

**SA-3210 INCOME**  
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**I. INTRODUCTION**

This section explains the steps to verify and calculate the countable income for Supplemental Security Income (SSI) and non-SSI applicants/recipients of SAA/SAD. This section also contains instructions for assisting the Special Assistance (SA) applicant/recipient (a/r) to access his/her maximum entitlement income amount. All documentation referred to in this section must be completed in the [DAAS-8190-S, SA Workbook for SSI Recipients](#) or the [DAAS-8190-NS, SA Workbook for Non-SSI Recipients](#) at each application or redetermination.

Each SA a/r and/or his/her authorized representative must be informed that he/she must apply for all benefits to which he/she may be entitled, including receiving the maximum benefit for which the he/she is eligible. This includes SSI, Social Security Retirement, Survivors, and Disability Insurance (RSDI), Veteran's benefits, Railroad Retirement, Black Lung, Worker's Compensation, a union or private employer pension, a civil service pension, or other such income. **Sections II-IX provide in-depth guidance and instructions to assure that the a/r is receiving all income to which he/she is entitled and is receiving, at a minimum, the SSI Federal Benefit Rate (FBR). See definition in item II.**

**Note:** The SA a/r cannot waive or renounce benefits to which he/she may be entitled in order to become eligible for SA.

**II. EVALUATE APPLICANT/RECIPIENT'S SSI STATUS**

Because SA eligibility cannot be authorized until SSI eligibility has been established, it is important to understand SSI in general and how SSI payment amounts are determined.

**SSI** is a cash assistance program funded and administered by the Federal Government. The program is authorized by Title XVI (Supplemental Security Income for the Aged, Blind, and Disabled) of the Social Security Act. Title XVI of the Social Security Act specifies eligibility criteria for SSI benefits, the amount of cash payments, and the conditions under which payments can be made. A person who applies for SSI and meets the conditions in the law is eligible for benefits. SSI is an economic "needs-based" program and is intended to supplement any income individuals already have, to ensure that they are afforded a minimum level of income. Therefore, the dollar amount of SSI benefits received on a monthly basis may vary from person to person.

The **FBR** is the maximum dollar amount that individuals or couples can receive in SSI and other cash income on a monthly basis provided that countable resources are less than the SSI resource limit (\$2,000 for individuals, \$3,000 for couples) and other eligibility criteria are met. The SSI FBR, effective January 2012 is **\$698/month** for an individual.

**SA is a state supplement to the SSI Program.** If the applicant/recipient's (a/r's) non-SSI income is *less* than the FBR for SSI, the a/r is required to apply for SSI.

Often, individuals already receiving SSI will have income less than the SSI FBR. This section outlines certain situations where this may be the case, and provides guidance on working with a/r's to increase income to the FBR.

**A. Using the Online Verification System (OLV), State Online Query (SOLQ)/State Data Exchange (SDX) or an SSI award notice, verify a/r's SSI status. Use information in B. and C. below to determine if a/r's income is below the FBR.**

**B. Background of Social Security Administration (SSA) Determination of SSI Payment Eligibility and SSI Payment Amount**

1. SSA excludes the first \$20 of most unearned income sources and then from earnings when determining eligibility for an SSI payment and the SSI award amount. Benefits based on need that are totally or partially funded by the Federal Government or by a nongovernmental agency are not subject to the SSI \$20 general income exclusion including certain Veteran's Administration (VA) benefits. See [SA 3210 XIIC.13.c.](#) below for specific Veteran's benefits and whether or not SSA applies the \$20 general income exclusion.).
2. If an individual has less than \$20 of unearned income in a month and also has earned income in that month, SSA applies the remainder of the \$20 exclusion to the earned income.
3. When an individual has earned income only, and there is no **unearned income** to which the \$20 general income exclusion (or a portion of the \$20) can be applied, SSA applies the \$20 general income exclusion to the gross **earned income** amount prior to applying earned income disregards of \$65 per month and one-half of earnings over \$65 received in a month.

**NOTE: When calculating the *Special Assistance* payment, SA policy applies a \$20 income exclusion to SSI income *only when* SSI has not applied a \$20 exclusion to any other income source. Numbers 1-3 in B. above explain how the SSI payment is determined.**

**C. Identifying Special Assistance Applicants with Income Less than the FBR:**

If the SA applicant's verified income from any source is less than **\$698**, after determining if SSA would apply a \$20 exclusion and/or other applicable SSI income exclusions, the individual may be eligible for an SSI payment, if all other eligibility criteria are met. If the applicant is receiving SSI at less than the FBR, refer to [IV.](#) below.

#### **D. Identifying Ongoing Special Assistance Recipients with Income less than FBR**

Recipients have been approved with income less than the FBR for various, usually temporary reasons. Some SA recipients have been erroneously receiving SA while their income is below the FBR. Instructions for identifying these recipients, the reasons they may have income less than the FBR and how to handle these cases is provided in this policy section.

1. Client Services Data Warehouse (CSDW) maintains a report entitled “SA - below FBR Screening by County and Report Month Amb Code B, C” ( SA-FBR Screening). This report is found in Public Folders/DHHS Main Document/DAAS/State Sanctioned. This Report captures active cases with total countable monthly income (TCMI) less than **\$698**. It also captures cases where TCMI is less than **\$678** in cases where the SA Program applies a \$20 general income exclusion to SSI *only* income.
2. Counties must run the “SA-FBR Screening” Report monthly and screen budgeted income to identify any ongoing SA recipients whose income in EIS is less than SSI FBR. All cases appearing on this report must have a Case Special Review Code as indicated in V. below, or must be corrected.
3. Cases may appear on this report if income is entered in the incorrect fields on the 8125. For example, if the SSI code is “Y”, yet no income amount has been entered into the “SSI Amount” and the “Total Countable Monthly Income” field is entered as \$654, the case will appear on the “SA-FBR Screening” Report. This case appears to have *only* RSDI income, according to income fields populated, so a case with RSDI only should have a minimum of **\$698** in the TCMI field, not **\$678**, as entered.

#### **III. PROCEDURE WHEN THE SA APPLICANT IS NOT RECEIVING AND HAS NOT APPLIED FOR SSI.**

- A. Each applicant’s income must, at a minimum, equal or exceed the SSI FBR. If it does not equal or exceed the SSI FBR, and the applicant does not have an SSI award amount, the applicant is required to file an application for SSI.**
- B.** Follow SA application processing time standard policy found in [SA-3110.VII.C.2. a. and c.](#) Ensure that at least two (2) [DMA-5097](#)’s are issued, at least 12 days apart, requesting applicant apply for SSI at the FBR.
- C.** Pend the SA application for up to 12 months awaiting the SSA decision. See [SA-3110, Application Process](#) VII C.2.b. for appropriate notification of applicant responsibility.

**Example:** An applicant for SA has income of \$679 gross RSDI with no other income. The applicant's total income amount of \$679 is less than the current SSI FBR of \$678 after the \$20 exclusion is applied to the RSDI. The income maintenance caseworker (IMC) must follow policy in [SA-3110](#) and request in writing that the applicant apply for the SSI FBR, because his/her income is less than the current SSI FBR. The SA application must be held pending up to 12 months awaiting the SSA decision.

- D. The IMC must offer to assist the applicant with the SSI application process. If the applicant refuses to apply or has not applied for SSI by the SA application processing deadline, deny the application. See [SA-3110, Application Process](#).

**IV. PROCEDURE WHEN SA APPLICANT IS ELIGIBLE FOR AND RECEIVING SSI BUT NOT RECEIVING THE FBR (FOR ANY REASON OTHER THAN SSA RECOUPMENT)**

- A. SA payments cannot be issued in an amount to make up for SSI income deficit when the SSI payment, less than the FBR, is reduced for any reason other than SSA overpayment recoupment. For SSA overpayment recoupment cases, see [VII. F.](#) below.
- B. Follow SA application processing time standard policy found in [SA-3110.V.C.2. a. and c.](#) Ensure that at least two (2) [DMA-5097](#)'s are issued, at least 12 days apart, requesting applicant apply for full SSI FBR benefits.
1. The SA applicant must cooperate in, and follow through with the SSI application process, or follow through with the request for assessment/reinstatement of SSI FBR as applicable. The IMC must offer to assist the applicant in obtaining the SSI FBR. Send a [DMA-5049, Referral to Local SSA Office](#) to SSA, informing SSA of any changes that may affect SSI eligibility and/or the SSI payment. See [SA-3110, Application Process](#).
  2. If the SA applicant's SSI is not yet at the FBR by the 12th calendar day after the date of the second [DMA-5097](#), and all other factors of eligibility have been met, approve the SA application based on the FBR. Two exceptions are:
    - a. Individuals who are receiving less than the FBR due to recoupment of SSI or RSDI (see [VII. F.](#)) and,
    - b. Those SA recipients who were denied SSI due to excess resources related to life insurance cash value when the face value of cash accruing policies was over \$1,500 but less than \$10,000 for cases approved prior to December 1, 2009 (see [VII.D.](#))

**V. CASE SPECIAL REVIEW CODES REQUIRED FOR CASES WITH TCMI LESS THAN THE FBR.**

**A.** Effective November 22, 2010 SA cases are required to use a SA *Case Special Review Code* if the TCMI in the EIS DSS-8125 screen is less than the FBR for SSI. This applies to all applications processed on or after November 22, 2010, and when any change is made in EIS for an existing case. The purpose of this edit is to either allow certain exceptions to cases having income below the FBR (Special Review Codes ‘LI’, ‘RS’ and ‘N’) or to allow a window of time for the a/r to obtain the FBR (Special Review Codes ‘E’, ‘I’ and ‘VA’). It is specifically to be used as a case management tool by the worker, the supervisor, and the State.

1. **Cases with SSI only income** will require a Case Special Review Code if the **TCMI** is less than **\$678**. This amount **is** based on the FBR of **\$698** minus the **SA** \$20 general income exclusion.

