Par.1. **<u>Material Transmitted and Purpose</u>** – Transmitted with this Manual Letter are changes to Service Chapter 430-05 SNAP. This manual letter also incorporates changes made with:

- IM 5191 Choice of SNAP or Food Distribution Program (Tribal Commodities)
- IM 5192 Standardized EAP Self Employment Policy

Par. 2. **Effective Date** – Changes included in this manual letter are effective with all new applications and reviews received on or after April 1, 2014 unless otherwise indicated. For ongoing cases the changes must be made at the next desk review or at the next certification review whichever occurs first.

Items that include a change in policy are indicated. All other items are corrections or clarifications.

<u>General Information 430-05-05</u>

1. 430-05-05-50-05 – Choice of SNAP or Food distribution Program (Tribal Commodities). Individuals certified for the Food Distribution Program will no longer be allowed to apply and participate in SNAP if they haven't picked up their commodities for that month. Individuals certified for the Food Distribution Program can participate in SNAP the month following closure of their Food Distribution Program case. **This supersedes IM 5191.**

Choice of SNAP or Food distribution Program (Tribal Commodities) 430-05-05-50-05

A household eligible for either SNAP or the Food Distribution Program may participate in either program. Households may switch from one program to the other at the end of the review period or within a review period by terminating their participation and notifying the administering agency. An application for the new program is required and eligibility would begin the month following the termination of the previous program.

Example:

Household consisting of Mom, Dad and two children, apply for SNAP in November. Dad is the only member who received commodities for November and requested his commodities case close the end of November. When processing the application for November, Dad is OU, Mom and the children are IN. Mom, Dad and their two children must all be included in the benefit determination for December.

Households certified in either the SNAP or Food Distribution Program on the first day of the month can only receive benefits in the program for which they are currently certified during that month.

Example:

A household participating in the Food Distribution Program requests their commodities case close on May 15 so they can apply for SNAP. The commodities case will close May 31 allowing the household to apply for SNAP on June 1.

~~**Exception:**~~

~~**A household may participate in SNAP in the same month that they are certified for the Food Distribution Program if the household did not pick up their commodities. The worker will need to contact the Food Distribution Program to verify that the household did not pick up their commodities for that month. The household's certification for the Food Distribution Program must be ended.**~~

When an individual has received benefits from both programs in the same month, a claim must be completed. The program that initially certified the individual does not complete a claim.

Application Processing 430-05-20

2. 430-05-20-60-30 – Gross Income. Added clarification to tips received.

Gross Income 430-05-20-60-30

1. The unearned income for all household members must be verified.

2. Gross earned income must be verified for the following individuals:
   a. Age 18 and older.
   b. Age 16 and older if not attending school at least half-time.

If the person or organization providing the income has failed to cooperate with the household and the worker, and all other sources of verification are unavailable, the worker must determine an amount based on the best available information provided by the household. The worker must document the attempt to verify income and the income used.

Actual income from the month of application **through the date of interview** must be verified and documented. Income for the remainder of the month must be established and documented based on client information and prudent person judgment. This may include using verification of the last month's income if that is what the household anticipates for the first month of the review period.

If **all** income for the month of application is available prior to or on the interview date, that income must be used for the month of application. If the household anticipates a change for the first month of the new review period, that change must be verified and used.

For all cases where income (both earned and unearned) is received either weekly or biweekly, income must be converted for benefit determination. Biweekly is defined as receiving earnings every two weeks.

> **Example:**
> **Individual receives a paycheck every other Monday**.

To convert weekly earnings, total the weekly checks and divide by the number of checks (4 or 5) to arrive at the weekly average. The weekly average is then multiplied by 4.3.

To convert biweekly earnings, total the biweekly checks and divide by the number of checks (2 or 3) to arrive at the biweekly average. The biweekly average is then multiplied by 2.15.

Exception:

1. **Income conversion does not apply to self-employment income.**

2. **Income will not be converted when it is known that a household will not receive the income on each of the weekly or biweekly pay dates.**

3. **Income conversion does not apply to child support income as this income is base month budgeted.**

If tips, commissions, bonuses or incentives are paid <u>or reported</u> weekly or biweekly and are included in the gross income on the weekly or biweekly paycheck or pay stub, they are converted.

If tips, commissions, bonuses or incentives are paid <u>or reported</u> weekly or biweekly and are included on the paycheck or pay stub, but not in the gross income and the paychecks are received weekly or biweekly, they must be added to the gross income and converted.

If tips, commissions, bonuses or incentives are not paid weekly or biweekly, they are not converted. The tips, commissions, bonuses or incentives must be counted separately as earned income.

Examples:

1. **Cash tips received daily and reported monthly are not converted.**

2. **Tips paid in a separate check that is not paid weekly or biweekly are not converted.**

3. **Household applies for benefits on October 5th and is interviewed on October 17th. At the interview the household reports they are paid every week on Friday and verifies all earnings received in September and October to the date of interview. September earnings were received on the 1st, 8th, 15th, 22nd and 29th. The household received paychecks on October 6th and 13th and will receive additional paychecks on October 20th and 27th. They state at the interview that they expect the October 20th and 27th paychecks to be the same as what they received on the October 6th and 13th paycheck. The October 6th and 13th paycheck must be totaled and divided by two. This amount must then be multiplied by 4.3 and used to determine eligibility and level of benefits for the month of October.**

4. **Household applies for benefits on October 17 and is interviewed on October 26th. At the interview the household reports they are receiving biweekly unemployment benefits and verifies checks received on October 3rd and October 17th. The household will receive a third check on October 31st. Unemployment benefits are expected to continue. The October 3rd and October 17th checks must be totaled and divided by two. This amount must then be multiplied by 2.15 and used to determine eligibility and level of benefits for the month of October.**

5. **Household applies for benefits on January 15 and is interviewed on January 17. At the interview the household reports they are paid weekly, however, they only received three of four weekly paychecks in December due to the weather. The household does not know if they will receive all of the weekly earnings in February. Since it is not known whether the household will receive weekly earnings in February, the income must be converted. The three checks from December must be divided by three and then multiplied by 4.3.**

Household Composition 430-05-25

3. 430-05-25-40 Excluded Household Members. **This is a change in policy.** Clients disqualified from the Food Distribution Program for an intentional program violation are ineligible to participate in the SNAP Program and must be coded as DI.

Excluded Household Members 430-05-25-40

The following individuals residing with a household **must be** excluded from the household when determining the household's size for purposes of assigning a benefit level. Correct participation codes for these individuals on SSDO are listed.

Excluded household members may not participate as separate households.

1. **Drug Felony.** Individuals convicted of Federal or State felonies for possession, use, or distribution of illegal drugs are ineligible to participate in the program, when the act occurred after August 22, 1996.

2. **Sale of a Controlled Substance Involving SNAP Benefits.** An individual found by a Federal, State, or local court to have used or received SNAP benefits, in a transaction involving the sale of a controlled substance. (DF)

3. **Fleeing Felons, Parole or Probation Violators.** Fleeing felons (charged with or convicted of any felony), parole or probation violators are ineligible to participate in the program. (DF)

4. **Ineligible aliens.** Individuals who do not meet the citizenship or eligible alien status, and those who do not attest to citizenship or alien status at the time of application. Among those excluded are alien visitors, tourists, diplomats and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country. (DI)

5. **Intentional program violation disqualification.** Individuals disqualified because they have been found guilty of IPV. (DF)

6. **Social Security Number disqualified.** Individuals disqualified for failure to provide a Social Security Number. (DI)

7. **Work Requirements.** Individuals disqualified because they failed to comply with the Work Requirements, comparable work requirements for Job Opportunities and Basic Skills (JOBS) or Basic Employment Skills Training Program (BEST). (DW)

8. **Able Bodied Adults Without Dependents** must be coded as (DI).

9. **Duplicate Benefits.** Individuals convicted of attempting to receive duplicate benefits because they made a fraudulent statement regarding their identity or place of residence after September 20, 1996. (DF)

10. **Disqualified from participation in the Food Distribution Program.** Individuals disqualified from participation in the Food Distribution Program for an IPV may not participate in SNAP until the disqualification period expires. (DI)

11. **Sale of Firearms, Ammunition, or Explosives Involving SNAP Benefits.** Individuals found by a Federal, State, or local court to have used or received SNAP benefits in a transaction involving the sale of firearms, ammunition, or explosives. (DF)

12. **Trafficking Benefits.** Individuals convicted by a Federal, State, or local court of trafficking benefits for an aggregate amount of $500 or more. Aggregating involves the accumulation of separate dollar amounts for separate but related trafficking offenses leading up to a conviction. (DF)

Work Requirements

Work requirements for participation do not apply to excluded household members.

Exception:

Individuals that are excluded from participation for failure to comply with work requirements must comply or become exempt.

Treatment of Assets

The assets of excluded household members are counted in their entirety to the remaining household members.

Treatment of Income

The countable income of excluded household members is considered available in its entirety to the remaining household members according to the following:

1. Count all of the income of members disqualified because of:

    a. A drug felony conviction.

    b. Sale of a controlled substance involving SNAP benefits.

    c. A fleeing felon charge or conviction, or a parole or probation violation.

    d. SNAP IPV.

    e. SNAP work requirements.

    Exception:
    Ineligible ABAWDS

    f. A conviction for attempting to receive duplicate benefits.

    g. Sales of firearms, ammunition, or explosives involving SNAP benefits.

    h. A conviction for trafficking benefits.

2. Count a prorated share of the income of:

    a. An ineligible alien.

    b. An individual who fails to meet the SSN requirement.

    c. An ineligible ABAWD

    d. <u>An individual who has been disqualified from the Food Distribution Program (Tribal Commodities) for an IPV.</u>

    TECS prorates the income of the ineligible household member by dividing the income by the total number of household members (including the ineligible household member). All but the ineligible household members share is counted as income for the remaining household members. When the excluded household member has earned income, the 20% earned income deduction is applied in its entirety to the prorated share of the remaining household members. TECS performs this calculation based on the participation codes of household members.

