 30 days prior to the date of application.

At application, AGs which provide untimely verifications (after the 30th day) will not receive benefits for the month in which the application was filed if the household was at fault for the delay. (f25a)

ICES calculates the prorated allotment, provided verifications are input into ICES on the day they are received. However, if the proration must be completed off-line the following formula may be used:

$$\text{FULL MONTH'S BENEFITS} \times \frac{\text{NUMBER OF DAYS IN MONTH MINUS THE DATE OF APP} + 1}{\text{NUMBER OF DAYS IN MONTH}} = \text{ALLOTMENT}$$

EXAMPLE :

THE DATE OF APPLICATION IS 5/20 AND THE FULL MONTH ALLOTMENT FOR THE AG IS \$218.

1. NUMBER OF DAYS IN MAY IS 31 MINUS THE DATE OF APP (20) =11 PLUS 1 =12.
2. 218 MULTIPLIED BY .387 (12/31, FROM THE CALCULATION IN #1 ABOVE). THE PRORATED BENEFIT IS \$84 (CENTS ARE DROPPED).

218.00 DIVIDED BY 31 (NUMBER OF DAYS IN MONTH) X 12 EQUALS PRORATED BENEFIT OF \$84.00 (CENTS ARE DROPPED.)

To figure the 2nd month proration, the worker will enter the date the final verification(s) came in by entering this date on AEFPPY in the field 'prorate date'. The system will automatically prorate the 2nd month's benefits from this date.

3445.50.00 BUDGETING AGs WITH DISQUALIFIED MEMBERS (S)

Individual AG members may be disqualified for:

- IPV;
- failure to obtain or refusal to provide an SSN;
- failure to comply with a work requirement;
- ineligibility as an alien;
- failure to comply with ABAWD (Able Bodied Adults Without Dependents) requirements.
- fleeing to avoid prosecution, custody or confinement after conviction.
- violating a condition of federal or state probation or parole
- felony conviction under state or federal law for an offense related to the possession, use or distribution of a controlled substance.

During the period of time an AG member is disqualified, the following procedures are used to determine the eligibility and benefit level of any remaining AG members. (f26) ICES determines the amounts of resources, income and expenses of disqualified members automatically.

The entire amount of income and expenses of an AG member disqualified for IPV, Work Registration, IMPACT, ABAWD non-

compliance, fleeing felon, parole/probation violation or felony drug conviction is considered in the eligibility and benefit calculation.

A prorata share of the income and expenses of the SSN ineligible member or ineligible alien disqualified member is counted as income to the remaining members. This prorata share is calculated by first subtracting the allowable exclusions from the disqualified member's income and dividing the income evenly among the AG members, including the disqualified member. All but the disqualified members' share is counted as income to the remaining AG members. The 20% earned income deduction applies to the prorata income.

An ineligible individual(s) is not considered when determining the AG's gross/net income limits or allotment level. ICES determines the prorated income and determines the eligibility/allotment.

The resources of all disqualified members are considered in their entirety along with the resources of eligible members to determine eligibility. However, the disqualified member is not included when determining the AG's size for the purpose of comparing the AG's resources with the resource eligibility limits. This means the AG would be subject to the \$2000 rather than \$3000 limit if the only elderly/disabled member is the disqualified member.

The resources and income of the sponsor and the sponsor's spouse are not included in determining the resources and income of an ineligible sponsored alien.

**3445.55.00 BENEFIT CALCULATION WITH INCOME FROM SPONSOR
(S)**

If an alien is sponsored by an individual rather than an organization, a portion of the sponsor' income is considered to be available to meet the needs of the alien.

(Note: The income and resources of a sponsored alien child or a citizen child under 18 years of age are not counted.)