**If TCMI for a case is less than \$678 and no Case Special Review Code is entered, an error message will be displayed:**

**“TOT COUNTABLE MONTHLY INCOME LESS THAN SSI FBR. SPECIAL REVIEW CODE REQUIRED”.**

2. **Cases with income from any source without SSI or in addition to SSI**, will require a Case Special Review Code if the **TCMI** is less than **\$698**. This amount **is the total minus** the **SA** \$20 general income exclusion.
3. **If TCMI for a case receiving income from sources other than or in addition to SSI is less than \$698 and no Case Special Review Code is entered, an error message will be displayed:**

**“TOT COUNTABLE MONTHLY INCOME LESS THAN SSI/OTHER FBR. SPECIAL REVIEW CODE REQUIRED”.**

4. The commonly occurring situations for which these codes are appropriate are found in [VI](#) below.
5. Case Special Review Codes are only to be used for a specified situation and for the specified timeframe designated. See [VI](#). below.

**B. Case Special Review Codes are as follows:**

1. **Case Special Review Code ‘E’:** ‘SSI 1/3 Reduced Ending’
2. **Case Special Review Code ‘I’:** ‘SSI In Kind Support/Maint Ending’

3. **Case Special Review Code ‘LI’:** ‘Life Insurance (with) Cash Accruing Face Value Greater Than \$1500
4. **Case Special Review Code ‘RS’:** ‘SSI/SS Recoupment’
5. **Case Special Review Code ‘VA’:** ‘VA only OR VA/other income only’. The edit was created for ongoing cases erroneously approved for SA without an SSI referral.
6. **Case Special Review Code, “N” ‘SSI Couple Deeming’.** This code **is valid for SA In-Home cases only; “H” ambulation code.** See SA/In-Home policy section [SA-5200](#).

C. Information on specific use of these Case Special Review Codes is found below in [VI](#)

**Note:** The Eligibility Information System Case Management Report, produced monthly on the last working day of the month, reflects SA cases flagged with the Case Special Review Codes listed above. It is imperative that the SA caseworkers/supervisors review the Case Management Report each month and immediately follow up as appropriate for each case reflected on the report. See [EIS-3551](#)-Case Management Report.

## VI. IDENTIFYING COMMONLY OCCURRING SITUATIONS IN WHICH THE A/R’S INCOME IS LESS THAN THE SSI FBR OR RSDI IS REDUCED BELOW THE MAXIMUM ENTITLEMENT AMOUNT; AND USE OF THE REQUIRED CASE SPECIAL REVIEW CODES.

There are certain commonly occurring situations when the SSI monthly assistance amount may have been reduced to an amount less than the FBR and needs to be adjusted to the FBR. Required use of the SA **Case Special Review Code** for specific commonly occurring situations is noted.

### A. SSI individuals with SSI calculated SDX Code “J” One-Third Reduced Income.

**Case Special Review Code ‘E’:** **‘SSI 1/3 Reduced’:** Allows TCMI at less than FBR for SA applicants who have recently moved into an SA eligible facility from a private living arrangement where he/she was receiving SSI at the one-third reduced income rate based on SDX Living Arrangement Code “J”.

Use of EIS Case Special Review Code ‘E’ is **time limited** for SA Basic and SCU cases and provides for budgeting of the SA payment for not more than a two month period following the a/r’s month of admission to an SA eligible facility. **It is not time limited for SA/IH cases.** For SA budgeting instructions, see [VII.C](#)

### B. SSI individuals with SSI income based on SDX Code “H”, In-Kind Support and Maintenance.

**Case Special Review Code ‘I’: ‘SSI In Kind Support/Maint:** Allows TCMI at less than FBR for SA applicants who have recently moved into an SA eligible facility from private living arrangement where he/she was receiving SSI income based on in-kind support and maintenance (ISM) SDX Living Arrangement Code “H”.

Use of EIS Case Special Review Code ‘I’ is **time limited** for SA Basic and SCU cases, and provides for budgeting of the SA payment for not more than a two month period following the a/r’s month of admission to an SA eligible facility. **It is not time limited for SA/IH cases.** For SA budgeting instructions see [VII.C](#)

**C. Individuals denied SSI due to excess resources related to life insurance cash value when the face value of cash accruing policies was over \$1,500 but less than \$10,000.**

SA recipients approved prior to December 1, 2009 who were denied SSI because of excess resources due to cash accruing value of life insurance policies with a face value greater than \$1,500 but less than \$10,000 will have income less than the FBR.

**Case Special Review Code ‘LI’:** ‘Life Insurance (with) Cash Accruing Face Value Greater Than \$1500’: Required for cases with TCMI less than the FBR who were denied SSI due to cash accruing life insurance whose total FV is more than \$1500, and who were receiving SA prior to December 1, 2009.

Use of the “LI” code, once assigned to a case is allowed ongoing until the SA case is correctly terminated. It is not time limited.

**NOTE:** The case must also have the Case Level Special Use Code ‘LI’. See [SA-3200, Resources](#).

**D. SSA overpayment recoupment of SSI (Title XVI), or RSDI (Title II), or a combination of SSI/RSDI. (See [VII. F.](#) below.)**

**Case Special Review Code ‘RS’:** ‘SSI/SS Recoupment’: Allows TCMI at less than FBR for SA and SA/IH only for the months of continuing SSA overpayment recoupment. In the the case of an SSA recoupment, the recoupment amount must be waived or adjusted to the lowest possible monthly amount. In many cases this can be \$10.00. The time limit on the use of this code varies for each SA recipient depending on the projected end date for recoupment.

**E. Use Case Special Review Code ‘VA’:** ‘VA only OR VA/other income only’. If any combination of VA and other income is less than \$698 after the allowable exclusion up to \$20 is applied to the other income, require a/r to apply for SSI. See [SA 3210 XIII.C.13.c.](#) for information on when the (up to) \$20 general exclusion is applied to VA income. When discovered, use time frame and follow procedures in [III](#) above.

**Example: VA only:** An a/r's VA check is \$672. There is no other income. Total gross income is \$672. TCMI is \$672 as this is VA income where the SSI general income exclusion is not applicable. Recipient is eligible for a **\$26** SSI check and is required to apply for SSI.

**Example: VA/other income only:** An a/r's RSDI check is \$12, and her VA benefit based on need is \$670. Total gross income is \$682. Subtract \$12 from the RSDI (the allowable amount to be excluded up to \$20). TCMI is \$670. Recipient eligible for a **\$28** SSI check and is required to apply for SSI.

**F. SSI individuals whose SSA living arrangement code has been a Title XIX (Medicaid) institution (nursing home), SDX Federal Living Arrangement Code "D" prior to the move into a level of care that is SA eligible or;**

**There is no Case Special Review Code required for this situation, because SSI should be increased to the full amount in the month following the month of change. SSI individuals whose SSA living arrangement code has been coded "D" through SSA error when SA recipient has been residing ongoing in an SA facility and not in a Title XIX (Medicaid) institution (nursing home). (See [VII. B.](#) below.)**

The SSI recipient's SDX Federal Living Arrangement Code "D", Payment Status Code "E01", is not applicable to residents in an SA approved facility.

**G. SSI couples who resided together in the same household in the community prior to one spouse, or both being admitted to a level of care that is SA eligible.**

For more information and SA budgeting instructions see [VII.E.](#) below.

**VII. WORKING WITH A/R TO OBTAIN THE SSI FBR**

**A. The IMC must track and verify the a/r's reinstatement to FBR using the Online Verification System (OLV), SOLQ/SDX or an award letter.**

**B. When SSA incorrectly applies federal living arrangement SDX Code "D" to residents of an SA approved facility, this results in a reduced or terminated SSI assistance amount for SA applicants or recipients who are:**

1. SSI recipients whose SSA living arrangement code has been a Title XIX (Medicaid) institution (nursing home), SDX Federal Living Arrangement Code "D", Payment Status Code is "E01" **prior** to the move into SA facility level of care; **or**
2. SSI recipients whose SSA living arrangement code has been coded "D", Payment Status Code "E01", through SSA error when SA recipient has been residing ongoing in an SA approved facility and **not** in a Title XIX (Medicare) institution (nursing home).

- a. Individuals with only SSI income who are living in a Title XIX (Medicaid) institution (nursing home) may have SSI income reduced to \$30/month, or,
  - b. Individuals with SSI/other combination income who are living in a Title XIX (Medicaid) institution (nursing home) and whose other income is of an amount greater than \$30/month, may have SSI income terminated (reduced to zero), or
  - c. When an SSI recipient moves from a nursing home to an SA facility and applies for SA, or,
  - d. When the SSI recipient is residing in an SA facility and the SDX Federal Living Arrangement code has been coded “D”, Payment Status Code “E01”, through SSA error, take the following action:
    - (1) Notify SSA via the [DMA-5049, Referral to Local SSA Office](#) that the SSI recipient does not reside in a Title XIX (Medicaid) institution and request assessment of the SSI recipient’s entitlement to reinstatement of benefits at the SSI FBR. Specify the **date the SA applicant or ongoing recipient moved** to the SA facility. Provide the SA facility name and contact information as currently reflected on the EIS “FI” screen.
    - (2) Check the SDX LA code, and verify that it reflects the correct current living arrangement, and a Payment Status Code of “C01”. Check SOLQ/SDX to verify a/r is receiving the FBR.
    - (3) SA applicants moving from a nursing home to an SA facility will be eligible for the FBR the month following the month of change in living arrangement.
    - (4) If the SA applicant moves to an SA facility after the first day of the SA application month, budget the application month based on zero income. Budget ongoing months based on the SSI FBR even though the applicant may not yet be receiving at FBR.
    - (5) If the applicant is already a resident of the SA facility on the first day of the month for which eligibility is being determined, budget the SA payment on the reduced amount of SSI for that one month. Budget ongoing months based on the SSI FBR even though the applicant may not yet be receiving at FBR.
- C. Two types of changes which are considered income changes for SSI recipients will need to be adjusted for SA a/rs residing in SA approved facilities. They are:**
1. **One-Third Reduced SSI (SDX Unearned Income Information Code “J”)**

When the a/r receiving **one-third reduced SSI** moves from home to an SA facility, SDX may continue to reflect unearned income code “J” for the SA a/r. This indicates that the a/r’s SSI payment is based on the SSI unearned income value of one-third reduction for the SSI recipient living in the household of another. For budgeting see steps in C.3 and C.4 below. Do not budget “J”-income for SA. Use Case Special Review Code “E” for SSI “J” income.