<u>Treatment of Expenses</u>

Expenses of excluded household members are allowed as follows:

1. Allow all the expenses of members disqualified because of:

    a. A felony drug conviction.

    b. Sale of a controlled substance involving SNAP benefits

    c. A fleeing felon charge or conviction, or a parole or probation violation.

    d. SNAP IPV.

    e. SNAP work requirement.

    Exception:
    Ineligible ABAWDS

    f. A conviction for attempting to receive duplicate benefits.

g. Sale of firearms, ammunition, or explosives involving SNAP benefits.

h. A conviction for trafficking benefits.

2. Allow a prorated share of allowable child support, shelter and dependent care expenses that are paid by or billed to the following individuals. If the following individuals are elderly or disabled, medical expenses paid by or billed to them are not allowable and the household is subject to the shelter expense maximum.

   a. An ineligible alien.

   b. An individual who fails to meet the SSN requirement.

   c. An ineligible ABAWD.

   d. An individual who has been disqualified from the Food Distribution Program (Tribal Commodities) for an IPV

That portion of the household's allowable child support, shelter and dependent care expenses that are paid by or billed to the excluded household member are divided evenly among the household members including the excluded member. In order for the TECS system to prorate expenses that are billed to or paid by the excluded household member, the expenses must be listed by the excluded household member. All but the excluded member's share is allowed as a deductible expense for the remaining household members. TECS performs this calculation based on the participation codes of household members.

Exception:

If the appropriate utility standard is paid by or billed to the excluded household member the entire expense is allowed.

Households with Special Circumstances 430-05-30

4. 430-05-30-45. Corporations. Policy on corporations is being repealed as it is now included in the Self-Employment section. This supersedes IM 5192.

5. 430-05-30-50 – Partnerships. Policy on partnerships is being repealed as it is now included in the Self-Employment section. This supersedes IM 5192.

6. 430-05-30-55 – Self-Employment
   The following sections have been repealed:
   - 430-05-30-55 – Self Employment
   - 430-05-30-55-10 – Treatment of Income
   - 430-05-30-55-15 – Treatment of Expenses
   - 430-05-30-55-20 – Capital Gains/Losses
   - 430-05-30-55-30 – Treatment of Specific Types of Payments
   - 430-05-30-55-35 – Boarding Home Income
   - 430-05-30-55-40 – Self-Employment Income Tax Guidelines

   The following sections have been renumbered:
   - 430-05-30-55-05 Treatment of Assets is now 430-05-30-57-45
   - 430-05-30-55-25 Offset of Losses is now 430-05-30-57-50

7. 430-05-30-57 – Self Employment. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Self-Employment 430-05-30-57

An individual who is working for themselves, rather than for an employer, is considered self-employed. The individual may be a contractor, franchise holder, owner/operator, partner, etc. The individual must meet the following criteria to be considered self-employed:

1. Earn the income directly from business or trade, not from wages or salary from an employer.
2. Be responsible for the payment of entire Social Security and Federal withholding taxes. [If an employee, the employer would pay half of their Social Security Tax and withhold federal income tax from the employee's salary.]
3. File self-employment tax forms, however, not all individuals file tax forms. In these special circumstances, income must be anticipated.

Self-employed households are subject to the same basic processing, eligibility and allotment standards as other households. This section explains the regulations that apply to self-employment households which differ from processing of all other SNAP households.

8. 430-05-30-57-05 – Calculating Self Employment Income. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192**.

Calculating Self-Employment Income 430-05-30-57-05

Self-employment income is normally calculated by completing the EAP Self-Employment Worksheet using data from tax forms as verification. Information for each business must be calculated separately. When a household has filed self-employment income taxes the income is determined as follows:

- If the income represents a household's annual income, the income must be annualized over a 12-month period of time, even if the income is received within a shorter period of time during those 12 months.

- If a self-employment enterprise has been in existence for less than a year and continues to operate, the income must be averaged over the period of time the business has been in operation.
- If an individual is self-employed for only part of the year to supplement their income from regular employment, the self-employment income must be averaged over the period of time it is intended to cover rather than a 12-month period.

  Example:

  An individual may be a self-employed painter during the three summer months and also works as a housekeeper for regular wages the rest of the year. The self-employment income from painting is averaged over the three summer months because it is intended to meet the individual's needs for only part of the year. Simplified reporting rules apply to the averaged income.

When the total business 'profit' as calculated above results in a loss, the loss is used to offset other income based on policy at 430-05-30-57-45.

9. 430-05-30-57-10 – Anticipating Self Employment Income. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Anticipating Self-Employment Income 430-05-30-57-10

When a household has not filed a self-employment income tax return or there has been a significant increase or decrease in the operation of the business, income tax forms, monthly ledgers or bookkeeping records may be used as verification. The income is determined as follows:

1. Business not in operation a complete calendar year or tax forms not filed

   a. The applicant will need to provide monthly income and expense ledgers to anticipate self-employment income and unearned income as a result of self-employment. The EAP

Anticipated Self-Employment Worksheet will assist with determining the monthly net farming and business income.

2. Partial liquidation of business

a. If a business sells some land, equipment, or other capital items to obtain money for current operating expenses and/or pay off a loan, and does not expect a substantial reduction in self-employment income as a result of the sale, continue to look at the most recent income tax forms.

b. If the business liquidates a large enough portion of the business to result in an anticipated substantial reduction in the self-employment income, the income tax forms must be appropriately adjusted to accurately anticipate the current year's income using the most recent income tax forms. Income and expenses (other than depreciation and depletion) for the portion of the business that is not being liquidated is used to determine net self-employment income.

Capital gains/losses on sale of property are counted as income.

NOTE: Use only the income or loss from the sale of capital items that can be reasonably anticipated to recur during the current year.

c. If the business expects to liquidate partially but has not done so yet, use the most recent income tax forms in their entirety until the liquidation takes place.

3. Significant increase or decrease in operation

A farm or business may have a significant increase or decrease in operation that is temporary and does not result in liquidation of the business. In these cases, one of the following methods must be used:

a. If the client has had an estimated tax return prepared for the current business year, use the estimated tax return forms to complete the EAP Self-Employment Worksheet.

b. If the client has prepared documents (such as farm plans) from a lender or bank or monthly income and expense ledgers, these documents may be used to arrive at the current year's anticipated income and expenses. The EAP Anticipated Self-Employment Worksheet will assist with determining the monthly net farming and business income.

Anticipated capital gains/losses on sale of property are counted as income.

4. Termination of business

a. If a business expects to completely liquidate but has not done so yet, continue to use the most recent income tax forms or one of the methods described in #3 above until the business has liquidated.

b. If a business has been completely liquidated, tax forms cannot be used to evaluate the applicant's income. Use only whatever income is currently available from other sources.

10. 430-05-30-57-15 - Treatment of Self-Employment Income. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Treatment of Self-Employment Income 430-05-30-57-15

When an individual is actively engaged in a self-employment business, the income they receive is considered earned income. The following types of income are always considered earned income:

- Capital or Ordinary Gains/Losses
- Farm Income

- Business Income
- Partnership – Ordinary income, guaranteed payments to partners, depreciation and depletion

However, there are some types of income included on the self-employment income tax forms that are considered unearned income. The following types of income are always considered unearned income:

- Royalty income
- Cooperative distributions (patronage dividends)
- Partnership – rental, interest and dividend income
- Income from S-Corporations
- Estate or trust income

The following types are considered earned or unearned depending on whether the individual is actively engaged in earning the income and the self-employment tax forms filed.

- Farm rental income
- Other rental income

The earned income must be separated from the unearned income and will be when using the self-employment calculation worksheet.

11. 430-05-30-57-20 – Determining Self Employment Income. This new section is for implementation of the standardized EAP Self-Employment Policy.

Determining Self-Employment Income 430-05-30-57-20

1. Capital or Ordinary Gains or Losses – A capital or ordinary gain or loss is the difference between the sale price and the cost basis. The cost basis may include improvements and sales expenses such as broker's fees and commissions.

Capital or ordinary gains or losses are considered part of the EARNED income from self-employment. The gain or loss is calculated by deducting the cost basis from the gross sale price. The result is then added to or subtracted from the calculation of the self-employment Income for the business the property was used in.

NOTE: Use only the income or loss from the sale of capital items that can be reasonably anticipated to recur during the current year.

This income is generally included on the Schedule D or Form 4797.

2. Farm Income – Income earned through the operation of a farm or ranch including farm rental income and CRP.

   a. Farm Rental Income – Income received by a landowner from the sale of crops or livestock produced by the tenant. **This does not include cash rent of pasture or farmland.**

   b. Conservation Reserve Program Payments (CRP) – Cost share and payment program under the USDA that encourages farmers to convert highly erodible crop land or other environmentally sensitive acreage to vegetative cover.

Farm income, including farm rental income and CRP:

- Is considered **EARNED** income when the individual is actively engaged in farming. The total farm income or loss is determined by taking the taxable amount of cooperative distributions (patronage dividends) from the net farm income and adding in the depreciation.

  The amount of cooperative distributions is deducted from farm income as it is considered unearned income. Depreciation is added back in as this is not an allowable expense.

  This income is generally included on the Schedule F.

- Is considered **UNEARNED** income as a result of self-employment when the individual is NOT actively engaged in farming. The total farm rental income or loss is determined by taking the taxable amount of cooperative distributions (patronage dividends) from the net farm rental income and adding in the depreciation.

  The amount of cooperative distributions is deducted from farm rental income as it is considered unearned income on a separate line in the calculation. Depreciation is added back in as this is not an allowable expense.

  This income is generally included on the Form 4835.

3. Business Income – Income earned through the operation of a business other than farming or ranching.

   Business income is considered EARNED self-employment income. Business income is determined by taking the net business income profit or loss and adding in the depletion or depreciation. Depreciation and depletion are added back in as they are not allowable expenses.

   This income is generally included on the Schedule C.

4. Partnerships – A partnership is a self-employment business set up as a partnership with two or more partners. A partner's share of income, gain, loss, deductions or credits is determined by a partnership agreement.