The monthly income considered available to the alien from the sponsor (and the sponsor's spouse) is determined according to the following standard:

Sponsor + Spouse's Total Gross Earned Income = \$ _____

Earned Income Deduction	-	___(20%)
Countable Earned Income	=	_____
Sponsor + Spouse's Total Unearned Income	=	_____
Total of Countable Earned and Unearned Income	= +	_____
Gross Income Limit for Sponsor's Household Size (Sponsor, Sponsor's Spouse and Tax Dependents)	-	_____
Total Unearned Deemed Income from Sponsor	\$	_____

NOTE: Total deemed income from sponsor is divided by the number of this sponsor's sponsored aliens in SNAP recipient AGs and the result attributed to each AG. No changes in this attributed income are needed unless/until recertification, the alien's sponsor changes, or the sponsor dies. (f27)

3445.60.00 NO SNAP INCREASE WHEN TANF DECREASED DUE TO NON-COOPERATION (S)

SNAP will not be increased when failure to comply with public assistance programs requirements results in a decrease of the public assistance payment for the AG if the noncompliance involves a IV-D, Voluntary Quit or Fiscal penalty. (f27a)

At this time only SSI and TANF benefits fall under this definition.

This rule only applies to Assistance Groups (AG) that are authorized to receive benefits at a reduced level due to non-cooperation with TANF or SSI as determined by these programs. This policy will be applied when TANF clients are sanctioned or disqualified for IMPACT, IV-D, Intentional Program Violations and when fiscal penalties are applied to the TANF AG. It does not apply in situations where an AG does not meet program requirements. For example, reduced benefits due to the 24-month time limit, family cap, or new alien requirements would not be considered non-compliance.

If a TANF AG is approved with a fiscal penalty or an individual member is sanctioned for any month, the SNAP benefits for the AG will be calculated with the full TANF amount before the sanction or fiscal penalty is deducted. ICES-EDBC will have to recalculate the TANF grant without the fiscal penalty and /or sanction and use this amount in the SNAP budget to ensure there is no increase in SNAP as a result of the TANF reduction.

This policy only applies when the individual is receiving SNAP or was an ineligible SNAP member at the time of the penalty for failure to comply with the requirement for TANF or SSI is authorized.

Because TANF sanctions and Fiscal penalties by themselves do not terminate TANF eligibility for the AG, this policy will not apply when a TANF case is closed and a sanction or penalty is in effect and the SNAP case remains open. For example a TANF case with an IMPACT sanctioned member is closed due to earnings effective 3-1-1999. The TANF award will be removed from the SNAP budget for 3-1-1999. Should the client reapply at a later time and the TANF sanction is continued when the case is reopened, the SNAP budget should reflect what the new TANF award would be without the sanction.

The policy will not be applied when the act of non-compliance results in a "Dual" SNAP sanction as well as a TANF or SSI sanction. For example, a person exempt from SNAP work registration because they are referred to the TANF work program will be sanctioned/disqualified by both programs resulting in decreased benefits for both programs. In this situation benefits will be reduced for both programs when the person is disqualified. For example, an individual who receives a penalty in both TANF and SNAP for Voluntary Quit will have the actual TANF amount after the penalty is applied budgeted for SNAP.

As options under PRWORA are taken to extend all TANF disqualifications to the SNAP Program the application of this policy may be limited to situations where "fiscal sanctions" are applied to TANF recipients who retain eligibility for both programs.

If information about SSI sanctions is not available to the State Agency, the State agency will not be penalized by QC for increasing SNAP benefits.

Occasionally, the Food and Nutrition Service has provided lists of SSI recipients who were overpaid SSI benefits due to a fraudulent act as determined by an SSA hearing. These lists have never included a current Indiana resident, however; if you suspect an SSI recipient's benefit has been reduced due to fraud you must contact the Social Security Administration to attempt to verify the reason for the reduction. If the SSI payment is reduced due to a

The following applies to TANF applicants, and Refugee Cash Assistance applicants.

To be financially eligible, the AG's total nonexempt gross income (including deemed income in accordance with Section 3450.45.00) cannot meet or exceed the AG's total need times 185%. If allocation from a parent's income is required, allocation is discussed in Section 3450.40.05. To determine eligibility under this provision:

Multiply the total need standard of the AG by 1.85 and compare the resulting figure to the total of earned, unearned, and deemed income.

If the income meets or exceeds the needs in this calculation, the AG is ineligible for a Cash assistance benefit. (f28)

If the income is less than the needs, further calculations are required to determine the AG's benefit amount.