2. **In-kind Support and Maintenance** (SDX Unearned Income Code “H”)

Reduced SSI may also be related to the a/r having an income code of “H” which means he/she is considered to be receiving in-kind support and maintenance, which counts as unearned income by SSI. This could be due to living in the home of another, or the individual may be living rent free, or in other similar circumstances. Do not budget “H” income for SA. See C.3 and C.4 below. The IMC must flag the case to change income in the month the a/r should receive the FBR using the Case Special Review Code “T” for SSI “H” income.

3. When an SSI recipient moves from a PLA situation in which income was counted and coded on the SDX as “J” or “H”, SSA views the change in situation as an **income change** and implements retrospective budgeting, which means the FBR will be effective **the third month following the month the change occurred.**
4. Instructions regarding SA a/rs who receive SSI with other income coded in SDX as “J” and/or “H”:
  - a. The a/r or their representative must report the change in situation to SSI within 10 days of the change
  - b. The IMC must inform the SSA via [DMA-5049, Referral to Local SSA Office](#) of the date of the SA a/r’s admission to an SA facility and request SSA reinstate the SSI FBR accordingly. The IMC must also issue [DMA-5097s](#) as appropriate requesting the a/r contact SSA for reinstatement of SSI benefits at the FBR.
  - c. Beginning with the first month in which the a/r is entitled to the SSI FBR, SA payments **cannot be issued** in an amount to make up for SSI income deficit when the SSI payment is reduced.
  - d. Verify/document date of admission/move into an SA facility. Budget each individual for SA based on the SSI FBR **beginning the third month following the month of living arrangement change** even if the SSI is not yet at the FBR.

**D. For recipients who received SA ongoing prior to December 1, 2009 and whose income is less than the FBR due to having been denied SSI based on ownership of cash accruing Life Insurance (LI) with a face value (FV) over \$1,500.**

Prior to December 1, 2009 recipients who did not receive SSI because of excess resources due to cash accruing LI with FV over \$1,500 were allowed to receive SA if the total FV of their LI was \$10,000 or less. CV was not counted for these LI policies. This SA policy changed effective December 1, 2009 for new applicants. Recipients eligible for SA effective November 30, 2009 are exempt from the new policy as long as they continue to receive SA, and do not purchase LI not previously owned as of November 30, 2009 that accrues CV and causes them to be over the LI FV limits. See [SA-3200, Resources](#).

1. When budgeting income for recipients who were SA eligible prior to December 1, 2009, but whose income is less than the FBR due to LI, do not use the FBR in budgeting the income. *Budget only the income they receive.*
2. Do not require them to reapply for SSI unless there is a change that could make them SSI eligible.
3. Enter the SA Case Special *Review* code 'LI' in the DSS-8125 screen.
4. The case must also have the Case Level Special *Use* Code 'LI'. See [SA-3200, Resources](#).

**Note:** If a case with the 'LI' Case Level Special Use Code is correctly terminated, and the former recipient reapplies for SA, they must meet the current SA Life Insurance policy requirements. See [SA-3200, Resources](#).

**E. Instructions for married couples**

For couples, whether SSI is received or not, consider only the income of the a/r when calculating the SA payment regardless of marital status. The a/r cannot deem any portion of his/her income to a spouse or non-spouse. Below are instructions for couple situations.

1. **Married individuals and one or both spouses receive(s) SSI:**  
An economic unit or budget unit is considered one individual, regardless of whether or not a married couple is living in the same room in an SA facility. When at least one spouse is receiving SSI, income is counted individually (as if separated) if one spouse is an SA facility resident. It does not matter whether the other spouse lives in the community or in an SA facility, even if living in the same room; income is counted individually.  
**SSA definition of economic unit:** The **SSI individual residing in an SA facility** and paying an individual rate for cost of care meets the SSA definition of an individual economic unit.

**Note:** If either spouse is not receiving the individual FBR amount from SSI, this could be because SSA is counting the couple as one economic unit and using the “couples” FBR of **\$1,048 effective January 2012**. The IMC must contact the local SSA office to make SSA aware that **each spouse is an individual economic unit for the State’s Optional State Supplement to the SSI Program, the SA Program.**

The IMC can assist the a/r by providing information on NC’s policy to the local SSA Office by

- a. Referring the SSA representative to the [State Assistance Programs for SSI Recipients](#) (this is an SSI publication). The most recent NC version posted on the SSA website can be shared with the local SSA field office. Highlight the living arrangement chart.
  - b. The SSA field office may also be directed to SA policy above (online or printed version).
  - c. Another source of proof of the individual economic unit status of the a/r living in an adult care home is the individual contract that either one spouse or both has individually with the adult care home.
2. The IMC must evaluate each individual applying for SA to determine if his/her income, considered separately, is less than the SSI FBR. If an SA applicant is receiving or has been awarded SSI only or SSI/other income combination at less than the individual FBR, instruct that he/she must contact SSA and request assessment to increase income to SSI FBR. Follow instructions in [SA-3210, VI. C.](#) above.

Send a [DMA-5049, Referral to Local SSA Office](#) to SSA notifying of the SA recipient’s current living arrangement and date of admission to an SA approved facility. Request SSA attention to assessment/reinstatement of the recipient’s SSI to FBR.

3. If one or both of the SA applicants receive SSI, proceed as follows:
- a. If the individual entered the SA facility **after** the first day of the month, do not count any income for the month of entry. Budget the full SA payment individually for the SA applicant and consider zero income.
  - b. If the individual entered the facility **on the first day of the application month or prior to the first day of the application month**, budget the SA payment individually for the SA applicant for the month of application. Count only each a/r’s income in his/her individual SA budget.
  - c. Beginning with the month following the month in which the **SA application was filed**, budget the individual’s SA payment based on SSI FBR even though he or she

may continue to receive SSI at less than the FBR. If the a/r's income is not correctly adjusted by SSA, follow instructions in [IV](#), above.

4. **Married individuals not receiving SSI and no application for SSI and applying for SA in an SA facility:**
  - a. Evaluate each individual applying for SA, to determine if his or her income, considered separately, is less than SSI FBR.
  - b. If the SA applicant has income less than the SSI FBR level, follow procedures set out in [SA-3110, Application Process](#) requiring SA applicants **to file an SSI application with SSA.**
5. **If a married individual living with his/her spouse applies for SA/IH and the couple income is at or above the SSI couple FBR, do not require the applicant to apply for the individual SSI FBR.**

**F. Instructions regarding SSA recoupment of SSI, RSDI, or a combination of SSI/RSDI overpayment/s.**

SA policy provides for Social Security overpayment recoupment of the SA recipient's SSI, SSI/RSDI, or RSDI monthly entitlement. However, because Social Security policy allows for evaluation of reduction or waiver of the recoupment when the recipient's income or financial need changes, SA policy mandates that SA a/r's request that SSA reduce their recoupment amount to the minimum amount possible allowed under SSA law. Because the a/r is receiving or has applied for public assistance (SA), this is reason to have the recoupment amount reevaluated.

The a/r must cooperate in requesting that SSA either reduce the recoupment amount to the minimum possible or waive the recoupment amount.

1. Although SA budgeting deducts the SSA recoupment amount from the entitlement amount increasing the SA payment to make up the recoupment, it is incumbent upon the IMC to assure that the recoupment is waived or reduced to the minimum amount possible. SA must not be used to fund the a/r's SSA overpayment when the monthly amount recouped has not been reduced to the minimum possible amount allowed by SSA, if it cannot be waived. Refer to [SA 3110](#).

**When policy requires the a/r to request a reduction in or waiver of their Social Security overpayment recoupment, the IMC must follow SA procedures provided in see [4-7](#) below to request that the a/r take action to reduce or waive the SSA overpayment recoupment.**

- a. **If the a/r cooperates** with the process to request a reduction in, or waiver of the SSI/RSDI recoupment, the recoupment amount will be disregarded when budgeting income for the SA payment. **Once SSA responds with a decision;**
    - (1) **If the recoupment amount is partially reduced by SSA**, the IMC will count only the SSI/RSDI amount received by the a/r after the recoupment is deducted. Send the required notice of change to the SA recipient. See [SA-3330 Notices](#).
    - (2) **If the recoupment is fully suspended/waived by SSA** begin to count the gross SSI/RSDI entitlement effective the month of change. Send the required notice of change to the SA recipient. See [SA-3330 Notices](#).
    - (3) **When** the SSA does not respond within a reasonable timeframe (three months), or responds with a decision not to consider an adjustment of the overpayment, contact your Special Assistance Program Representative.
  - b. **If the a/r fails to cooperate** in the process to request a reduction in, or waiver of the SSI/RSDI recoupment, budget the gross SSI/RSDI entitlement. See [VII. F. 5. f.](#) below for further instructions.
2. SSA policy provides that, in the following circumstances, the SSI recoupment, SSI/RSDI recoupment, or RSDI recoupment amount can be *evaluated* to be either:
- a. 100% waived **if the individual was without fault** in causing the overpayment and recovery of an overpayment would deprive the person of income required for ordinary and necessary living expenses.

A waiver may be requested anytime. A second or subsequent request may be made even if the prior waiver request was denied and the due process period has expired. Waiver may be requested after recovery has begun or even after recovery is complete.

Or,
  - b. Evaluated for **reduction to the lowest monthly possible amount possible** (whenever possible reduced to no more than **\$10**) if the fault causing the overpayment was on the part of the beneficiary and SSA accepts that deducting a 10% recoupment from the beneficiary's payment would create hardship. A recipient may request a different rate of adjustment at any time. If recipient fraud is involved, the payment adjustment may not be negotiable. The a/r must provide a statement from SSA verifying that the payment is not negotiable under any circumstance.