   - Ordinary income and guaranteed payments to partners in a partnership is considered **EARNED** self-employment income. **This income is generally included on the Schedule K-1 (Form1065).** The partner's share of the partnership income is determined by adding the partner's share of depreciation or depletion to their ordinary income and guaranteed payments. Depreciation and depletion are added back in as they are not allowable expenses. **The depreciation and depletion are generally included on the Form 1065.**

- Rental, interest and dividend income paid to partners in a partnership is considered **UNEARNED** income as a result of self-employment. The partner's share of the partnership income is the total of the rental, interest and dividend income. **This income is generally included on Schedule K-1 (Form 1065).**

5. Other Rental Income – Income received from the cash rental of property.

   Other rental income is considered **UNEARNED** income as a result of self-employment. Rental income is determined by taking the total net rental income from all rental properties and adding in the depreciation or depletion. Depreciation and depletion are added back in as these are not an allowable expense. **This income is generally included on Schedule E.**

6. Royalty Income – a percentage of gross or net revenues derived from the use of an asset or a fixed price of a unit sold of an item. Income individuals receive from royalties is considered **UNEARNED** income as a result of self-employment. **Royalty income is generally included on Schedule E.**

7. Cooperative distributions (patronage dividends) - are paid by cooperatives in cash or shares of stock. These dividends are similar to rebates paid based on the amount of goods bought or services used for the self-employment enterprise.

   Income individuals receive from cooperative distributions or patronage dividends is considered **UNEARNED** income as a result of self-employment. **Cooperative distributions or patronage dividends are generally included on Schedule F and Form 4835.**

8. S –Corporation – a separate business entity with 1 to 100 shareholder(s) that passes through the net profit or loss to their shareholder(s). The business profits are taxed at individual tax rates on each individual shareholder's income tax.

Income shareholders receive from a corporation is considered **UNEARNED** income as a result of self-employment. This income is generally included on the Schedule K-1 (1120S). The shareholder's income is determined by adding the shareholder's share of depreciation or depletion to their ordinary business income, net rental real estate income, interest income and dividend income. Depreciation and depletion are added back in as these are not an allowable expense. **Depreciation and depletion are generally found on the Form 1120S.**

> **NOTE: An owner or employee of a corporation is not a self-employed individual because the business income and liabilities belong to the corporation, not the individual. Wages that an owner or employee receive from a corporation are considered EARNED income.**

9. Estate or Trust Income – Income received from an estate or trust. Income individuals receive from estate or trusts is considered **UNEARNED** income as a result of self-employment. **Estate or trust income is generally included on Schedule E.**

12. 430-05-30-57-25 – Other Types of Self-Employment Income. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Other Types of Self-Employment Income 430-05-30-57-25

The following types of income may or may not be listed on self-employment tax forms. If the income is not listed on the self-employment tax forms, the income must be verified separately.

1. Qualified Service Provider (QSP) – Qualified Service Providers (QSPs) are individuals who provide care for people who want to continue to live in their own homes and communities. QSPs do not need to have a special certificate or license, but they do need to prove they have the skills to provide care.

- QSP income is considered **EARNED** self-employment income when the individual is not an employee of an agency.

- QSP income is considered regular earned income when the individual is employed by an agency.

2. Boarder - Individuals or groups of individuals residing with others and paying reasonable compensation for lodging and meals.

   Income from boarders is considered **EARNED** self-employment income when the individual providing the board is actively engaged in providing the lodging and meals and the boarder is not included in the household based on program policy.

   To calculate income from room and board, take the monthly gross receipts less $100 per boarder.

13. 430-05-30-57-30 – Wages Paid to Family Members. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Wages Paid to Family Members 430-05-30-57-30

Wages paid to family members are an allowable business expense.

However, the wages paid to family members must be counted as earned income separately from self-employment income.

Exception:
Earned income of a student under the age of 18. The student must be attending elementary or secondary school at least half time and living with a natural, adoptive parent or stepparent, or be under the parental control of a household member other than a parent.

The income tax forms identify wages paid to family members as wages or labor hired but does not separate outside labor hired from wages paid to family members. The household will need to identify and verify the amount paid to family members (cancelled checks, W-2 forms, bank books showing transfer of funds).

14. 430-05-30-57-35 – Allowable Expenses. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Allowable Expenses 430-05-30-57-35

The following expenses are allowable deductions from self-employment income. Because the EAP Self-Employment Worksheet uses net income any of these expenses claimed on the tax form are already deducted. The Anticipated Self-Employment Worksheet also accounts for these expenses.

If a household verifies any of the following expenses incurred as a result of self-employment income that were not included on the tax forms, the expense must be allowed by deducting it from the net income.

- Advertising
- Car and truck expenses
- Chemicals
- Commissions and fees
- Conservation expenses
- Contract labor
- Custom hire (machine work)
- Employee benefit programs
- Feed
- Fertilizers and Lime
- Freight and Trucking
- Gasoline, Fuel and Oil
- Insurance (other than health)
- Interest (mortgage and other)
- Labor hired

- Legal and professional services
- Office expenses
- Pension and profit-sharing plans
- Rent or lease (vehicles, machinery, equipment, business property, land, animals)
- Repairs and maintenance
- Seeds and Plants
- Storage and Warehousing
- Supplies
- Taxes (Real estate, employer's match of payroll taxes, contributions to state unemployment insurance, licenses)
- Travel, meals, entertainment
- Utilities and phone
- Veterinary, breeding and medicine
- Wages
- Other expenses such as:
  - Bad debts
  - Bank service charges
  - Dues and publications
  - Laundry and cleaning
  - Tools
  - Day care meal expenses (if not reimbursed through a food program)

15. 430-05-30-57-40 – Non-Allowable Expenses. This new section incorporates the standardized EAP Self-Employment Policy. **This supersedes IM 5192.**

Non-Allowable Expenses 430-05-30-57-40

The worker must determine if an expense is non-allowable based on whether the expense is part of producing income. The following expenses are not allowable deductions from self-employment income:

- Expenses and net operating losses (NOL) from previous periods.
- Depreciation/depletion - to allow these costs would result in exclusion for amounts that are not actual costs.
- Other expenses that are not incurred as a result of self-employment income, such as:
    - Charitable contributions
    - Penalties and fines

16. 430-05-30-57-45 – Treatment of Assets. This section has been renumbered due to implementation of the standardized EAP Self-Employment Policy. The treatment of assets for corporations has also been incorporated into this section. Asset exclusions have been updated to include the treatment of equipment concerning CRP acres. Financial aid was further clarified in the excluded asset section.

Treatment of Assets ~~430-05-30-55-05~~ 430-05-30-57-45

Operating Loans

Operating loans for businesses are **not excluded** and **are an asset** until spent down. When the loan is commingled with other funds in a business account, the operating loan is counted as an asset.

Line of Credit

When a business has a line-of-credit, only the portion that is actually borrowed and held in an account is counted as an asset.

Excluded Vehicles

The worker must first determine if a vehicle is excluded. When a vehicle is excluded the fair market value and the equity value test are not applied.

The **entire** value of the following licensed vehicles are excluded if the vehicle is (the appropriate TECS codes on the VEHI screen are listed):

1. Used for income producing purposes such as, but not limited to, taxi or truck. (PI)

   Vehicles that have been previously used by a **self-employed farmer**, who is no longer farming, are excluded for one year from the date the farm self-employment was terminated. **This exclusion applies only to farmers.**

2. Annually producing income consistent with its fair market value, even if used only on a seasonal basis or temporarily not in use. (PI)

   Example:

   A household owns a pickup with a fair market value of $1,500. During the summer months this vehicle is used to haul lawn-mowing equipment for a lawn service which produces $1,500 income. This vehicle is not used primarily for this purpose. This vehicle is excluded as it is producing income consistent with its fair market value.

Corporations

Assets listed in a corporation's name are not counted as assets of an individual household.

If a person owns stock in a corporation, the stock is counted as an asset.

Exceptions:

- **If it is essential to their employment.**

- **If an employee of a corporation must hold stock as a condition of employment.**

Example:

If a farmer has incorporated the farm, that individual is the sole owner of the corporation's assets that are related to the farm operation. The farmer's stock in the corporation is essential to that individual's employment and excluded from being counted as an asset.

When the value of closely held corporate shares (only a few shareholders) is not readily available, the worker must subtract corporate liabilities from assets and prorate the difference among the various shareholders based on the percentage of shares held.

Example:

Value of Stock

$22,000 Corporate assets

10,000 Corporate liabilities

$12,000 Value of corporation

x .40 Household has 40% of the stock

$ 4,800 Value of Stock

Asset Exclusions

1. Property that is annually producing income consistent with its fair market value, even if only used on a seasonal basis.

   Examples:

   Rental homes, vacation homes.

2. Property or work related equipment that is essential to the employment or self-employment of a household member.

   Examples:

   Farmland, tools of a tradesman, machinery of a farmer.

When a farmer enrolls in the Conservation Reserve Program (CRP), their farm equipment continues to be excluded from asset consideration as long as the individual plans to continue farming after the CRP contract period.

3. Property essential to the self-employment of a individual engaged in farming is excluded for one year from the date the individual terminates the self-employment from farming. After the one-year exclusion, property or equipment that was essential to the self-employment operation is a countable asset. **This exclusion applies only to farm operations**.

Exception:
Grain in the bin is not considered essential to a self-employment operation, it is a product produced by a self-employment operation. Grain in the bin becomes a countable asset 12 months after it was stored regardless of the status of a self-employment operation.

4. Any money deposited into a business checking account that is being counted as income.

Exception:

Operating loans placed in a business account

5. Livestock is excluded when used in a farm operation, used for food, or kept as a pet.

6. Grain in storage up to one year.

7. Installment contracts for the sale of land or buildings, if the contract or agreement is producing income consistent with its fair market value. This exclusion also applies to property sold under an installment contract, or held as security in exchange for a purchase price consistent with the fair market value of that property.

8. Assets of self-employed individuals that have been prorated as income.

9. Non-liquid asset(s) if a lien has been placed on the property as the result of taking out a business loan.

10. Federal drought assistance payments made to farmers pursuant to a determination by the Secretary of Agriculture that a farm emergency exists due to a natural disaster.

Handling Excluded Funds

Excluded funds kept in a separate account, which are not commingled with non-excluded funds, remain excluded for an unlimited period of time.

The excluded assets of self-employed individuals that have been prorated as income and are commingled with non-excluded funds remain excluded for the period of time prorated.