3450.10.00 CASH ASSISTANCE RATEABLE REDUCTION (C)

The rateable reduction is a cost containment calculation that requires the need standard to be reduced prior to benefit calculation. The need standard is multiplied by .90 which reduces the needs by 10% to arrive at an adjusted needs total. (f29)

3450.15.00 EARNED INCOME DEDUCTIONS (C)

Certain deductions are allowed in determining the amount of countable earned income for the purposes of financial eligibility and Cash Assistance benefit calculation. These earned income deductions are discussed in the following sections.

3450.20.00 WORK EXPENSE DISREGARD (C)

A monthly work expense disregard is allowed from gross earned income as follows:

A work expense disregard of \$90 is allowed as a deduction per each employed participating AG member.

A work expense disregard of \$90 is allowed as a deduction per each employed nonparticipating AG member. For example, a nonparticipating member may be a parent of a minor pregnant applicant/recipient or a spouse of an applicant/recipient.

3450.25.00 \$30 AND 1/3 DISREGARD (C)

The policy stated in this section applies to all categories of cash assistance.

In addition to the work expense disregard, a work incentive disregard of \$30 and 1/3 is applied to the remaining earned income of participating AG members. This disregard is applied for four consecutive months.

The following sections discuss when this incentive deduction may be applied.

**3450.25.05 \$30 And 1/3 Disregard At Initial Eligibility
(C)**

The policy stated in this section applies to all categories of cash assistance.

When determining initial eligibility, the \$30 and 1/3 disregard is applied if the AG's gross income minus deductions for the \$90 work expense disregards results in a net income figure which is less than the AG's total adjusted needs.

For TANF (or RCA), the earliest the disregard can be applied is for the first payment month.

Once the \$30 and 1/3 disregard has been applied to an individual's income, subsequent entitlement to the disregard is determined as explained in Section 3450.25.15.

3450.25.10 \$30 And 1/3 Disregard At Reapplication (C)

The policy stated in this section applies to all categories of cash assistance.

When determining eligibility at reapplication for TANF (or RCA), the \$30 and 1/3 disregard is deducted from the income of any individual who is a member of a TANF (or RCA) unit:

which received assistance in one of the preceding four months (must have previous TANF for TANF disregard, RCA for the RCA); or

whose AG's gross income minus deductions for the \$90 work expense disregard and allowable child care costs results in a net income figure which is less than the TANF (or RCA) AG's total adjusted needs; and

had not previously had the \$30 and 1/3 deduction applied against his earnings for four consecutive months, or has had the four consecutive months of \$30 and 1/3 deduction, but has been off assistance for a period of 12 consecutive months after receiving the disregard.

3450.25.15 \$30 And 1/3 Disregard For Ongoing Cases (C)

The policy stated in this section applies to all categories of cash assistance.

When determining ongoing eligibility, the \$30 and 1/3 disregard is deducted if:

the AG received assistance in one of the preceding four months (must have previous TANF for TANF disregard, previous RCA for the RCA disregard); and

the AG member with earnings had not previously received four consecutive months of the disregard, or had received four consecutive months of the disregard, but has been off of assistance for a period of 12 consecutive months after receiving four months of \$30 and 1/3 disregard.

3450.25.20 Determining Countable Months Of \$30 And 1/3 Disregard (C)

The policy stated in this section applies to all categories of cash assistance.

The \$30 and 1/3 disregard is applied to earned income for four consecutive months. In determining the months, the following guidelines apply:

If any part of the \$30 and 1/3 disregard is applied (even less than \$30), a month of \$30 and 1/3 is counted.

When receipt of the \$30 and 1/3 disregard is interrupted before the expiration of four consecutive months, the four consecutive month period begins over when the first month disregards are again applied.

Overpayment calculations involving the \$30 and 1/3 disregard count as a month of disregard. These calculations may change a previously calculated expiration of \$30 and 1/3.

3450.25.25 \$30 Disregard (C)

The policy stated in this section applies to all categories of cash assistance.

Upon expiration of the \$30 and 1/3 disregard, an applicant/recipient is entitled to a deduction of \$30 from the earned income remaining after the standard work expense disregard is subtracted. The entitlement to the \$30 disregard is limited to a period of eight consecutive months (with regard to ADCQ, until the end of their eight (8) month period) and begins the month following the month the \$30 and 1/3 disregard expired.