- c. The recoupment adjustment and waiver will be handled differently depending on whether the individual is receiving SSI or RSDI only.
3. Recoupment may be temporarily suspended by SSA when a request for a waiver or reduction is received. The IMC must track this closely, react to the change, and should not assume that the suspension is permanent.
4. Determine if the recoupment is due to the fault of the a/r.
  - a. Verify overpayment recoupment and amount using OLV/SDX.
  - b. If the county DSS is representative payee for the a/r's RSDI or SSI check, the county should make all requests on behalf of the a/r regarding recoupment waiver or reduction.
  - c. Request proof of fault from the a/r or his/her representative payee.
    - (1) The IMC can verify the reason for overpayment by viewing correspondence that a/r may have received.
    - (2) If no proof is available, the IMC may contact the Social Security Field Office with written release from the a/r or assist the a/r or his/her representative payee; or
    - (3) The a/r or his/her representative payee can provide this information by requesting from SSA if he/she is unsure if a/r is at fault. However, if fraud is involved, SSA is less likely to renegotiate a reduction. The a/r must provide a statement from SSA verifying that a reduction is not negotiable.
5. **If a/r is without fault in the overpayment request a waiver of recoupment.**
  - a. If the a/r is without fault in the overpayment, a 100% waiver of the recoupment must be requested by the recipient or the representative payee.
  - b. The IMC must offer to assist the applicant in obtaining the SSI FBR. Use the [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) to send to SSA for an "implied waiver request". This form takes the place of the DMA 5049 in recoupment situations.

To expedite this process the IMC should print the [SSA-632-BK](#) and list the items requiring completion with a waiver of recoupment is requested.

**Note:** The SSA field office should assist the a/r in completion of this form, however, to expedite this process, IMC may need to print and provide assistance to a/r by listing what on the form should be completed. A link to the [SSA-632-BK](#) may be found on the SSA web page providing information on overpayment recoupment and instructions for completion of the [SSA-632-BK](#). See (e) below for additional information and instructions for this form.

- c. Complete the top portion of [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#). Check the appropriate box for the request (*waive or reduce* the overpayment) and send to a/r with at least two [DMA-5097](#)'s at least 12 days apart informing the a/r that if they fail to cooperate the gross SSI/RSDI entitlement will be budgeted for SA. Request that the a/r or his/her representative payee do the following:
  - (1) Sign the bottom of the [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) and,
  - (2) Complete necessary items (see e. below for further information) on the [SSA-632-BK](#) and sign the [SSA-632-BK](#) and,
  - (3) Return both forms to the IMC.
- d. The IMC will then submit the forms to the local SSA field office. SSA will evaluate this request by contacting the SSI or RSDI recipient and requesting any additional information that may be required
- e. **The requirements for completion of the items on the [SSA-632-BK](#) will vary based on whether the recoupment is for SSI or RSDI overpayment.** SSA rules differ on the handling of recoupment adjustments and waivers depending on whether the individual is receiving SSI or RSDI only.

If recoupment is for SSI (Title XVI) overpayment, the a/r must provide proof of hardship with submission of the [SSA-632-BK](#). The [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) provides the necessary documentation for proof of hardship (a/r is receiving or has applied for public assistance.)

If recoupment is for RSDI (Title II) overpayment, the a/r must provide proof of hardship with submission of the [SSA-632-BK](#). This would include the DSS statement on the [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) that the recipient is receiving or has applied for public assistance **and:**

- (1) A copy of the contract to the facility with monthly amount or receipt of payment to facility and,

- (2) Pharmacy receipt records for copayments, and other records showing monthly expenses.
- f. For recipients:** If, by the 12th calendar day after the date of the second [DMA-5097](#), the recipient has not returned the signed [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) and/or the [SSA-632-BK](#) to the DSS, recalculate the ongoing SA payment based on the gross SSI/RSDI.
- (1) Send a [DSS-8110](#), Timely Notice of change in SA payment amount. The recipient must be informed in writing of the intended change prior to taking the action. Do not reduce benefits until 10 workdays following the effective date written on the notice.
  - (2) Beginning the month following the month in which the timely notice expires; reduce the SA payment as budgeted using the gross SSI/RSDI. If the SA a/r appeals the intended action, follow procedures in [SA-3340, Hearings](#).
  - (3) **If a recipient later cooperates by returning the signed [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) and/or the [SSA-632-BK](#) to the DSS, recalculate the SA payment disregarding the SSI/RSDI recoupment amount from countable income for the month following the month of cooperation and increase the SA payment as rebudgeted. Send a [DSS-8110](#), Adequate Notice of change in SA payment amount.**
- g. For applicants:** If, by the 12th calendar day after the date of the second [DMA-5097](#), the recipient has not returned the signed [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) and/or the [SSA-632-BK](#) to the DSS; when approving the case, calculate the SA payment counting the gross SSI/RSDI entitlement amount. See [VII. F. 5. f. 3.](#) above for instructions on what to do if the ongoing recipient later cooperates in the process.
6. Request for a **reduction in recoupment** if the a/r cannot prove that he/she is without **fault** in the overpayment. Follow the steps in [V II. F.5. c.](#) above.
- a. **The requirements for completion of the items on the [SSA-632-BK](#) will vary based on whether the recoupment is for SSI or RSDI overpayment.**
  - b. If fraud is not involved and the IMC has provided proof that the a/r is receiving public assistance via the [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#), then financial information may not be required on the [SSA-632-BK](#).

7. When the SA a/r returns the forms requested, The IMC will then submit the forms to the local SSA field office. SSA will evaluate this request by contacting the SSI or RSDI recipient and requesting additional information that may be required. The IMC must monitor the requests made to the SSA for recoupment waiver or reduction and assist in obtaining necessary information to reduce the recoupment to the lowest amount possible.
8. If, by the 12th calendar day after the date of the second [DMA-5097](#), the **recipient has not returned the signed [DAAS-3004, Request to SSA for Waiver or Reduction of Overpayment Recoupment](#) to the DSS, follow the instructions in [VI. F. 5. f. - g.](#) above.**

**G. Instructions for IMC Follow-Up of Projected Termination of SSI Overpayment Recoupment:**

1. The IMC must use any information available (e.g. OLV/SDX, contact with local SSA office, etc.) to follow up on the request to SSA to waive or reduce the overpayment and/or to determine the month/year the SSA overpayment recoupment will end. IMC must flag the case to change income in the month the a/r should receive the FBR, or the month in which the RSDI recoupment is reduced or waived.
2. When the SSA overpayment recoupment is **waived**, reduced or **terminates** recalculate the SA payment based on the increased SSI/RSDI amount. Send the required notice of change to the SA recipient. See [SA-3330 Notices](#).

**VIII. ADDITIONAL PROCEDURES WHEN SA ONGOING RECIPIENTS RECEIVING SSI ARE IDENTIFIED WITH INCOME LESS THAN FBR**

- A. Send a [DMA-5049, Referral to Local SSA Office](#) to SSA notifying of the SA recipient's current living arrangement and date of admission to an SA Facility. Request SSA attention to assessment/reinstatement of the recipient's SSI to FBR.
- B. Send at least two [DMA-5097s](#), at least twelve days apart requesting that the SA recipient contact SSA and request reinstatement of SSI up to the FBR. Be very specific in requesting that the SA recipient both:
  1. Request reinstatement of SSI eligibility up to the FBR, and,
  2. Obtain an SSI eligibility decision from the SSA.
- C. Utilize OLV, SDX, or SOLQ/SDX to verify and track the following:
  1. Whether SSI has been reinstated at the FBR (date of increase to the FBR) or,

2. The reason the FBR was not awarded and,
3. Whether an SSI eligibility decision is still pending.

**D. The IMC must assist to the fullest extent possible in facilitating SSI assessment/reinstatement of SSI FBR.** The IMC must determine whether the SA recipient is capable of acting in his or her own behalf. If the a/r has no one willing or able to act on his or her behalf, a referral to the DSS Adult Services Unit for social work assistance is appropriate.

**E.** Twelve days after sending of the second [DMA-5097](#), recalculate the ongoing SA payment based on SSI FBR. Beginning the month following the month in which the timely notice expires; reduce the SA payment as budgeted using SSI FBR.

Send a [DSS-8110](#), Timely Notice of change in SA payment amount. The recipient must be informed in writing of the intended change prior to taking the action. Do not reduce benefits until 10 workdays following the effective date written on the notice.

Beginning the month following the month in which the timely notice expires; reduce the SA payment as budgeted using SSI FBR. If the SA a/r appeals the intended action, follow procedures in [SA-3340, Hearings](#).

**IX. PROCEDURES WHEN SA ONGOING RECIPIENT DOES NOT RECEIVE SSI AND DOES NOT HAVE A CURRENT PENDING SSI APPLICATION AND TCMI IS LESS THAN FBR (ERRONEOUSLY RECEIVING SA)**

**A recipient's income may change causing them to be financially eligible for SSI or the county may have *erroneously* approved SA without requiring the recipient to apply for SSI. The instructions below provide step by step procedures to follow in these cases.**

**Note:** The monthly CSDW report, "[SA - below FBR Screening by County and Report Month Amb Code B, C](#)" (SA-FBR Screening) identifies SA recipients referenced in this section. See [II.D.](#) above.

- A.** Send at least two (2) [DMA-5097s](#), at least 12 days apart. Be very specific in requesting that the SA recipient both:
  1. File an application for SSI FBR; and,
  2. Obtain an SSI eligibility decision from the SSA. (Suggested language for #22 on the [DMA-5097](#): "*You must apply for Supplemental Security Income (SSI), and obtain a current eligibility decision from the Social Security Administration regarding SSI. To be*

*eligible for Special Assistance, you must be eligible for SSI or ineligible solely due to income.”*

**Note:** The IMC must assist to the fullest extent possible in facilitating SSI assessment/reinstatement of SSI FBR. The IMC must determine whether the SA recipient is capable of acting in his or her own behalf. If the a/r has no one willing or able to act on his or her behalf, a referral to the DSS Adult Services Unit for social work assistance is appropriate.