Example: Recurring CRP Payments

All other excluded monies commingled with any other funds remain exempt for **six months from the date they are commingled**. After six months from the date of commingling, all funds in the account are counted as an asset.

Example: Non-Recurring lump sum payments

Exception:

Excluded student financial aid and educational funds commingled with any other funds remains exempt for an unlimited period of time.

17. 430-05-30-57-50 – Offset of Losses. This section has been renumbered due to implementation of the standardized EAP Self-Employment Policy. Reference to the SEEW screen in TECS was removed this screen can no longer be used.

Offset of Losses ~~430-05-30-55-25~~ 430-05-30-57-50

Loss Other than Farm/Ranch

A loss from one self-employed business may offset any countable income from a second self-employed business but **cannot offset any other type of income.**

Example:

1. **A SNAP household contains a self-employed barber and a self-employed beauty operator. One business can offset the other business.**

2. **A SNAP household contains a self-employed web designer operating at a loss and a self-employed farmer operating at a gain. The loss from the web designer can offset the gain from the farm.**

~~TECS does not automatically compute the monthly maximum offset for losses. other than farm/ranch.~~ The worker must offset ~~this~~ losses prior to entering income into TECS.

Farm/Ranch Loss

A loss from Farm/Ranch self-employment may offset any other SNAP countable income received by the household during the months over which it has been averaged.

~~After subtracting the allowable costs of producing income from farm/ranch self-employment income (including capital gains), if there is a loss it is averaged in the same manner as net income.~~

~~The averaged farm/ranch loss is used to offset any other SNAP countable income received by the household during the months over which it has been averaged.~~

Example:

A farmer/rancher with a $6,000 self-employment loss, as determined by the most recent income tax return, is assigned a 6-month review period. The $6,000 loss is

divided by 12 and $500 per month is the averaged loss used to offset any other gross monthly countable income the household may receive.

Farm losses, not used to offset other countable income during the period over which they are averaged, **are not** carried over to a subsequent period.

The order of farm/ranch loss offset is:

1. Other countable self-employment income.
2. Earned income (after having applied the earned income deduction which is calculated by TECS).
3. Unearned income.

Example:

There is a monthly farm/ranch loss offset of $500. The household has other self-employment of $250 per month, regular earnings of $200 per month, and other unearned income of $90. Countable SNAP income is zero, arrived at as follows:

$-500 Farm/Ranch loss offset

+250 Other self-employment income

+160 ($200 - 20% wages)

+ 90 Other unearned income unused

-0- Countable SNAP income

The offset applied in a given month is not to exceed the maximum offset for that month and may vary based on the household's other countable income.

~~Offset amounts are applied in accordance with normal prospective procedures.~~

~~TECS will automatically compute the monthly maximum offset when the worker uses the self-employment work screen (SEEW). TECS does not store any of the data from SEEW, a copy of the work screen should be printed and placed in the case file before leaving that screen.~~

The worker must offset losses prior to entering income into TECS.

Reviews 430-05-35

18. 430-05-35-40 – Mandatory Verification. Added clarification to tips received.

Mandatory Verification 430-05-35-40

The worker MUST verify the following information at **review**:

1. SSN - must be provided for all household members not previously provided.

   Exception - Newborn:

   A newborn without a SSN must be included in the household. The household must provide the SSN or proof of application at the next review or within six months following the month the baby is born, whichever is later.

2. Identity - Must be verified for a newly designated authorized representative if the authorized representative completes the interview.

3. Residency - Must be verified if household has moved.

4. Disability:

   a. Permanent disability, not previously verified, must be verified for any household member.

b. If the disability is not obvious, the household must provide a statement from a physician, licensed or certified psychologist, certifying that the individual is disabled.

5. Income:

   a. Changes in the source of income must be verified.

   b. The unearned income for all household members must be verified.

   c. Gross earned income must be verified for the following individuals:

      (1) Age 18 and older.

      (2) Age 16 and older if not attending school at least half time.

A full month's earned and unearned income from the base month or month of review if available must be verified and used. If a pay stub is missing, year to date totals can be used to calculate the income.

If **all** income for the month of review is verified, that income must be used for the first month of the new review period. If the household anticipates a change for the first month of the new review period, **that** change must be verified and used.

If all income for the month of review is not available and the household cannot reasonably anticipate the amount of income for the first month of the new review period, base month income must be verified and used.

For all cases where income (both earned and unearned) is received either weekly or biweekly, income must be converted for benefit determination.

Biweekly is defined as receiving earnings every two weeks.

Example:

Individual receives a paycheck every other Monday.

To convert weekly earnings, total the weekly checks and divide by the number of checks (4 or 5) to arrive at the weekly average. The weekly average is then multiplied by 4.3.

To convert biweekly earnings, total the biweekly checks and divide by the number of checks (2 or 3) to arrive at the biweekly average. The biweekly average is then multiplied by 2.15.

Exceptions:

1. **Income conversion does not apply to self-employment income.**

2. **Income will not be converted when it is known the household will not receive the income on each of the weekly or biweekly pay dates.**

3. **Income conversion does not apply to child support income as this income is base month budgeted.**

If tips, commissions, bonuses or incentives are paid or reported weekly or biweekly and are included in the gross income on the weekly or biweekly paycheck or pay stub, they are converted.

If tips, commissions, bonuses or incentive are paid or reported weekly or biweekly and are included on the paycheck or pay stub, but not in the gross income and the paychecks are received weekly or biweekly, they must be added to the gross income and converted.

If tips, commissions, bonuses or incentive are not paid weekly or biweekly, they are not converted. The tips, commissions, bonuses or incentives must be counted separately as earned income.

Examples:

1. **Cash tips received daily and reported monthly are not converted.**

2. **Tips paid in a separate check that is not paid weekly or biweekly are not converted.**

3. Household files an application for review for June benefits on May 17th and no interview is required. The household reports they continue to be paid every week on Fridays and verifies all earnings received in April and May to the date of review. April earnings were received on the 1st, 8th, 15th, 22nd and 29th. The household received paychecks on May 6th and 13th and will receive additional paychecks on May 20th and 27th. The April 1st, 8th, 15th, 22nd, and 29th paychecks must be totaled, divided by five and then multiplied by 4.3. This amount must be used for June.

If the household anticipates a change in May income, the change must be verified and May income used for June.

4. Household files an application for review for November benefits on October 17 and is interviewed on October 26th. At the interview the household reports they continue to receive biweekly unemployment benefits and verifies checks received on October 3rd and October 17th. The household will receive a third check on October 31st. Unemployment benefits are expected to continue. The October 3rd and October 17th checks must be totaled and divided by two. This amount must then be multiplied by 2.15 and used to determine eligibility and level of benefits for the month of November.

5. Household files an application for review for February benefits on January 15 and is interviewed on January 17. At the interview the household reports they are paid weekly, however, they only received three of four weekly paychecks in December due to the weather. The household does not know if they will receive all of the weekly earnings in February. Since it is not known whether the household will receive weekly earnings in February, the income must be converted. The three checks from December must be divided by three and then multiplied by 4.3.

Documentation must explain how the worker arrived at the amount of income used.

In all examples that follow, pay dates are the 5th and 20th of each month.

Calculation:	**Example: Documentation must support the use of these amounts.**
March 20 $400.00 April 5 $425.00 $825.00	a) **Current income.** Household submitted an application for review on April 5 and provides March 5 check - $250.00 gross income, March 20 check - $400.00 gross income, and April 5 check - $425.00 gross income. The household indicates that March 5 check is short hours due to inclement weather. Household anticipates May income to be the same as March 20 and April 5 checks. These two checks – totaling $825.00 gross income are used to determine May benefits.
April 5 $ 350.00 X2$700.0 0	b) **Decreased income.** Household submitted an application for review on April 5 and provides March 5 check - $500.00 gross income, March 20 check - $500.00 gross income, and April 5 check - $350.00 gross income. April 5 check indicates a decrease in hours. The household indicates the decrease in hours is ongoing due to employer cutting back all employee's hours. Take April 5 check times two to anticipate May gross income of $700.00. The April 5 check verifies the decrease in hours unless the worker, using prudent judgment,

	believes it is necessary to obtain additional verification.
March 5 $300.00 March 20 $450.00 $750.00	c) **No change – Base Month.** Household submitted an application for review on April 5 and provides March 5 check - $300.00 gross income, March 20 check - $450.00 gross income, and April 5 check - $190.00. The household indicates March income is what they anticipate for the month of May. March income totaling $750.00 gross income is used to determine May benefits.
April 5 $412.00 Divided By $5.15 80 Hour $5.40 x 80 $432.00 $432.00 x2 $864.00	d) **Increased income.** Household submitted an application for review on April 5 and provides March 5 check - $412.00 gross income, March 20 check - $412.00 gross income, and April 5 check - $412.00 gross income. The household reports and verifies a pay raise from $5.15 per hour to $5.40 per hour that will be reflected on April 20 paycheck. Household indicates no change in 40 hours per week. Take April hours from the April 5 check times the new pay rate times two to anticipate May gross income of $864.00.
April 5 $510.00 April 20 $480.00 $990.00	e) **Late review – Current Income.** Household submitted an application for review on April 27. The household provides March 5 check - $490.00 gross income, March 20 check - $490.00 gross income, April 5 check - $510.00 gross income, and April 20

	check - $480.00 gross income. Household indicated that there would be no change in income for May. April gross income totaling $990.00 is used to determine May benefits.
	f) **Late review – Pended.** Household submitted an application for review on April 27 and provides March 5 check - $200.00 gross income and March 20 check - $600.00 gross income. All April income has been received by household prior to the date of the application for review. The review must be pended for verification of all April income. If not provided by May 27, the application for review must be denied.

6. Deductible Expenses - The worker must document the request for verifications. **If not provided the expense is not allowed.**

There is no requirement that expenses be paid, only incurred.

Exception:

Child support must be paid.

- Rent - Must be verified only if the amount has changed or the household has moved.
- Mortgage Payment (including a second mortgage) - Must be verified only if the amount has changed or household has moved.
- Mobile Home Lot Rent - Must be verified only if the amount has changed or household has moved.
- Condominium and Association Fees
- Property Taxes - (if not included in the mortgage payment). Must verify most current years incurred amount if not previously verified.