This period continues for eight calendar months regardless of whether or not the \$30 disregard is utilized.

If an individual becomes ineligible for TANF after receiving the \$30 and 1/3 disregard for four consecutive months, but before the eight additional months of the \$30 disregard expires, the individual is eligible for the remaining months of the \$30 disregard if he returns to apply for TANF during that time.

This deduction is allowed for participating AG members and nonparticipating sanctioned AG members.

3450.35.05 Benefit Calculation (C)

If allocation from a parent is required, the calculations discussed in Section 3450.40.10 are used.

To determine benefit entitlement for Cash Assistance (after allocation from a parent if required):

Determine the total need standard of the participating AG members;

Ratably reduce (multiply) total needs by .90, resulting in the adjusted need amount;

Determine the amount of non-exempt gross earned, unearned, and deemed income;

Subtract applicable earned income deductions from gross income, including:

- work expense disregard,
- \$30 and 1/3 disregard, and
- incapacitated adult care expenses.

The result is the net countable income.

For new applications, if the adjusted net income equals or exceeds the adjusted needs, the assistance group is ineligible for TANF. If less, the benefits are determined by disregarding 75% of the gross earned income and applying 25%. The maximum benefit amounts are listed at 3050.10.00.

An on-going AG's countable income must be less than 100% of the Federal Poverty Guideline to be eligible for cash assistance, and the benefits are determined as above.

(f33a) If the adjusted net income equals or exceeds the adjusted needs, the assistance group is eligible for TANF with:

In AG's where earned income is included and is the sole contributing factor (no sanctions, Voluntary Quit or fiscal penalties, a minimum grant of ten dollars (\$10);

In AG's where there is no earned income, a zero grant (\$0).

3450.40.00 ALLOCATION OF PARENTS' INCOME (C)

Allocation is the process of allowing a participating AG parent's income to be used to meet the needs of certain nonparticipating AG members prior to the consideration of the income in the benefit calculation. A parent's income may be allocated to meet the need standard of a nonparticipating spouse. Income is never allocated to stepchildren or SSI recipients.

Allocation to a spouse occurs only when the spouse does not have sufficient income to meet his needs.

Budgeting procedures are discussed in the following sections.

3450.40.05 Allocation/185% Test (C)

To determine the amount of income to be counted in the 185% test when allocating income from a parent:

Determine the amount of the parent's gross income;

Subtract an amount equal to the unmet needs of the nonparticipating spouse and his/her non-participating children by:

- Determining the nonparticipating spouse's gross income;
- Subtracting the work expense disregard;
- Subtracting the total need standard of the non-participating spouse and non-participating children in the home who are solely his/her responsibility;

If the spouse has insufficient income to meet the needs of children who are solely his/her responsibility, the allocation equals the need standard of the nonparticipating spouse.

The remainder of the parent's income, if any, is counted in the 185% test.

3450.40.10 Allocation/Benefit Calculation (C)

To determine eligibility and the benefit amount when allocating income from a parent:

Determine the amount of the parent's gross income;

Subtract applicable earned income deductions including:

- work expense disregard;
- \$30 and 1/3 disregard; and
- incapacitated adult care expense;

Subtract an amount equal to the unmet needs of the spouse by:

- Determining the nonparticipating spouse's gross income;
- Subtracting the work expense disregard from earned income;
- Subtracting the total need standard of nonparticipating children in the home under age 18 who are solely the spouse's responsibility;
- Subtracting the total need standard of the nonparticipating spouse.

If the spouse has insufficient income to meet the needs of children who are solely his responsibility, the allocation equals the need standard of the nonparticipating spouse.

The remainder of the parent's income, if any, is counted in the benefit calculation and amount as described in section 3450.35.05.