- B.** Utilize OLV/SDX, or SOLQ/SDX to verify and track the following:
1. Whether an SSI application has been filed (date);
  2. Whether SSI eligibility decision has been established (date of denial or eligibility onset); or,
  3. Whether eligibility decision is still pending.
- C.** If the IMC determined that the SA recipient needed an Adult Services referral for social work assistance:
1. After 12 days have passed post sending of the first [DMA-5097](#), **if the recipient has not applied for SSI** contact the adult services case manager for an update.
  2. Send a second [DMA-5097](#) to the recipient.
- D.** After 12 days have passed post sending of the second [DMA-5097](#), **if the recipient has not applied for SSI**, terminate SA following timely notice requirements.
1. **Do not terminate the SA case until 12 days have passed since the date of the second [DMA-5097](#).** Evaluate the recipient’s eligibility for ongoing Medicaid.
  2. Send a [DSS-8110](#), Timely Notice of intended termination of SA. The recipient must be informed in writing of the intended termination prior to taking the action. Do not terminate benefits until 10 workdays following the effective date written on the notice. If the SA a/r appeals the intended action, follow procedures in [SA-3340, Hearings](#).
- Include on the termination notice that the recipient may reapply for SA but at reapplication for SA, in order to be found eligible, he or she will need to comply with filing application for SSI.
- E.** After 12 days have passed post sending of the second [DMA-5097](#), **if the recipient has applied for SSI, but, has not received/obtained a decision from SSA establishing SSI eligibility**, terminate SA following timely notice requirements.

1. Send a [DSS-8110](#), Timely Notice of intended termination of SA. The recipient must be informed in writing of the intended termination prior to taking the action. Do not terminate benefits until 10 workdays following the effective date written on the notice. If the SA a/r appeals the intended action, follow procedures in [SA-3340, Hearings](#).

**Include on the termination notice that a reapplication for SA will be opened administratively by the SA IMC and will be held open pending the SSI eligibility decision.**

2. Beginning the month following the case termination, open an administrative reapplication against the terminated case **but only when the reason for the SA termination was due to not having a SSA decision of SSI eligibility**. Process the administrative reapplication in accordance with SA-3110 notice requirements and time frames.
3. Clearly document the recipient's SA case file noting that the administratively opened reapplication is for the purpose of correcting county error in having approved SA for a recipient who had not applied for SSI **and** had not been determined ineligible for SSI solely due to income.

## **X. INSTRUCTIONS FOR SSI 1619 (B) APPLICANT/RECIPIENTS**

**A.** A few SSI recipients fall into the 1619 (b) category. The SSI 1619 (b) recipient is not eligible for an SSI payment unless/until his/her countable earnings are less than SSI FBR amount. The special SSI 1619 (b) status allows for continuance of Medicaid eligibility and for reinstatement of SSI (without further filing of an application for SSI) should his/her countable earned income be less than the SSI FBR.

1. On the **SOLQ/SDX**, the SSI 1619 (b) recipient's Federal Eligibility Status will be coded as "N" for months in which is countable earning precludes award of SSI payments.
2. Since SSI does not report current countable earned income for 1619 (b) recipients in SOLQ/SDX, you must complete an independent income verification for SA budgeting purposes. It is possible for an SSI 1619 (b) a/r to have income above the SA maintenance, and therefore be found ineligible for SA.
3. Follow base period guidelines and income calculation instructions for earned income in [SA-3210 XI](#).
4. If the IMC verifies that the SSI 1619 (b) recipient's verified net countable income, when added to other unearned income, if any, is less than the FBR, follow instructions below in IX.B. and in [IV](#).

- B.** Because the SSI payment may be reinstated if the individual's countable income falls below the FBR, always check the SDX at each redetermination, and at each change in situation.
1. Follow up on any SDX paper reports received in case the 1619 (b) a/r's SSI is reinstated. If SSI is reinstated, cease using county verified earned income, and count only the income SSI counts. See [X](#). below
  2. If the a/r again loses the SSI payment but remains 1619 (b), treat this as a change in situation and take steps to verify earned income.

**XI. INSTRUCTIONS WHEN THE A/R IS RECEIVING OR HAS BEEN AWARDED SSI AT THE FBR**

- A. If the SSI has been issued, budget the income on the OLV SOLQ from the fields in C. below.** These fields are found in the "Supplement Security Income Claim Information" section of SOLQ in OLV. Do not count any other income.
- B. NEW SA applicants do not always appear on OLV SOLQ.** If this is the case verify the SSI award amount by viewing the SSI award letter. Place a copy of the letter in the permanent verification folder.
- C. When the a/r receives SSI and other income combined,** the \$20 general income exclusion has already been applied to the "other income" portion by SSA and is reflected in OLV SOLQ. Certain types of VA income are the exception to this. [See XIIC.13.c.](#)
- D. Fields in OLV SOLQ**
1. Current countable SSI income: Use the Federal Amount listed in the Current Payment section.
  2. Monthly Net Earned Income Amount (listed in the Claim Information section).
  3. Monthly Net Unearned Income Amount (listed in the Claim Information section).
  4. Do not recalculate the SA payment when the earned income of an SSI recipient fluctuates. Even if an SSI recipient has fluctuating **earned** income, budget the SA payment using the information from the SOLQ that was current for the base period of the SA application or that was current for the base period of the SA redetermination of ongoing eligibility, as appropriate.

**Note:** When entering client's income into EIS, remember to complete income fields as required to ensure that the Total (net) Countable Monthly Income (TCMI) is the accurate

amount. Distribute income from the SOLQ/SDX into the appropriate income and payment calculation fields on the EIS Form 8125 Screen.

**E. Income Computation for SA A/R's Who Receive or Have Been Awarded SSI**

1. SSI Only

Verify gross countable SSI before allowing the \$20 general income exclusion. The gross countable income is found in OLV, Current Payment section, Federal Amount field.

- a. Subtract \$20 from SSI current payment field.
- b. The result is the net TCMI. (Refer to [SA-3220](#), Budgeting).
- c. If there is an SSI recoupment, count the payment amount after the recoupment amount is subtracted.

Example 1: SSI recipient with no recoupment

SSI FBR Current Payment	\$698.00
General Income Exclusion	- 20.00
TCMI	<b>\$678.00</b>

Example 2: SSA recouping **\$10 month** for SSI overpayment

SSI Gross FBR	\$698.00
Recoupment being deducted	- <b>10.00</b>
Current Net SSI Payment to a/r	<b>\$688.00</b>

Use the current net payment of **\$688** for SA budgeting:

SSI Current Net Payment	<b>\$688.00</b>
General Income Exclusion	- 20.00
TCMI	<b>\$668.00</b>

2. Combination SSI and Other Income

**Do not** apply the \$20 General Income Exclusion for a person receiving SSI and other income when entering case into EIS. The \$20 General Income Exclusion has already been applied by SSA, when calculating the SSI payment. (Example 1 below)

**The exception to this is when the income is composed only of SSI and VA needs based pension. Reference [XII. C. 13. c. \(3\)](#). See Example 2 below.**

**Example 1:** Income Computation - SSI Income and Other Unearned Income and No Earned Income

Current Countable SSI Income Note: Do not count income coded “J” or “H” from SSI income verification. See <a href="#">IV.C.4</a> for instructions.	<b>\$284.00</b>
Monthly Net <b>Earned</b> Income Amount	0.00
Monthly Net Unearned Income Amount (SSA has already subtracted the \$20 General Income Exclusion in determining the SSI payment amount)	<u>+ 414.00</u>
TCMI (Gross unearned income in EIS would be \$718.00 in “TOT UNEARN” block of the DSS-8125 and the TCMI would be \$698.00 reflecting the \$20 general income exclusion.)	<b>\$698.00</b>

**Example 2:** Income Computation - SSI Income and VA Needs Based Pension and No Earned Income

**Note:** The \$20 general income exclusion DOES NOT apply to VA compensation payments to a surviving parent of a veteran or any VA pension payments (based on need). The SA general income exclusion DOES apply to other income if the a/r has other income (including SSI). In the example below, the a/r’s other income is SSI. **Reference See [XIIC.13.c](#)**

VA Needs Based Pension	\$ 414.00
Monthly Net Earned Income Amount	0.00
Current countable SSI Income (Subtract the \$20 General Income Exclusion allowed by SA policy to the SSI income only)	<b>\$ 284.00</b> <u>- 20.00</u>
TCMI (Gross unearned income in EIS would be \$698.00 in “TOT UNEARN” block of the DSS-8125 and the TCMI would be \$678.00 reflecting the \$20 general income exclusion applied to SSI as allowed by SA policy; add VA based on need.)	<b>\$ 678.00</b>

**XII.**

**BASE PERIODS FOR NON SSI APPLICANT/RECIPIENTS**

The base period is a set time for verification of income when determining eligibility for the payment review period. Certain incomes have different base periods. To calculate gross monthly income, divide the total income by the number of months in the base period.

**A. Base Period for Applications and Redeterminations**

1. Unless income has changed, the base period is the month prior to the review or application except for farm income, income from self-employment, and for rental income received other than monthly.
2. Definition of Changed Income
  - a. An acquired source of new income, or
  - b. A change in rate or pay that will continue (not fluctuating income), or
  - c. Terminated income.
3. Farm Income, Income from Self-Employment, or Rental Income Received Other than Monthly
  - a. Discontinued Income - All Cases  
If the farm operation or business is being discontinued, show the remaining portion of the current year's total net income as reserve.
  - b. Continuing Income - Applications and Redeterminations
    - (1) The base period is the prior year's income as listed on tax records.
    - (2) If there are no tax records, use current business records for up to 12 months of income prior to the month of application or review.
    - (3) If the recipient has income less than 12 calendar months, count income for the number of calendar months received. To convert to a monthly amount, divide the total gross by the number of months the income was received in the base period.
    - (4) If the a/r states that there has been a significant change, use gross net ratio based upon prior year's earnings. See [XI.B. 4- 5.](#) below for how to calculate terminated income, and [IV. F. 3.](#) below for how to calculate self-employment income.)
4. Alimony and Child Support
  - a. Six calendar months prior to the month of application or the redetermination interview, or
  - b. The number of months receiving if less than six calendar months.