- Homeowners Insurance - (if not included in the mortgage payment). Must verify most current amount if not previously verified.
- Legally Obligated/Actual Child Support Paid – Court ordered amount, child support paid, including arrearages, health insurance premiums and vendor payments, must be verified.
- Dependent Care Deduction - Current adult or child care expenses must be verified.
- Incurred Medical Expenses for Elderly (60 years of age) or Disabled Individuals must be verified.
- Utility Expenses – verification of current expenses must be provided when a household has moved.

7. Alien Status - Must be verified for any new household members.

8. Verification of Questionable Information

    a. Assets

    b. Household Composition

    c. Citizenship - for any new household members.

    d. Any other household discrepancies

INCOME 430-05-50

19. 430-05-50-05 – Use of Gross Income Test Versus Net Income test. This section has been updated by further defining categorically eligible households and TANF I & R households.

Use of Gross Income ~~Test Versus~~ and Net Income Test 430-05-50-05

~~Households that are not categorically eligible must first meet the gross income test, then the net test, for the appropriate household size.~~

~~**Exception:**~~

~~**If a household contains an elderly or disabled individual who is not categorically eligible, the household only has to meet the net test.**~~

Categorically eligible households automatically pass all asset and income tests.

- Households in which all members are in receipt of TANF and/or SSI with a member that is DD or DF are considered non-categorically eligible households. These households automatically pass the asset test but must meet the 130% gross income test and the 100% net income test.

TANF I & R households automatically pass the asset test but must meet the 200% gross income test and the 100% net income test.

- TANF I & R households that have a member that is DI or DW must meet the asset test, however, only the disqualified member's assets are counted toward the asset limit. These households must also meet the 200% gross income test and the 100% net income test.
- Households in which all members receive TANF I & R with a member that is DD or DF are considered non-TANF I&R households. These households must meet the asset test, considering all household members assets along with the 130% gross income test and 100% net income test.
- TANF I & R household with elderly and/or disabled members that fail the 200% gross income test must be tested a second time under regular SNAP rules. Regular SNAP rules require these households to pass the asset test, considering all household members assets and the 100% net income tests only. If the household fails the asset test, the worker must deny the application using the F208 – Excess Assets. If the household passes the asset test but fails the net income test, the worker must deny the application using the F207 – Excess Income.

20. 430-05-50-15-10 – Income Anticipation. Added clarification to tips received.

Income Anticipation 430-05-50-15-10

Income already received or future income that can be reasonably anticipated, will be taken into account at the time of review. If the amount or receipt of income is uncertain, that portion of the household's income that is uncertain will not be counted. That portion which can be anticipated with reasonable certainty is counted as income.

In cases where the receipt of income is reasonably certain but the monthly amount may fluctuate, the household may elect to income average, if paid once or twice a month.

For all cases where income (both earned and unearned) is received either weekly or biweekly, income must be converted for benefit determination.

Biweekly is defined as receiving earnings every two weeks.

Example:

Individual receives a paycheck every other Monday.

To convert weekly earnings, total the weekly checks and divide by the number of checks (4 or 5) to arrive at the weekly average. The weekly average is then multiplied by 4.3.

To convert biweekly earnings, total the biweekly checks and divide by the number of checks (2 or 3) to arrive at the biweekly average. The biweekly average is then multiplied by 2.15.

Exceptions

1. **Income conversion does not apply to self-employment income.**

2. **Income will not be converted when it is known that a household will not receive the income on each of the weekly or biweekly pay dates.**

3. Income conversion does not apply to child support income as this is base month budgeted.

If tips, commissions, bonuses or incentives are paid <u>or reported</u> weekly or biweekly and are included in the gross income on the weekly or biweekly paycheck or pay stub, they are converted.

If tips, commissions, bonuses or incentives are paid <u>or reported</u> weekly or biweekly and are included on the paycheck or pay stub, but not in the gross income and the paychecks are received weekly or biweekly, they must be added to the gross income and converted.

If tips, commissions, bonuses or incentive are not paid weekly or biweekly, they are not converted. The tips, commissions, bonuses or incentives must be counted separately as earned income.

Examples:

1. **Cash tips received daily and reported monthly are not converted.**

2. **Tips paid in a separate check that is not paid weekly or biweekly are not converted.**

3. **A household reports at interview on October 20 that a member started a new job and received the first paycheck on October 18 and is paid every Wednesday. Income for the month of application is not converted (October) because the individual did not receive income each Wednesday in October. Actual anticipated income is used for October. Income is converted for the second beginning month of November.**

4. **A household reports on October 10 that a household member will be losing a job on October 25 and will receive a final paycheck on November 3. When calculating eligibility and level of benefits for November, the income for**

this household member is not converted, as the individual will not receive income each week in November. The actual anticipated last paycheck on November 3rd is used.

5. **Ongoing household reports on June 5, that they will not receive all of their weekly paychecks in July as the company will be closed for one week. Since this change will result in an increase in benefits, the F419 must be sent for verification. If verification is provided, the actual anticipated income (not converted) must be used for July as the household will not receive income on each of their weekly pay dates.**

   In August, the household is anticipating to receive all of their weekly pay checks. Since converting the income will result in a decrease in benefits, the change to conversion must not be acted on until review.

In cases where income is received sporadically, the worker must use base month income, unless the household reports a change.

Examples:

On call income or child support received on an irregular basis.

Calculation:	**Example: Documentation must support the amount of income used.**
March 20 $400.00 April 5 425.00 $825.00	a) **Current income** Household initially applies on April 5 and is interviewed on April 9. At the interview the household indicates they are paid twice a month and provides March 5 check - $250.00 gross income, March 20 check - $400.00 gross income, and April 5 check - $425.00 gross income. During the interview

	household indicates that March 5 check is short hours due to inclement weather. Household anticipates May income to be the same as March 20 and April 5 checks. These two checks - totaling $825.00 gross income are used to determine April and May benefits.
April 5 $350.00 x2 $700.00	b) **Decreased income** Household paid twice a month reports a decrease in wages on April 5 and verifies the March 5 check - $500.00 gross income, March 20 check - $500.00 gross income, and April 5 check - $350.00 gross income. The household provides verification that the decrease in hours is ongoing due to the employer cutting back all employees' hours. Take April 5 check times two to anticipate May gross income of $700.00. The April 5 check verifies the decrease in hours unless the worker, using prudent judgment, believes it is necessary to obtain additional verification.
March 5 $300.00 March 20 450.00 $750.00	c) **No change - Base Month** Household paid twice a month verifies actual March income and provides March 5 check - $300.00 gross income, March 20 check - $450.00 gross income, and April 5 check - $190.00. The household indicates March income is what they anticipate for the month of May. March income totaling $750.00 gross income is used to determine the effect on May benefits.
April 5 $400.00 April 20 600.00 1000.00	d) **No change - Current Month** Household paid twice a month verifies actual March and April income and provides March 5 check - $300.00 gross income, March 20 check - $450.00 gross income, April 5 check - $400.00 gross income and April 20 check - $600.00 gross income. The household indicates no change in income. April income totaling $1000.00 gross income is used to determine the effect on May benefits

	as it is the most current information.
April 5 $412.00 Divided by 5.15 80 Hours $5.40 x80 $432.00 $432.00 x2 $864.00	e) **Increased income** Household paid twice a month provides March 5 check - $412.00 gross income, March 20 check - $412.00 gross income, and April 5 check - $412.00 gross income. The household reports a pay raise from $5.15 per hour to $5.40 per hour that will be reflected on April 20 paycheck. Household indicates no change in 40 hours per week. Take April hours from April 5 check times the new pay rate times two for a total of $864.00. This amount is used to determine the effect on May benefits.
March 5 $250.00 March 20 400.00 $650.00	f) **On-call income** Household paid twice a month initially applies on April 5 and is interviewed on April 9. At interview household reports on-call employment and provides March 5 check - $250.00 gross income, March 20 check - $400.00 gross income, and April 5 check - $425.00 gross income. During the interview household indicates that they do not have any idea of what, if any, earnings they will have on the April 20 check or for the month of May. Base month income of $650.00 must be used.
March 6 $175.00 March 13 115.00 March 20	g) **Extra paycheck** Household initially applies on April 5 and is interviewed on April 9. The household is paid weekly and verifies March earnings of March 6 check - $175.00 gross income, March 13 check - $115.00 gross income, March 20 check - $210.00 gross

210.00 March 27 166.00 $666.00 $666.00 Divided by 4 $166.50 $166.50 x4.3 $715.95	income, March 27 check - $166.00 gross income, and April 3 check - $195.00 gross income. The household anticipates April earnings to be the same as March and anticipates no changes for May. March verified gross income is $666.00. When determining April benefits the worker must divide March gross income by 4 ($166.50). The weekly amount of $166.50 is then multiplied by 4.3 to arrive at $715.95, which is used in determining April and May benefits.

21. 430-05-50-15-35 – Earned vs. Unearned. Added clarification that the gross amount of payments made from an employer to an individual who is no longer an employee are unearned income.

Earned vs. Unearned 430-05-50-15-35

Payments, such as sick leave, disability or vacation pay from an employer that are paid from employer funds are earned income if the individual is still considered an employee.

> **Example:**
>
> **An employed individual is receiving a check from the employer while on sick leave. Because the individual's employment has not been terminated the payment is counted as earned income.**

Payments, such as sick leave, disability, vacation or severance pay from an employer that are paid from employer funds are unearned income if the individual is no longer an employee. The gross amount of the payment is counted as unearned income.

Payments from an outside source such as insurance companies are unearned income.

Example:

An individual is receiving disability payments from a group insurance policy that was purchased through the employer. The checks were delivered to the individual by the company which acted as addressee. Since the payments came from an outside source (the insurance company) instead of company funds they are considered unearned income.

If a final paycheck does not identify any vacation/sick leave pay as being included in the final check, the check is counted as earned income. If the final check identifies any portion of the check for vacation/sick leave pay, that portion **must be** counted as unearned income.

22. 430-05-50-20-05 – Earned Income. Clarified the definition of earned income from self-employment income based on the standardized self-employment policy. Clarified earnings of individuals participating in an on-the-job training program under title I of WIA and added Youthbuild as it is treated the same. Added additional clarification to garnishment of wages.