3450.45.00 DEEMED INCOME CALCULATION (C)

Deeming is the process of counting a portion of the income of certain non-participating AG members in the Cash Assistance benefit calculation. The income of the following persons is deemed available to the participating members of the AG:

- Ineligible parents (Section 3450.45.10.05);
- Disqualified Parents (Section 3450.45.10.10);
- Stepparents (Section 3450.45.05);
- Spouses of non-parental caretaker relatives who are participating members of the AG (Section 3450.45.05);
- Parents of minor parents living in the home (Section 3450.45.15); and
- Sponsors of aliens (Section 3450.45.35).

The deeming calculations are discussed in the following sections.

3450.45.05 Income Deemed From a Stepparent/Non-Recipient Spouse (C)

The non-exempt income of a stepparent living in the home or that of a non-parent caretaker relative's spouse (provided that the caretaker has opted to be included on the grant) is first considered to meet the needs of the stepparent/spouse and his dependents.

The needs of an SSI recipient are not included when determining the amount of the stepparent's or spouse's income necessary to meet his and his dependents' needs.

When determining the amount to be deemed to the TANF AG from the stepparent, the Local Office is to:

Determine the amount of the stepparent or spouse's gross income (to determine gross income from self-employment, see Section 3410.00.00);

Subtract the \$90 work expense disregard from earned income. Subtract mandatory deductions actually being withheld from unearned income; (f34)

Subtract an amount equal to the need standard of the stepparent or spouse and his/her non-common dependent children living in the home;

Subtract the actual amount paid to dependents living outside the home (a dependent is any person who is or could be claimed by the stepparent for tax purposes);

Subtract the actual amount of child support or alimony paid to persons living outside the home regardless of whether or not they are or could be claimed for tax purposes; and

The remaining income is to be counted in all eligibility determinations for the TANF AG. (f35)

When the above determination includes the needs of the ineligible parent of an TANF child, any countable income that the parent has in his own right, either earned or

unearned, is to be taken into account in determining the eligibility of the TANF AG, see IPPM 3450.45.10.05.

3450.45.10.05 Income Deemed From an Ineligible Parent (C)

Ineligible parents, aliens who do not meet the citizenship or alienage requirements, and aliens with sponsors whose income and resources are sufficient to meet the needs of the alien are specifically precluded from receiving TANF benefits. When this ineligible person is a parent of a TANF child, the ineligible parent's income is to be considered in determining the financial eligibility of his child applying for or receiving assistance. In determining the amount of income deemed available to the TANF AG from the ineligible parent, the Local Office is to: (f38)

Determine the parent's countable income (the parent is allowed only the \$90 work expense disregard against his earnings); (f39)

Subtract from the parent's countable income the need standard of the ineligible parent and his nonrecipient dependents who live with him. These dependents include only the parent's non-eligible natural or adoptive children under age 18 and the parent's spouse without income or with income which is insufficient to meet his needs. However, the needs of a spouse or a child who receives SSI are not considered in this determination.

When the ineligible parent's spouse has income, but the spouse's income is insufficient to meet the need standard of his dependents and himself, an additional computation is necessary. The purpose of this computation is to determine the amount of the allocation necessary from the parent's income to meet the deficit between the spouse's and his dependent's needs and the spouse's income.

The ineligible parent's remaining income is deemed available to the TANF AG (budgeted in the 185% test) and is considered in the eligibility determination and benefit calculation.

3450.45.10.10 Income Deemed From a Disqualified Parent (C)

Disqualified parents, those serving penalties for either a Felony Drug Conviction or an Intentional Program Violation (IPV) are specifically precluded from receiving TANF benefits. When this ineligible person is a parent of a TANF child, the ineligible parent's income is to be considered in determining the financial eligibility of his child applying for or receiving assistance. In determining the amount of income deemed available to the TANF AG from the ineligible parent, the Local Office is to:

Include the income of each disqualified individual in the benefit calculation as if the individual was in the benefit group; however, the disqualified individual(s) will not be included in the AG household size and their needs won't be considered.

3450.45.15 Income Deemed From the Parent(s) of a Minor Parent (C)

The non-exempt earned and unearned income of a non-recipient parent of the minor parent who is living in the home is deemed available to the minor's TANF AG.

Income is deemed from the non-recipient parent of a minor parent even when the minor parent is married as long as the parent and his spouse reside with the parent.

There is no income allocated to meet the needs of SSI recipients or sanctioned individuals.