5. Gross Annual Operational Expenses (for income producing property only)
  - a. The base period is the prior year's income as listed on tax records.
  - b. If there are no tax records, use current business records for up to 12 months of income prior to the month of application or review.
  - c. If the recipient has income less than 12 calendar months, count income for the number of calendar months received.
  - d. If the a/r states there has been a significant change, use gross net ratio based upon prior year's earnings.

#### **B. Base Period for Applications Only**

Note: For changes in income on authorized cases refer [to SA-3310](#), Changes in Situation.

1. If income changes during the base period, use income received during the month of application (or unearned income awarded for the month of application.).

**Example:** Mr. Brown applied for SA on November 5 and he was placed in an SA Facility on November 1. His income decreased effective October. The application was processed in December. November income is used to determine eligibility and the payment for November and subsequent months.

2. If income changes during the month of disposition:
  - a. Consider the actual income received in the month of disposition (or unearned income awarded for the month of disposition).
  - b. Convert to a monthly amount using [XI.C.](#) to determine eligibility and payment for that month.

**Example:** Mr. Brown applied for SA on November 5, and he was placed in an SA facility on November 1. His income decreased effective December. The application was processed in December. October income is used to determine eligibility and the payment for November. December income is used to determine the December payment and subsequent months.

3. If income changes after the month of disposition:
  - a. Consider the actual income received in or awarded for the month of disposition.

- b. Convert to a monthly amount using [XI.C.](#) below.
- c. Flag the case to recompute income when the a/r has received the new monthly amount.

**Example:** Mr. Brown applied for SA on November 5, and he was placed in an SA facility in November 1. The application was processed in December. His income decreased effective January. October income is used to determine eligibility and the payment for November and December. Flag the case and recompute payment in January using the new income amount.

4. If income is terminated in any month prior to the month of application, do not count the terminated income.

**Example:** Mr. Brown applied for SA on November 5, and he received his last paycheck on October 3. Since the income terminated in the month prior to the month of application, do not count the terminated income to determine eligibility and the payment for November and subsequent months.

5. If income terminates in the payment effective month, count the actual income in the month received prior to the date of disposition.

**Example:** Mr. Brown received his final wages November 30. He applied for SA and entered an ACH facility on November 1. His SA application was approved December 14, with a payment effective date of November 1. Since the income terminated in the payment effective month, count the actual income received in November to determine eligibility and the payment for November. Do not count any of the terminated income for December and subsequent months.

### C. Conversion To a Monthly Amount

1. Add income received in the base period month and divide by the number of dates paid. Clearly document in the SA case file how often the a/r is paid and on what day of the week.
2. Income for the base period is converted to a monthly amount using the following formula:
  - a. Multiplying by 4.3 if paid weekly.
  - b. Multiplying by 2.15 if paid biweekly.
  - c. Multiplying by 2 if paid semimonthly.

- d. Using the monthly amount if paid monthly.

NOTE: These formulas apply even if income fluctuates month to month. It is unnecessary to recalculate income monthly. Review again at redetermination.

### **XIII. DETERMINING COUNTABLE INCOME FOR NON-SSI APPLICANT/RECIPIENTS**

To determine eligibility or amount of payment, count income as indicated below. Complete SOLQ and ESC/UI Inquiry.

#### **A. Countable Unearned Income**

1. [Alimony and Child Support](#)
2. [Cash contributions \(including support or alimony\)](#)
3. [Deemed Income from Institutionalized Spouse](#)
4. [Income from trust funds](#)
5. [Interest and dividends from stocks, bonds, other investments](#)
6. [Living Needs Benefits](#)
7. [Loans and Promissory Notes](#)
8. [Lump Sum Payments](#)
9. [Rental property](#)
10. [Sick Pay](#)
11. [Social Security benefits- RSDI](#)
12. [Tobacco Buyout-Tobacco Transition Payment Program \(TTPP\)](#)
13. [Veterans benefits \(VA\) \(Except Aid and Attendance/unusual medical, Homebound, and Clothing\)](#)
14. [Work Release Payments](#)- income from an inmate directed to SA recipient.
15. [Other types of countable income:](#)
  - a. Annuities

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INCOME

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01-01-12

- b. Black Lung benefits
- c. Brown Lung benefits
- d. Cherokee Reservations- Gaming Proceeds
- e. Military Allotments
- f. Pensions
- g. Private disability or unemployment benefits
- h. Railroad Retirement benefits
- i. Retirement
- j. Trade Readjustment benefits
- k. Unemployment Insurance (UI)
- l. Worker's Compensation

**B. Non- Countable Unearned Income**

- 1. Agent Orange settlement payments.
- 2. Assistance and Real Property Acquisition Act of 1970.
- 3. Assistance from other agencies and organizations. This includes financial assistance, in-kind goods (clothing, food, etc.) or services received from a governmental, civic, or charitable organization-as long as such aid is for rehabilitation purposes, special training, or educational opportunities, and no duplication exists. This includes:
  - a. VA aid and attendance and UME (unusual medical expenses).
  - b. VA aid to the homebound.
  - c. VA clothing allowance.
- 4. Benefits received by an a/r as a representative payee for another individual who is incompetent or incapable of handling his affairs. Such benefits must be accounted for separately from the a/r's own income/resources.

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5. Bills paid by a third party to a vendor/provider.
6. Clothing, no matter what the source, whether given directly to the a/r or not.
7. Disaster assistance.
8. Experimental Housing Allowance Program (EHAP) payments made under Annual Contributions Contracts entered into prior to January 1, 1975, under Section 23 of the U.S. Housing Act of 1937, as amended.
9. German Reparation payments.
10. Housing improvement grants to low income families approved by the North Carolina Commission of Indian Affairs or any funds distributed per capita to or held in trust for members of any Indian tribe under P.L. 92-254, P.L. 93-134, or P.L. 94-540.
11. HUD Community Development Block Grant funds received to finance the renovation of a privately owned residence.
12. HUD Section 8 payments.
13. Income diverted to a plan for achieving self-support (PASS) through the SSI. The PASS must be a written, formal plan, for a specified period of time, for eventual economic self- sufficiency.
14. In-kind Support and Maintenance (food, and shelter) from any source not paid directly to the a/r.
15. Irregular or infrequent income. To be excluded as irregular or infrequent, it must not be received more than once in a calendar quarter and be \$20 or less.
16. Japanese-American and Aleutian restitution payments.
17. Payments for supportive services or reimbursement of out-of pocket expenses made to volunteers serving as/in:
  - a. Foster grandparents,
  - b. Senior health aides,
  - c. Senior companions,
  - d. Service Corps of Retired Executives (SCORE),

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- e. Active Corps of Executives (ACE),
  - f. Retired Senior Volunteer Program (RSVP),
  - g. Action Cooperative Volunteer Program (ACVP),
  - h. University Year for Action Program (UYA),
  - i. Volunteers In Service To America (VISTA),
  - j. Other programs under Titles I, II, and 111 of Public Law 93-113
- 18. Payments made by Medicare to a home renal dialysis patient as medical benefits.
  - 19. Payments to certain Indian tribes as permitted by Public Law 94-114.
  - 20. Payment received under Title II of the Uniform Relocation.
  - 21. Radiation Exposure Compensation Trust Fund (RECTF) payments. RECTF payments which provide compensation for injuries and death resulting from exposure to radiation from nuclear testing and uranium mining.
  - 22. Reverse mortgage payments. A reverse mortgage is an agreement in which a lending company agrees to make a lump sum, provide a line of credit or regular payments to a homeowner during a specific period of time. The amount of payment is determined by the amount of equity the homeowner has in his home. The homeowner is allowed to remain in his home until his death or at a negotiated future date. At that time, the home is sold, and the lender is repaid.  
  
**Note:** Count as an available resource any proceeds from a reverse mortgage payment which the a/r retains at the first of the month following receipt. If the proceeds of a reverse mortgage are given away in the month of receipt, apply transfer of resource policy in [SA 3205](#).
  - 23. Social Services Block Grant funds used to pay for services rendered by another individual or agency.
  - 24. Special one-time payments such as energy or weatherization assistance.
  - 25. That portion of educational loans, grants, or scholarships including a payment under the Veterans Educational Assistance Program (G.I. Bill), programs administered by the U.S. Department of Education, or the Bureau of Indian Affairs used actually for

tuition, books, fees, equipment, transportation, required school insurance, and child care services necessary for school attendance.

26. Value of the coupon allotment received under the Food Assistance Program.

### C. Verification and Determination of Unearned Income

1. Alimony and Child Support

a. Alimony

- (1) When the a/r is receiving or has been awarded alimony, this amount is countable income.
- (2) When the a/r is paying alimony, do not exclude the amount paid when determining countable income.

**Example:**

Mr. Brown is an a/r and receives \$800 Social Security monthly. He pays \$200 alimony per month. His countable income is \$800.

b. Child Support

- (1) When the a/r is receiving or has been awarded a child support payment, the payment amount received is countable income. Child support paid for a child is always payment to the child. It is never payment to the parent, guardian, or relative.
- (2) When the a/r is paying child support, do not exclude the amount of support payments when determining countable income.

**Example:** Mr. Brown is an a/r and receives \$800 Social Security monthly. He pays \$200 a month court ordered child support. His countable income is \$800.

c. To verify alimony or child support, use the following sources:

- (1) Clerk of Court (if the person receives alimony or pays the support through that office).
- (2) For child support, use ACTS.
- (3) Statement from spouse or ex-spouse/absent parent when the a/r receives the alimony directly from him.
- (4) Provisions of the separation agreement/divorce decree.

d. Disagreements

If the a/r's statement and the available records disagree, try to resolve the differences. If you are unable to resolve the difference, use the lower amount.  
NOTE: A/R may need referral to legal aid.

2. Cash Contributions

At application and review, determine if the a/r receives cash on a consistent basis to help meet his needs.

- a. Verify the monthly cash contribution by contacting the provider of the cash. Ask him to submit a statement showing the amount of the contribution and for what period. If the a/r's statement and the provider's statement disagree, accept the a/r's statement.
- b. Count the monthly cash contribution received by the a/r.