Earned Income 430-05-50-20-05

Earned income includes, but is not limited to:

1. All wages and salaries of an employee, including individuals under the age of 18 who are not attending school. This includes wages paid by the Census Bureau for temporary employment related to census activities and short term disability payments from the employer.

Exception:

Short-term disability payments from an outside source other than the employer are considered unearned income.

~~2. Gross self-employment income, including the total gain from the sale of capital goods or equipment related to the business, excluding the costs of doing business.~~

~~Ownership of rental property is considered a self-employment enterprise. Income derived from rental property will be treated as earned income~~ **~~only if a member of the household is actively engaged in the management of the property at least an average of 20 hours per week.~~**

~~Exception:~~

~~Payments from a roomer or boarder, except foster care boarders are also considered as self-employment income.~~

2. Self-employment income is considered earned income when the individual is actively engaged in the operation. The earned income from self-employment is separated from the unearned income when using the self-employment calculation worksheet.

3. Payments under Title I (VISTA, University Year for Action, etc.) of the Domestic Volunteer Services Act of 1973. These payments are subject to the earned income deduction, excluding vendor payments.

Exception:

These payments are excluded for individuals receiving SNAP or TANF at the time they joined the Title I program. Temporary interruptions in SNAP participation will not alter the exclusion once an initial determination has been made.

4. Earnings of individuals ~~who are~~ participating in on-the-job training programs under Title I of WIA or Youthbuild who are over the age of 19 or under the age of 19 who are not under parental control.

~~Exception:~~

~~Earnings of individuals under the age of 19 and are under parental control of a household member whether or not they are in school.~~

5. Military re-enlistment bonus.

   If a household receives up to 50% of the bonus amount as an initial payment with the remainder paid in equal annual installments, the initial payment and the annual installments are annualized.

   If a household receives the bonus as a lump-sum payment, it is exempt as a non-recurring lump-sum payment. The lump-sum payment is counted as a resource in the month it is received.

6. Department of Human Services (DHS) payments made to a member of the household for providing care for an individual.

7. Wages that are diverted to pay an expense when an individual has the option.

   Example:

   Housing provided by an employer in lieu of wages, when the employee has the option of either being paid or having his wage applied toward an expense (free or reduced rent, day care bill, car repairs, etc.).

8. Wages that are garnished by the employer. <u>Any amount garnished is not excluded. The total gross income is counted in the income computation.</u>

9. Bonuses received on a recurring basis must be counted as earned income.

   For a recurring bonus, at application or review, the worker must verify the last bonus received. The verified amount is then prorated over the period of time intended to cover and used in the new review period.

   If the bonus is a one-time payment or the household cannot reasonably anticipate receipt of it again, it is treated as a non-recurring lump sum.

   If the bonus is received on a sporadic basis, the bonus must be base month budgeted or prorated over the period of time intended to cover and the monthly prorated amount must be counted, unless the household reports a change.

Examples:

1. **At application in February, the household reports their employer pays monthly performance bonuses based on the office quota. The household reports they received their last bonus in November and does not know whether they will receive a future bonus. Since the household is not receiving a recurring bonus and does not anticipate receipt of a bonus, no bonus income is counted.**

   In March the household turns in a change report form along with pay stubs for Medicaid. The pay stubs indicate the household received a performance bonus in February. Since the bonus is now recurring, the bonus income must be anticipated for April. The worker must determine if using the bonus along with any other changes results in an increase or decrease in benefits.

2. **At review in February for March, the household reports they continue to receive a monthly performance bonus. The bonus received in February is verified and used for the new review period.**

10. Advances will be counted as income when received, unless previously counted as income. Advances on wages will count as income in the month received **only** if reasonably anticipated.
11. Money received from the sale of an individual's blood or blood plasma.
12. Family Subsistence Supplemental Allowance (FSSA) payments made to members of the Armed Forces.
13. Variable Housing Allowances (VHA), Basic Allowance for Quarters (BAQ) and Basic Allowance for Housing (BAH) paid to military personnel for housing costs.

23. 430-05-50-20-10 – Unearned Income.
    - Changed the term special allowances to Supportive Services and Special Items of Need to match TANF Policy.
    - Added clarification concerning TANF housing allowance.
    - Added clarification on the withholding from unearned income.
    - Added Alaska Permanent Fund Payments.
    - Added clarification for the View ND Child Support (FACES) window in NDVerify
    - Added additional clarification for spousal support.

Unearned Income 430-05-50-20-10

Unearned income includes, but is not limited to:

1. Assistance payments such as TANF, including Diversion Assistance and TANF Transition Assistance (Job Retention portion of the payment). During the first four months of TANF Pay After Performance eligibility, the grant for the children's needs must be anticipated and counted as unearned income. Since the Pay After Performance individual's needs cannot be anticipated during any of the first four months, the Pay After Performance individual's needs are not counted.

   If the individual is complying and their needs are prospectively included in the grant for month five, the grant including the individual's needs must be prospectively budgeted for SNAP.

Exception:

JOBS supportive services and TANF ~~special allowances~~ Supportive Services and Special Items of Need that represent a reimbursement are not counted as income.

The housing allowance is not considered a reimbursement, and is counted as unearned income.

When there is a reduction in a TANF benefit due to failure to perform a required action or for IPV and an overpayment is being recouped, the gross amount of the TANF grant must be counted as income if the individual was receiving SNAP benefits at the time the penalty was imposed.

2. Payments such as:
    a. Annuities - including IRAs and Keogh Plans
    b. Pensions - retirement or disability
    c. Veteran's benefits
    d. Workforce Safety & Insurance
    e. Unemployment compensation - The worker must allow three working days mailing time with day one being the check date in the online Job Service system in determining when unemployment benefits were received.
    f. Social Security and SSI benefits
    g. Strike benefits
    h. Deemed income from a spouse in a nursing home to the spouse in the community.
    i. Adoption subsidies

Exception:

Adoption subsidies that are reimbursements for child care while the responsible adult is working or seeking employment or for medical expenses are excluded.

    j. General Assistance

If child support or taxes are withheld from any of the above benefits, the **gross** amount must be counted.

If a portion of one of the above benefits is withheld to repay ~~If~~ an overpayment from that same source ~~is withheld from any of the above benefits~~, the net amount must be counted.

If a portion of one of the above benefits is withheld to repay another source, the gross amount must be counted.

Examples:

1. Back Taxes

2. Defaulted Student Loan

If there is a reduction in one income source due to the receipt of another income source, the net amount must be counted.

3. ~~Ownership of rental property is considered a self-employment enterprise. Gross income less the cost of doing business from rental property is counted as unearned income when a household member does not spend at least 20 hours a week managing the property.~~

   Self-employment income is considered unearned income when the individual is not actively engaged in the operation. The unearned income from self-employment is separated from the earned income when using the self-employment calculation worksheet.

4. Income made available or payments in money that are made directly to a SNAP household by an ineligible or a non-household member.

   Examples:

   1. Income deemed from a spouse in a nursing home the spouse in the community.
   2. Money put in a checking or savings account by an individual outside of the SNAP household.

Exceptions:

1. Excluded income that is deposited in a joint checking account by an ineligible student is not counted as income.

2. If a household member is identified on an account signature card as an individual who can draw on the account, non-household member funds deposited into that account are not considered available and are excluded as income.

5. Payments from Government sponsored programs, dividends, interest, royalties, and all other direct money payments from any source that can be construed as a gain or benefit.

Exception:

Interest or dividend income that is accrued or paid out on liquid assets is excluded.

6. Monies that are withdrawn that are or could be received by a household from irrevocable trust funds are considered excludable assets. The withdrawal from the trust must be considered income in the month received.

   Please submit complete copies of all trust agreements to the Legal Advisory Unit of the Department of Human Services for review along with the following information:

   a. Who is applying for benefits and what benefits they are applying for.

   b. Verification of all asset(s) owned by the trust including the value of each asset, when the asset was transferred to the trust and who transferred the asset to the trust.

   c. Any other documents or information that you think may be relevant.

7. When monies (which are not considered earned income) legally belonging to a household are diverted to a third party for an expense, the vendored payment is counted as unearned income rather than excluded.

   Examples:

   1. TANF protective payments.

   2. A household receives court ordered monthly support payments in the amount of $400. $200 is diverted by the provider and paid directly to a creditor for a household

expense. The court ordered payment of $400 is counted as income.

Money diverted from a court ordered payment to a third party for a household expense must be included as income because the payment is taken from money owed to the household.

Exception:

Payments specified by a court order to go directly to a third party rather than the household are excluded from income because they are not payable to the household.

8. The amount of a reimbursement that exceeds the actual incurred expense. Reimbursements **will not** be considered to exceed actual expenses, unless the provider or the household indicates the amount is excessive.

9. Payments to tribal members (residing on or off the reservation) from gaming proceeds. These payments are **not** per capita payments and must be prorated over the period of time intended to cover.

   Examples:

   - **Three Affiliated Tribal Elderly Payments**
   - **Spirit Lake Social Impact Payments**
   - **Sisseton-Wahpeton Oyate of the Lake Traverse Reservation Casino Cash**

10. <u>Alaska Permanent Fund Payments. These payments are recurring payments and must be annualized. If someone moves to North Dakota and will no longer get the payment, the current year's payment will be annualized and counted.</u>

11. Recurring lump sum payments such as but not limited to gift cards such as Visa and MasterCard, inheritances and insurance settlements. These payments must be prorated over the period of time intended to cover.

12. All gambling winnings.

13. Cash donations received on a recurring basis.

Exception:

Cash donations based on need received from private non-profit charitable organizations that do not exceed $300 in a quarter.

Example:

A household receives $150 from a private non-profit organization in July, $100 in August, and $100 in September. That household would be entitled to an income exclusion of $150 for July, $100 for August, and $50 for September, for a total of $300.

14. The full amount of child support, spousal support, or any other payments made directly to the household from non-household members.

Child support payments are shown as income on UNIN in TECS next to the child the payment is intended for. Spousal support payments are shown as income on UNIN in TECS next to the person the payment is intended for.