3450.45.25 Income Deemed From Non-Recipient Parent with Spouse (C)

When determining the amount to be deemed to the TANF AG, the Local Office is to:

Determine the amount of the parent's gross income (see Section 3410.00.00 for determination of gross self-employment income);

Subtract the \$90 work expense disregard from earned income. Subtract any mandatory deductions actually being withheld from unearned income;

Subtract an amount equal to the need standard of the parent and the parent's dependent child under 18 years of age living in the home who is solely the parent's responsibility;

Subtract from the parent's income the actual amount paid for a dependent living outside the home, child support or alimony;

Determine the spouse's available income by using the same procedures as the stepparent deeming procedures to determine what are the needs. Deduct an amount equal to the verified unmet needs of the spouse and any common children. (If the spouse refuses to provide verification of income no allocation can be made to the spouse or common children.)

Remainder is income to the TANF AG.

**3450.45.30 Income Deemed From a Non-Recipient Parent
with No Spouse (C)**

When determining the amount to be deemed to the TANF AG, the Local Office is to:

Determine the amount of the parent's gross income (see Section 3410.00.00 for determination of gross self-employment income);

Subtract the \$90 work expense disregard from earned income. Subtract any mandatory deductions actually being withheld from unearned income;

Subtract from the parent's income the actual amount paid for a dependent living outside the home, support payments or alimony;

Subtract an amount equal to the need standard of the parent and any dependent child under the age of 18 years living in the home;

Remainder is income to the TANF AG.

3450.45.35 Income Deemed From an Alien's Sponsor (C)

The income of an individual sponsoring an alien is considered in determining the alien's eligibility for TANF and Refugee cash assistance.

To determine monthly income deemed available to the alien from the sponsor (and the sponsor's spouse if living with the sponsor) not receiving TANF or SSI:

Total the earned and unearned gross income of the sponsor and the sponsor's spouse;

Subtract 20% of the earned income amount not to exceed \$175;

Subtract the total need standard of the sponsor and other individuals living in the sponsor's home who are claimed by the sponsor as dependents to determine his federal personal income tax liability. Do not include individuals who receive TANF or SSI.

Subtract support payments made by the sponsor or spouse, including:

- spousal or child support to individuals outside the home; and
- amounts paid by the sponsor to individuals outside the home who are claimed by the sponsor as dependents to determine his federal personal income tax liability;(f41)

The remainder of the income if any, is counted in the 185% test and benefit calculation.

When an individual is a sponsor of two or more aliens living in the same home, the sponsor's deemed income is equally divided among the aliens. (f42)

3450.50.00 INCOME OF THE MINOR PARENT (C)

There are no minimum or maximum age limitations required of otherwise eligible TANF recipients. A minor under age 18 may be eligible to receive assistance for himself as well as for his dependent child.

When the child of a minor parent is added to an existing TANF AG, the income of the minor parent who is also an eligible child in the grant of his parent or caretaker is to be treated in the same manner as that of any other child. The income is to be given the same consideration with respect to disregards, exemptions, and so forth.

When the minor parent is considered in the AG as the parent or caretaker and the minor aged parent has no applicant/recipient siblings which would force the minor parent to take a dependent child role within the AG, only the income which is available to the minor parent is to be budgeted in all eligibility determinations. The income is to be given the same consideration with respect to disregards, exemptions, and so forth as that of any other caretaker relative applicant or recipient.

Any income that is drawn for the direct benefit of a minor parent is considered to be available in total when such benefit is made payable to the minor or to a representative payee who lives with the AG.

3450.55.00 PRORATING BENEFITS (C)

Cash benefits are prorated when an application is filed on the first day of any month containing 31 days. When this occurs, a one day benefit is payable for that month. Proration does not occur in any other situation.