**EXAMPLE OF A CASH CONTRIBUTION:**

Mr. Brown's family sends him \$10 per week spending money. This must be counted as income. Convert to a monthly amount by multiplying \$10 times 4.3. Show \$43.00 as countable unearned income.

3. Deemed Income from Institutionalized Spouse

Count income deemed from the Medicaid budget of an institutionalized spouse to a SA a/r who is the community spouse.

4. Income from Trust Funds

At application and review, determine if the a/r is receiving or will receive income from a trust fund. Count trust income received or anticipated by the a/r. To verify trusts:

- a. Contact the executor or administrator of the fund who may be:
  - (1) A family relative,
  - (2) The Clerk of Court,
  - (3) A lawyer,
  - (4) The trust department of a local bank; or

- b. Contact the lawyer who handled the legal aspects of the trust fund; or
  - c. If questions, contact the attorney who represents DSS.
5. Interest Income or Dividends from Stocks, Bonds, and Other Investments  
At application and review, determine if the a/r is receiving or will receive dividends.  
To verify dividends or other investments:
- a. Review the most current dividend check, or
  - b. Review the dividend statement, or
  - c. Contact the stockbroker or brokerage firm that sold the stock or bonds to the a/r, or
  - d. Contact the company in which the a/r owns the stocks, bonds, or other investments.
6. Living Needs Benefits
- A living needs benefit is a provision that allows a terminally ill person (or in some cases, individuals permanently confined to a medical institution) to receive all or part of the proceeds of his/her life insurance policy while living. Depending on the circumstances, these payments can be received either as a lump sum or on an ongoing basis.
- a. If an a/r has a life insurance policy that allows him to receive his/her death benefit while living and he meets the insurance company's requirements for receiving the proceeds, he will not be required to file for such proceeds.
  - b. If the a/r does file for and receives the proceeds, the payment is considered income in the month received. Any portion remaining in the following month is considered an available resource.
  - c. If payment is received on an ongoing basis, verify proceeds with the insurance company administering the policy and count as a monthly benefit.
7. Loans and Promissory Notes (A/R Is Holder of the Loan or Note)
- a. When the loan is a non-countable resource, count payments received as unearned income. This includes any interest payments.

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- b. When the loan is counted as reserve to the a/r, count only the interest received as unearned income.
- c. When the a/r receives a loan, it is not countable income. Treat as a lump sum. Refer to 8. below.

8. Lump Sum Payments

A lump sum payment is a one-time payment received by or awarded to the a/r, not expected to recur.

- a. If a lump sum payment of unearned income is received or awarded in the month of application or during the application process, determine the months it covers. For the months the applicant is eligible for SA, count the amount of the lump sum that is designated for that month of eligibility as income.
- b. A lump sum received for an ongoing case is not counted as income. It is considered as reserve the following month. Benefits received prior to receipt of a lump sum payment cannot be reduced. See [SA-3200 Resources](#) for RSDI or SSI lump sums.
- c. If a lump sum is received as a loan, other than educational loan by the a/r, do not count as income if there is an agreed upon timetable and plan for repayment. Obtain a written statement from the parties involved if there is no formal loan agreement.

9. Rental Property

At application and review, determine if the a/r has income from rentals of real or personal property such as land, housing, machinery, or leased farmland.

- a. Verify income by reviewing:
  - (1) The a/r's tax statements,
  - (2) The a/r's business records,
  - (3) Renter's statements or receipts, or
  - (4) Information available from banks or real estate agents.
- b. Verify actual paid operational expenses directly related to producing the income for the corresponding base period. For instructions on calculating base

period, refer to [XI](#) . Use the a/r's records, including tax records, or information from banks, real estate agents, or collateral contacts with renters. These actual operational expenses include but are not limited to:

- (1) Interest and escrow portions of a mortgage payment (at the point the payment is made to the mortgage holder),
  - (2) Property taxes,
  - (3) Insurance,
  - (4) Maintenance,
  - (5) Utilities, if paid by the a/r,
  - (6) Labor costs,
  - (7) Real estate agent's fees,
  - (8) Repairs (i.e., minor correction to an existing structure),
  - (9) Sales taxes,
  - (10) Advertising for tenants,
  - (11) Verified transportation costs related to rental property operation,
  - (12) Interest payments on loans for equipment necessary to produce the rental income, and
  - (13) Replacement of an existing feature that cannot be repaired or the cost of the repair exceeds cost of replacement, with a feature of comparable value and function (i.e., furnace that cannot be repaired). Obtain a statement of a knowledgeable source to verify whether the feature can be repaired.
- c. Non-deductible expenses
- (1) Principal portion of a mortgage payment.
  - (2) The depreciation amount claimed as a federal income tax deduction.



- c. Count the gross monthly amount of sick pay for the a/r.

11. Social Security (RSDI)

At application and review, ask the a/r or his/her representative if a/r is receiving or has been awarded Social Security (RSDI). Even if a/r denies receiving such benefits, explore the possibility.

- a. Use one of the following methods to verify Social Security benefits:

- (1) Use the Online Verification system (OLV) SOLQ tab or the Beneficiary Data Exchange Sheet. Refer to [EIS 1104](#) or [EIS 1107](#) for instructions on how to access this information.
- (2) Examine the current award letter. Be aware that an increase may have occurred since the date of the award letter.
- (3) If there is a conflict between information obtained, use the [DMA-5049, Referral to Local SSA Office](#) form to clarify.

- b. Determine the gross monthly benefit received by or awarded to the a/r. Deduct the amount withheld to recoup an SSA overpayment. Do not make any other deductions.

SA counts income for budgeting purposes the way SSI policy does. Under SSI policy, unearned income garnished for any reason other than to recoup an SSA overpayment is still counted as received income when budgeting.

- c. The a/r is responsible for applying for RSDI if he is potentially eligible. Complete a [DMA-5049, Referral to Local SSA Office](#) to assist with the application.
- d. If a/r chooses to waive, delay or renounce RSDI benefits, count the amount to which he would be entitled as unearned income.
- e. SSA Recoupment of RSDI Overpayment/s:

SA policy provides for SSA overpayment recoupment of the SA a/r's RSDI (Title II) benefit. If it is discovered that the a/r's RSDI benefits are subject to recoupment for overpayment, the recoupment must be waived by SSA or reduced to the minimum amount. See [VI. F.](#) above for further instructions.

12. Tobacco Buyout-Tobacco Transition Payment Program (TTPP)

Tobacco allotments were administered by the Farm Service Agency and provided the right to produce a certain number of pounds of tobacco for harvest. Effective November of 2005 the Tobacco Transition Payment Program (TTPP) eliminated the tobacco quota or allotment system, calculating the value of lost quota and providing compensation in the form of cash installment payments to both owners and producers. Essentially the quotas were bought by the federal government. An initial payment was made to each quota owner and to each quota producer in November 2005.

Beginning January 2006, both tobacco quota owners and tobacco quota producers were given the option to receive annual payments over a ten year period or receive all payments in one lump sum.

Payments are distributed during the first two months each calendar year. Based on SSI policy, it has been determined that these payments will be treated differently for quota owners than they will be for quota producers.

- a. TTPP payments to **quota owners** are a conversion of a resource, i.e., quota for cash. The rationale for treating the compensation to quota owners as a conversion of a resource is that the quota is assigned to the land ownership. Land meets the definition of a resource.
  - (1) Count as a resource the first moment of the first day of the month following the month of receipt.
  - (2) If the quota owner converts the quota to like property, i.e., another resource, treat the transaction as a conversion of a resource.
  - (3) If the quota owner assigns the contract to a third party because he or she does not want the payments, i.e., gives it away, follow the transfer of resources policy in SA-3205.
- b. TTPP payments to **quota producers**, or those who rent the land, are counted as net earned self-employment income (NESE). The compensation for producers represents the value of lost price support in the sale of tobacco and should be treated as NESE.
  - (1) Count as annualized net income beginning the month of receipt. Project out for 12 months.
  - (2) If the quota producer assigns the contract to a third party because he or she does not want the payments, i.e., gives it away, count as a transfer of resources. Follow the transfer of resources policy in SA-3205.

13. Veterans Benefits (VA)

An SA a/r with potential for VA benefits must complete an application for any Veteran's payments, whether it is retirement benefits, disability compensation, or dependent benefits, in order to qualify for SA benefits.

At application and review, ask the a/r if he is receiving or has been awarded VA benefits. Discuss whether he or any family member served in the military. Explore any possible survivor benefits.

- a. Use one of the following methods to verify benefits:
  - (1) Examine a current VA benefit check stub.
  - (2) Examine the current award letter. Be aware that an increase may have occurred since the date of the award letter.
  - (3) Contact the local VA service officer; or
  - (4) Contact the [VA Regional Office Claims Division](#), 251 N. Main Street, Winston-Salem, North Carolina 27155, to verify the amount and type of VA received or awarded. The toll free number is 800-827-1000. The a/r's consent is not required. Include the following information with your request.
    - (a) The a/r's full name and social security number.
    - (b) The a/r's VA claim number or any two of the following:
      - (i) Veteran's military service number, verified by the local VA service office, or
      - (ii) Veteran's social security number, or
      - (iii) Veteran's date of birth.
- b. If VA rates are increased, the new pension rates are not automatic. The veteran or survivor must file an application with VA to establish entitlement to increased benefits under the Pension Improvement Act.
- c. Determine VA benefit.
  - (1) Count monthly VA benefits the a/r is entitled to receive.