The worker must verify the following:

a. The amount of the legal obligation.

b. The amount of child support or spousal support received.

For ongoing cases with a North Dakota court order, verification must be obtained from FACSES. For those households with an out-of-state court order, verification must be obtained using child support stubs or documented collateral contacts.

Federal tax intercept payments are a non-recurring lump sum and are not counted as income. Federal tax intercept payments do not appear on the VIEW ND Child Support (FACSES) Window ~~FACSES VIEW ledger~~.

State and interstate state tax intercept payments are counted as income as these payments are applied to current child support. State tax intercept payments do appear on the VIEW ND Child Support (FACSES) Window ~~FACSES VIEW ledger~~.

If child support is received via check, direct deposit or electronic payment card (EPC), the worker must allow three working days for posting to the financial account in determining when the income was received. Day one of the three day count is the ~~check~~ Disbursed date on the View ND Child Support (FACSES) Window ~~Eligibility Ledger Detail screen in FACSES~~ or the date on the check or child support statement for payments not processed through FACSES. ~~To get to the View Eligibility Ledger Detail screen in FACSES, put an X in the select ('SEL') column by a transaction on the View Eligibility Worker screen and enter.~~

Child support and spousal support income is base month budgeted.

Exceptions:

1. **If child support or spousal support income is received monthly or twice a month, it may be averaged if the household agrees to income averaging. This must be documented in the casefile.**

2. **If child support or spousal support is received quarterly, semi-annually or as an annual payment, it is prorated over the period of time intended to cover.**

3. **If child support income is being retained because the household is receiving TANF, child support income is excluded.**

   When the TANF case closes, base month child support retained by the state must be anticipated as income.

Based on discussion with the household and the verification provided, the worker must document the amount of child support income counted or not counted and why.

Initial Application

At application, child support income to the date of interview must be verified via FACSES or by the household and documented. That amount must be counted along with what the household anticipates to receive for the remainder of the application month. This may include using verification of the last month's income if that is what the household anticipates for the first month of the review period.

If a household comes in for the interview at the end of the initial month, all child support received in the initial month must be counted. The three working days allowed for posting to the financial account in determining when income is received does not apply to any payment(s) the household may have already received in the initial or second beginning month. When processing the second beginning month, the amount of child support income used in the initial month must be anticipated unless the household anticipates a change. If the household anticipates a change, the change must be verified and used.

Reviews

At review a full month's child support income from the base month or month of review, if available, must be verified and used. If the household reports an anticipated change, verification of the change must be provided and is used.

Examples:

1. **A household is certified through January 31 and files an application for review on January 26. The household is interviewed on February 10 and receives one child support payment at the beginning of each month. The household received child support income on February 3. The February 3 child support income must be used for the first month of the review period (February).**

2. **A household is certified through June 30 and files an application for review on June 26 with no interview required. The household reports they receive two child support payments each month and received all of their**

June child support income. Since the full month's child support from the review month is available, June child support income must be used.

Ongoing Cases

For ongoing cases, if the worker receives an alert that child support was received in the base month, the most current month’s (base month) income as reflected in FACSES must be used to determine the effect on the benefit. If the base month income results in an increase in benefits, the change must be acted on.

If the base month income results in a decrease in benefits, the change is not acted on until review.

If the worker receives an alert that no child support was received in the base month, the worker will need to check FACSES. If no child support was received (applying the three working day policy for child support received in the month prior to the base month) in the base month, no child support income is used to determine the effect on the benefit for the benefit month.

If a household reports they do not expect to continue to receive child support income, the worker must follow up on this reported change by sending the F419 requesting verification. If verification is provided, the change must be acted on to increase benefits. If verification is not provided, the previously verified amount of income continues to be used until review.

If a household reports a change in child support income that will result in an increase in benefits, does not provide verification of the change, and the change is not reflected in FACSES, the worker must send F419 and follow up on the reported change. If verification is provided, the change must be acted on to increase benefits. If verification is not provided, the previously verified amount of income continues to be used until review.

24. 430-05-50-25-15 – Reimbursement for Past or Future Expenses. Added an exception to Per Diem example.

Reimbursements for Past or Future Expenses 430-05-50-25-15

Reimbursements for past or future expenses are excluded if they do not exceed actual expenses. The worker **will not** consider a reimbursement to exceed the expense unless the provider or the household indicates that it is excessive.

Reimbursements for normal household living expenses such as rent or mortgage, clothes or food, **are a gain or benefit and are not excluded**. To exclude these payments, they must be specifically for an identified expense, other than normal living expenses, and used for the purpose intended.

When a reimbursement, including a flat allowance covers multiple expenses, it is not required that each expense be separately identified, as long as none of the reimbursement covers normal living expenses.

Examples:

1. **Reimbursements for job or training-related expenses such as travel, per diem, uniforms, and transportation to and from the job or training site.**

   <u>Exception: Per Diem for food is considered a normal living expense and cannot be excluded.</u>

2. **JOBS supportive services and TANF special allowances, including Diversion Assistance and TANF Transition special allowances, which represent a reimbursement.**

3. **Reimbursements for out-of-pocket expenses of volunteers incurred in the course of their work.**

4. **Medical or dependent care reimbursements.**

5. **All TANF child care payments.**

6. **Child Care Assistance Program payments.**

7. **Tribal Work Experience Payments (TWEP). The incentive portion of TWEP payments is disregarded. Any amount over the incentive is unearned income.**

8. Nutrition for North Dakota Day Care Children, a United States Department of Agriculture (USDA) approved program to pay eligible in-home day care providers for food purchased for day care children.

9. All income, allowances, and bonuses received as a result of participation in the Burdick Job Corps Program.

25. 430-05-50-25-25 – Earned Income of Students Under 18 Years of age. Added clarification of who an elementary or secondary school student is under this provision. Also added clarification to indicate income for students under the age of 18 who are attending an institution of higher education.

Earned Income of Students Under 18 Years of Age 430-05-50-25-25

To exclude the earned income of a student under the age of 18, that student must be attending elementary or secondary school at least half time and living with a natural, adoptive parent or stepparent, or be under the parental control of a household member other than a parent.

This exclusion continues during school vacations, provided the child's enrollment resumes following the vacation.

<u>A student is someone who is attending elementary or secondary school or attending classes to obtain a General Equivalency Diploma (GED). The school must be recognized, operated or supervised by the state or local school district. This includes a student who attends classes through a home-school program recognized or supervised by the state or local school district.</u>

Earnings for these individuals are excluded through the month they turn 18.

When a student turns 18, if the household provides current income verification for the student, the student's income must be used to determine the effect on the benefit starting with the month following the student's birthday.

If the student's earnings or amount of work cannot be identified from that of others, the total earnings are prorated evenly among the working members and the student's pro rata share is excluded (i.e. migrants when the contract is for the family unit).

The TECS coding on the MASS screen for these students is "HT" (half-time) or "FT" (full-time) for a student. The parental control indicator on this screen must set to "Y". ~~for all students under the age of 18.~~

If a student under the age of 18 is attending an institution of higher education; the student's income is counted. The TECS coding on the MASS Screen must be PT, HT, or FT and the parental control indicator must be set to 'N' for the income to count.

26. 430-05-50-25-45 – Non-Recurring Lump-Sum Payments. Added clarification to Retroactive SSI payments and additional types of Non-recurring lump sum payment.

Non-Recurring Lump-Sum Payments 430-05-50-25-45

Money, earned and unearned, received in the form of non-recurring lump-sum payments including, but not limited to:

- Retroactive salary increases
- Back wages
- Rebates or credits
- Retroactive Social Security payments (whether it is paid in a lump sum or installments)
- Retroactive SSI (whether it is paid in a lump sum or installments)
- Retroactive adjustment payments from SSA due to changes in the individual's earning record
- Retroactive TANF

- TANF payments made to divert a family from becoming dependent on welfare if the payment is not defined as assistance based on TANF regulations.

- Child support arrearages

- Retroactive railroad retirement benefits

- Insurance settlements

- Mineral leasing bonuses and up-front payments

- Refunds of security deposits on rental property or utilities

- Military re-enlistment bonuses

  If a household receives up to 50% of the bonus amount as an initial payment with the remainder paid in equal annual installments, the initial payment and the annual installments are annualized.

  If a household receives the bonus as a lump-sum payment, it is exempt as a non-recurring lump-sum payment. The lump-sum payment is counted as a resource in the month it is received.

- Bonuses that cannot be reasonably anticipated on a regular basis

- Specific types of self-employment payments

- <u>If a household is required by a lender to liquidate some of their land and turn the proceeds over to the lender, the proceeds are non-recurring lump sum and not counted.</u>

All non-recurring lump sum payments are counted as assets in the month they are received, unless specifically excluded by Federal law.

27. 430-05-50-30 – Income Excluded by Federal Law.
    - Added clarification to VISTA employment.
    - Added clarification to disaster payments to include state and local payments.
    - Added Youthbuild earnings

- Added Tribal High School Graduate/GED Payments
- Added the verification options for IIM accounts.

Income Excluded by Federal Law 430-05-50-30

The following is a **partial listing** of income that is excluded by federal law. Contact the Regional Representative if assistance is needed in determining whether other types of income are excluded.

1. The value of assistance to children under the Child Nutrition Act of 1966 (child care nutrition programs).

2. The Domestic Volunteer Services Act of 1973, Titles I and II, as amended.

   Payments under Title I of that Act, including payments from such Title I programs as VISTA, to volunteers for those individuals receiving SNAP or TANF at the time they joined the Title I program.

   Payments to volunteers under Title II, including the Retired Senior Volunteer Program (RSVP), Foster Grandparents Program and Senior Companion Program.

3. AmeriCorps income is excluded. AmeriCorps VISTA income is only excluded if the individual was receiving SNAP at the time they took their oath to join~~ed~~ AmeriCorps VISTA.

4. Homestead tax credits including rental refunds.

5. Payments paid as a result of an emergency or major disaster as defined in the Disaster Relief Act of 1974 or the Disaster Relief & Emergency Assistance Amendments of 1988. This includes Federal Emergency Management Assistance (FEMA) payments and Emergency Unemployment Benefits along with comparable state and local payments.