3499.00.00 FOOTNOTES FOR CHAPTER 3400

Following are the footnotes for Chapter 3400:

- (f1) 7 CFR 273.10(a)(1))i) ;
- (f1a) 405 IAC 2-5-1(b)
- (f2) 7 CFR 273.10(c)(2)(i)
- (f3) 7 CFR 273.11(a)(4)
- (f4) 470 IAC 10.1-3-4
- (f5) 405 IAC 2-3-3
- (f6) 7 CFR 273.11(b)
- (f7) 7 CFR 273.1(d)(2)
- (f8) Higher Education Amendments of 1992, P.L. 102-325
(
- (f15) P.L. 110-246, Food, Conservation and Energy Act
Of 2008 (FCEA)
- (f16) Social Security Act, Section 402(a)(8)(A)
7CFR 273.9 (d) (5)
- (f17) 7 CFR 273.9(d)(6)

(f18) 7 CFR 273.9(d)(5)
(f19) 7 CFR 273.9(d)(3)
(f20) 7 CFR 273.9(c)(11)
(f21) 7 CFR 273.10(d)(2)
(f22) 7 CFR 273.10(d)(5)
(f23) 7 CFR 273.9 (d)(1)
(f24) 7 CFR 273.9(d)(2)
(f25) 7 CFR 273.10(a)(1)(ii)
(f25a) 7 CFR 273.2 (h)(2)(ii)
(f26) 7 CFR 273.11(c)
(f27) 7 CFR 273.11(j)
(f27a) P.L.104-193, Personal Responsibility and Work
Opportunity Reconciliation Act, Section 829
(f27b) 7 CFR 273.11(k)
(f28) Social Security Act, Section 402(a)(18);
45 CFR 233.20
(f29) IC 12-1-7-3
(f30) 45 CFR 233.20
(f31) Social Security Act, Section 402(a)(8);
45 CFR 233.20
(f32) 45 CFR 233.20
470 IAC 10.1-3-5
(f33) Social Security Act, Section 402(a)(34);
45 CFR 233.20
(f33a) SSA 1931(b)(2)(C) as added by Sec 114(a) as
amended by Indiana Amended Waiver Terms and
Conditions, Section 2.6
(f33B) IC 12-14-2-5.1
(f33C) IC 12-14-2-5.1
(f34) 45 CFR 233.20 as amended by OBRA-93
(f35) Social Security Act, Section 402(a)(31);
45 CFR 233.20
(f36) 45 CFR 233.20
(f37) Simpson et al v. Hegstrom et al Court of Appeals,
9th Circuit
(f38) 45 CFR 233.20;
470 IAC 10.3-4-4
(f39) 45 CFR 233.20 as amended by OBRA-93
(f41) Social Security Act, Section 415;
45 CFR 233.51
(f42) Social Security Act, Section 415;
45 CFR 233.51
(f43) 45 CFR 233.20;
Social Security Act, Section 402(a)(32)
(f44) 45 CFR 233.20;
Social Security Act, Section 402(a)(32)
(f45) 405 IAC 2-3-20

(f46) 42 CFR 435.134
(f47) Social Security Act, Section 1905(p)(2)(D)
as amended by OBRA-90
(f48) 405 IAC 2-3-3
(f49) 405 IAC 2-1-1
(f50) 405 IAC 2-3-20(b)
(f51) 405 IAC 2-1-1
(f52) 405 IAC 2-3-20
(f53) 405 IAC 2-3-19
(f55) IC 12-15-41-9
(f56) Social Security Act, Section 1611(e)(1)(E);
Public
Law 99-643
(f57) Section 3203 of Title 38 USC
as amended by OBRA-90 (P.L. 101-508)
(f58) Social Security Act, Section 1902(r)(1)
as amended by OBRA-90 (P.L. 101-508)
(f59) 405 IAC 2-3-17;
405 IAC 2-3-21
(f60) IC 12-15-7-4
(f61) 42 CFR 435.113
(f62) 42 CFR 435.602
(f63) 42 CFR 435.113;
Reed v Blinzinger, U.S. District Court,
IP 85-1385-C
(f64) 42 CFR 435.110
(f65) 45 CFR 400.100
(f66) 45 CFR 400.103
(f67) 405 IAC 2-6-1
(f68) Social Security Act, Section 1905(p)(1)
(f69) Social Security Act, Section 1905(s)(4)
as amended by P.L. 101-239)
(f73) Social Security Act, Section 1619(b)(3)
(f74) Social Security Act, Section 1611(e)(1)(E);
Public
Law 99-643