   A major disaster is any natural catastrophe regardless of fault, any fire, flood, or explosion that the President determines causes damage of sufficient severity and magnitude to warrant major disaster assistance.

An emergency is an occasion or instance for which the President determines that federal assistance is needed to save lives and protect property and public health and safety.

Exception:
Payments made when there is no major disaster or emergency are not excluded.

6. Agent Orange Compensation Exclusion Act payments or all payments from the Agent Orange Settlement fund which are distributed by the Aetna Insurance Company.

   Exception:
   Payments from the Veteran's Administration for service connected disabilities resulting from exposure to agent orange are not excluded.

7. Federal Tax refunds, including Earned Income Tax Credits, are excluded from income for a period of 12 months from the month of receipt.

8. Allowances paid to children of Vietnam veterans who are born with spina bifida.

9. Allowances paid directly or indirectly on behalf of a household by LIHEAP.

10. Any allowances, earnings, or payments received under WIA or Youthbuild.

Exception:
Earnings to individuals participating in an on-the-job training program under Title I of WIA or Youthbuild who are over the age of 19 or under the age of 19 ~~who are~~ and are not under parental control are counted as earned income.

11. Tribal High School Graduate/GED Payments- Payments from Tribes within North Dakota to tribal members who graduate from high school or receive a GED.

12. Funds received by persons 55 and older under the Senior Community Service Employment Program Title V of the Older Americans Act are excluded from income. The organizations that receive some Title V funds are as follows:

- **Green Thumb – Experience Works**
- **National Council on Aging**
- **National Council of Senior Citizens**
- **American Association of Retired Persons**
- **U. S. Forest Service**
- **National Association for Spanish Speaking Elderly**
- **National Urban League**
- **National Council on Black Aging**

13. Department of Housing and Urban Development (HUD) vendor payments for rent or mortgage paid to landlords or mortgagors. HUD Section 8 Housing Voucher Program payments that are paid to the household are also excluded.

14. Women, Infants, and Children (WIC) Program.

15. Payments or allowances made for the purposes of providing energy assistance, including utility reimbursements made by the Department of Housing and Urban Development (HUD), Rural Housing Service, and Tribal Utility Payments including Tribal LIHEAP.
This includes a one-time payment or allowance applied for on an as needed basis and made under a Federal or State law for the costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device. A down-payment followed by a final payment upon completion of the work will be considered a one-time payment for this provision.

Exception:
Any payments or allowances made for the purpose of providing energy assistance under Title IV-A (TANF) are counted as unearned income.

16. Income that is excluded by express provision of federal statute for American Indians or Alaska Natives. Usually a law will specify payments to members of a tribe or band, and the law will apply to the members enrolled in the tribe or band wherever they live. The individuals should have documentation showing where the payments originated. These payments include, but are not limited to the following:

    a. Indian per capita payments distributed from judgment awards and trust funds up to $2,000 per person per payment. Amounts in excess of $2,000 are considered a countable asset.

    b. Interests of Indians in trust or restricted lands.

    c. Up to $2,000 per year of Individual Indian Monies (IIM) received by individual Indians which is derived from leases or other uses of individually owned trust or restricted lands.

Exception:
The $2000 exemption does not apply to inheritance, bonuses, and other income that is not derived from leases, trust or restricted land.

The IIM account must be verified at every review. Client statement is acceptable verification of the amount in an IIM account unless:

1. The amount is more than $2000 for the year;
2. The client’s statement is questionable;

3. The IIM account includes countable income such as inheritance, bonuses, and other income that is not derived from leases, trust, or restricted land.

Verification Options

1. Request for verification of IIM account information using form SFN 413, Individual Indian Monies Account. This form will need to be notarized per requirements of the United States Department of the Interior, Office of the Special Trustee for American Indians, Office of Trust Funds Management. These releases are valid for one (1) year and must be renewed annually.
2. Individuals with IIM accounts receive statements from the Office of Trust Funds Management on a quarterly basis. A copy of this form may be requested from the recipient. However, the recipient will not receive the statement if the Office of Trust Funds Management does not have a current address.
3. The individual may obtain a statement of their IIM account directly from the Office of Trust Funds Management through the Bureau of Indian Affairs (BIA) by requesting the information in person or by making a telephone request. In both cases, the individual will need to know their account number and provide at least two forms of identification.

New Source Income

When new source income is deposited into an individual's IIM account, the countable amount will be determined as follows. If the household reports a new source of income, the change must not be acted on until review unless the change results in an increase in benefits.

Verification of the IIM account must be obtained for the most recent FULL 12 month period through one of the three options currently identified in policy. Once verification of the IIM account is received, the worker will subtract any deposits that cannot be counted as IIM income, such as inheritances, VA, SSA, SSI, gaming profits, bonus payments, etc., based on current policy. Once those deposits have been subtracted, take the most current months, or an average if received for multiple months, new source income amount and multiply by 12. That amount must be added to all countable deposits for the twelve-month period (excluding the new source income deposited into the IIM account), deduct the $2000 disregard, and then divide the remaining balance by 12 to determine the monthly countable unearned income.

Examples:

1. **In 02/2009, the Eligibility Worker learns that the individual began receiving a new source income in 02/2009 through their IIM account. The Eligibility Worker will request verification of the IIM account for the period of February 1, 2008 thru February 28, 2009, the most recent FULL 12 month period, plus the current month of 02/2009, to capture the amount of the new source income.**

   Reviewing the ledger, the Eligibility Worker would determine which income is countable. The new source income deposited in February was $850. Multiplying $850 by 12 equals $10,200. The countable income, not including the new source income, for the FULL 12 month period (February 1, 2008 thru January 31, 2009) totals $1,500. The total income to be considered for the 12-month period is $11,700 ($10,200 plus $1,500). After deducting the $2000 disregarded amount from $11,700, $9,700 must be annualized and the monthly amount of $808.33 counted as unearned income.

2. **A new application is received in July and the Eligibility Worker requests verification of the IIM account for the period of July 1, 2008 thru June 30, 2009, the most recent FULL 12 month period.**

   Reviewing the ledger, the Eligibility Worker

determines a new source income began being deposited in April 2009. The Eligibility Worker would first determine which income is countable. The new source income deposited in April was $850, in May was $790 and in June was $825. The three months of the new source income are totaled and divided by 3 and the average is projected for a 12 month period ($2,465 divided by 3 equals $821.67). Multiplying $821.67 by 12 equals $9,860.04. The countable income, not including the new source income, for the 12 month period totals $87.29. The total income to be considered for the 12-month period is $9,947.33 ($9860.04 plus $87.29). After deducting the $2000 disregard from $9,947.33, $7,947.33 must be annualized and the monthly amount of $662.28 counted as unearned income.

17. Monies made available to a household by an absent member deployed to a designated combat zone must be excluded when establishing the household's income for SNAP purposes as follows:

    a. The worker must establish what amount of the military person's net pay was actually available to the household prior to the deployment of the military person to a designated combat zone. The line of thinking here is that we would only count the absent person's pay that was actually available to the SNAP household (net income).

       Keep in mind that the net income is used only if the military person was in the SNAP household prior to deployment to a combat zone. If the military person was NOT in the SNAP household prior to deployment, the amount actually made available to the SNAP household is counted as unearned income.

    b. The worker must then determine the amount of his or her military pay that the absent member deployed in a designated combat zone is making available to his or her family.

       If the amount of his or her military pay that the absent member deployed in a designated combat zone is making available is equal to or less than the amount the household was receiving from the military person prior to deployment to a designated combat zone (net income), all of the allotment would be counted as income to the household for SNAP purposes. Any portion of the amount that exceeds the amount the household was receiving prior to deployment of the military person to a designated combat zone should be excluded when determining the household's income for SNAP purposes.

In order to arrive at this amount, the worker must review the last LES (Leave and Earnings Statement) of the military person immediately prior to deployment. The LES will identify combat pay if it is being received and can be used to establish deployment to a combat zone. Deployment to a combat zone can also be established through orders issued to the military person.

Example:
A SNAP household that included a military person was receiving $900.00 (net income) prior to deployment to a designated combat zone. The military person is now providing $1,400.00 to the remaining household members. When determining the household's income for SNAP purposes, $900.00 would be counted and $500.00 is excluded.

Designated Combat Zones
Combat zones are designated by an Executive Order from the President as areas in which the U.S. Armed Forces are engaging or have engaged in combat. There are currently three such combat zones (including the airspace above each):

- Arabian Peninsula Areas, beginning Jan. 17, 1991 -- the Persian Gulf, Red Sea, Gulf of Oman, the part of the Arabian Sea north of 10° North latitude and west of 68° East longitude, the Gulf of Aden, and the countries of Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- Kosovo area, beginning Mar. 24, 1999 -- Federal Republic

of Yugoslavia (Serbia and Montenegro), Albania, the Adriatic Sea and the Ionian Sea north of the 39th Parallel.

- Afghanistan, beginning Sept. 19, 2001.

  Public Law 104-117 designates three parts of the former Yugoslavia as a Qualified Hazardous Duty Area, to be treated as if it were a combat zone, beginning Nov. 21, 1995 -- Bosnia and Herzegovina, Croatia, and Macedonia.

In addition, the Department of Defense has certified these locations for combat zone tax benefits due to their direct support of military operations, beginning on the listed dates:
In support of Operation Enduring Freedom (Afghanistan combat zone):

- Pakistan, Tajikistan and Jordan - Sept. 19,2001
- Incirlik Air Base, Turkey - Sept. 21 , 2001 through Dec. 31, 2005
- Kyrgyzstan and Uzbekistan - Oct. 1, 2001
- Philippines (only troops with orders referencing Operation Enduring Freedom) - Jan. 9. 2002
- Yemen - Apr. 10, 2002
- Djibouti - July 1, 2002
- Somalia - Jan. 1, 2004

In support of Operation Iraqi Freedom (Arabian Peninsula Areas combat zone):

- Turkey - Jan. 1, 2003 through Dec. 31, 2005
- Israel - Jan. 1 through July 31, 2003
- The Mediterranean Sea east of 30° East longitude - Mar. 19 through July 31, 2003
- Jordan - Mar. 19, 2003
- Egypt - Mar. 19 through Apr.20, 2003