- (2) **Pension** payments are based on a combination of service and a nonservice-connected disability or death. With a few rare exceptions noted below, VA pension payments are also based on need. All VA pension payments except those listed (a)-(c) below are federally funded income based on need. **As such, these payments are unearned income to which the \$20 general income exclusion does not apply.** Assume that a VA pension is partly or entirely needs based unless there is evidence to the contrary.
- (a) **Pension** payments resulting from aid and attendance or housebound allowances. VA aid and attendance and housebound allowances are not income.
- (b) **Pension** payments resulting from unusual medical expenses.
- When computing some needs-based **pension** payments, VA deducts unusual medical expenses from any countable income. This computation may result in an increase in a pension payment or in an extra payment. An increase or extra payment resulting from this computation is not income
- (c) Certain **pensions** paid to veterans or their dependents are not needs based. This exception applies only to pensions paid on the basis of a Medal of Honor; or a special act of Congress. These pensions are unearned income and the \$20 general exclusion applies.
- (3) **Pension** payments are usually paid monthly; however, when the monthly payment due is less than \$19, VA will pay quarterly, biannually, or annually. VA may also make an extra payment if an underpayment is due. Count such VA payments as income in the month the payment is received.
- (4) Veterans' **compensation** payments to a surviving parent of a veteran are federally funded income based on need. As such, these payments are unearned income to which the \$20 general income exclusion does not apply.
- (5) Veteran's **compensation** payments to a veteran, spouse, child, or widow(er) are unearned income subject to the \$20 general income exclusion.

14. Work Release Payments  
At application and review, determine if the a/r receives work release payments.
  - a. To verify:
    - (1) Check county DSS records.
    - (2) On-line Department of Correction inquiry. Refer to the [EIS Manual](#).
  - b. Determine the gross amount of work release payment received by or awarded to the a/r.
  
15. Other types of Unearned Income:
  - a. At application and review, ask the a/r if he is receiving or has been awarded any of the benefits listed below.
    - (1) Annuities
    - (2) Black Lung
    - (3) Brown Lung
    - (4) Cherokee Reservations – Gaming Proceeds  

Payments are generally received twice a year in June and December. If the payment is received during an application month, count the full amount of the payment as income in the month received. Any amount remaining after the month of receipt is a countable resource. If received in an ongoing case, do not count as income in the month received. Count the amount remaining after the month of receipt as a resource.
    - (5) Military Allotments
    - (6) Pension (count gross benefit amount)
    - (7) Private Disability or Unemployment Benefits
    - (8) Railroad Retirement Benefits: Social Security Numbers that begin with a 7 indicate the possibility of Railroad Retirement Benefits.
    - (9) Retirement

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- (10) Trade Readjustment
- (11) Unemployment Insurance
- (12) Worker's Compensations
- b. To verify benefits:
  - (1) Examine a current check stub, or
  - (2) Examine the current award letter, or
  - (3) Contact a representative of the source of the benefit.
    - (a) [Social Security District Office](#)
    - (b) [Railroad Retirement Regional Offices](#)
    - (c) [Authentication Office US Department of State](#)
    - (d) [NC Disability Determination Services](#)
    - (e) [NC Vital Records](#)
    - (f) [DHHS Controllers Office Program Benefits/Payments](#)
    - (g) [Veterans Administration Regional Office Claims](#)
    - (h) [Long Term Care Ombudsman](#)
- c. Count the gross monthly benefits received by or awarded to the a/r. Deduct the amount withheld to recoup an **RSDI or SSI** overpayment.

**D. Countable Earned Income**

- 1. [Farm income](#)
- 2. [Incentive payments from the Division of Vocational Rehabilitation \(VR\)](#)
- 3. [Self-employment income](#)
- 4. [Supplemental payments in excess of State maximum rates for Foster Care payments to SA a/rs who serve as foster parents](#)

5. Wages from:
  - a. Adult Developmental Activities Program (ADAP).
  - b. Annual leave pay subject to tax deductions.
  - c. Employment, tips, seasonal employment, baby-sitting in another person's home, domestic employment.
  - d. Sheltered workshops.
  - e. Sick pay for the first six months after work stops due to disability or illness (Sick pay is unearned income after six months. Refer to [XII.C.10](#))
  - f. Title V Program for adults age 55 or older (through U.S. Department of Labor).
  - g. Training allowances, earnings, and payments received by an a/r.

#### **E. Non-Countable Earned Income**

1. Earned Income Tax Credits.
2. Tax refunds
3. Foster Care payments equal to or less than the State maximum rates to SA a/r's who serve as foster parents.
4. Income for supportive services or reimbursement of out-of-pocket expenses to volunteers serving as foster grandparents, senior health aides, senior companions, Service Corps of Retired Executives (SCORE), and Active Corps Executives (ACE), and any other programs under Titles I, II, and III of Public Law 93-113.
5. Income that is unpredictable, or which is received irregularly or infrequently. (Examples are occasional yard work, sporadic babysitting, winnings from gambling or bingo, etc.)

#### **F. Verification and Determination of Gross Earned Income**

1. Farm Income
  - a. At application and review, determine if the a/r has farm income from production of crops or livestock.

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- b. Income from a farm that is leased to another individual is counted as rental income. Refer to [unearned rental property income](#).
- c. To verify:
  - (1) Use tax statements or business records.
  - (2) Determine all income received from the sale of farm products such as:
    - (a) Crops,
    - (b) Livestock such as beef, poultry, etc.,
    - (c) Livestock products such as milk, eggs, etc.,
    - (d) Proceeds from the Soil Bank,
    - (e) Cash rent, or
    - (f) Other sources of farm income such as insurance payments for damaged crops.
  - (3) Verify actual paid operational expenses directly related to producing the income. This includes:
    - (a) Fertilizer, insecticides, seed, crop insurance
    - (b) Livestock maintenance
    - (c) Rent payments
    - (d) Taxes on farm property or equipment
    - (e) Building and equipment maintenance/insurance
    - (f) Labor
    - (g) Interest payments on debts or loans directly related to producing the income such as interest on loans for seed and fertilizer
    - (h) Interest portion of mortgage (principal not allowed)
    - (i) Verified costs of transportation related only to the farm operation.

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- d. Use the previous year's tax statement if it is used to verify the income, or  
 NOTE: Operational expenses included on tax returns, which are not allowable, must be added back in when computing gross countable income. Do not allow depreciation as an operational expense.
- e. Use the a/r's records or landlord's records or information from farm suppliers, banks, Production Credit Association, farm agents, ASCS office, and purchasers of farm products if business records are used to verify the income.

f. Determination of Countable Gross Farm Income

- (1) If the a/r states there has been no change in the farm earnings in the past year,
  - (a) Base the current year's profits on the prior year's profits.
  - (b) Subtract the total operational expenses paid from gross income received in the base period.
  - (c) Divide by 12 (or the number of months used) to determine a countable net monthly income.
- (2) If the a/r states there has been a change in income, apply the Gross Net Ratio.
- (3) Determine the ratio between the net profit and gross income for last year from the a/r's tax return or business records

**Example:** Mr. Brown stated that his income in this calendar year is different from last year. Last year's net profit was \$1,200 and the gross income was \$6,000 for a 20% profit.

Net Profit	1200
Gross Income	÷ 6000
Gross Net Ratio	20%

- (4) Determine the actual gross receipts for the current taxable year thus far from the a/r's records and project it for the remainder of the year.

**Example:**

Mr. Brown has \$4,000 in net profit for the first 6 months of current calendar year, projecting an assumed gross of \$8,000 for the entire year).

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Net Profit (first 6 months)	4000
# of Months for which you have receipts	$\div$ 6
Average monthly profit	666.67
# Months in the Year	$\times$ 12
Estimated Gross Annual Income	\$8000

- (5) Apply the gross-net ratio (e.g., 20% of \$8,000 is \$1,600) to the gross receipts projected for the current calendar year to obtain an estimate of net profit.

Annual Gross	8000
Gross Net Ratio	$\times$ 20%
Net Profit	\$1600

- (6) Prorate the net profit equally into the 12 months of the taxable year.

Net Profit	1600
Gross Income	$\div$ 12
Gross Net Ratio	\$133.33

2. Incentive payments from the Division of Vocational Rehabilitation (VR)
  - a. At application and review, verify the amount the a/r receives from Division of Vocational Rehabilitation.
  - b. Count the gross monthly benefit received by the a/r
3. Self-Employment Income
  - a. At application and review, determine if the a/r has income from a small business or is self-employed.
  - b. Verify income by using the tax statement or business records as determined by the base period.
  - c. Verify actual paid operational expenses related directly to producing the income for the corresponding base period. Use the previous year's tax statement if it is used to verify the income. Use the a/r's records or information from suppliers, banks, and purchasers of the goods or services if business records are used to verify the income. These actual operational expenses include but are not limited to:
    - (1) Taxes required to operate the business (only the percentage that can be claimed as a business expense)

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- (2) Licenses and permit fees
  - (3) Rent payments
  - (4) Insurance on stock, personal and real property
  - (5) Labor costs and employee benefits such as Worker's Compensation and Social Security
  - (6) Maintenance of real and personal property
  - (7) Products required to operate the business
  - (8) Interest payments on loans for equipment, etc., necessary for producing the income
  - (9) Food costs for self-employed baby sitters who babysit in their own homes. Use the a/r's records of food costs.
  - (10) Interest portion of mortgage (principal not allowed)
  - (11) Utility costs paid by the a/r
  - (12) Business related transportation costs
- d. Operational expenses included on tax returns, which are not allowable, must be added back in when computing gross countable income. Do not allow depreciation as an operational expense.
- e. Determination of Countable Gross Business Income
- (1) If the a/r states there has been no change in the business earnings in the past year, base the current year's profits on the prior year's profits.
    - (a) If there are no tax records, use the a/r's business records to determine gross income and operational expenses.
    - (b) Subtract the total operational expenses paid from gross income.
    - (c) Divide by 12 (or the number of months used) to determine a countable net monthly income.

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- (2) If the a/r states there has been a change in income, apply the Gross Net Ratio.
- (a) Determine the ratio between the net profit and gross income for last year from the a/r's tax return or business records

**Example:**

Mr. Brown stated that his income in this calendar year is different from last calendar year. The net profit was \$1,200 and the gross income was \$6,000 for a 20% profit).

Net Profit	1200
Gross Income	$\div$ 6000
Gross Net Ratio	20%

- (b) Determine the actual gross receipts for the current taxable year thus far from the a/r's records and project it for the remainder of the year.

**Example:**

Mr. Brown has \$4,000 in net profit for the first 6 months projecting an assumed gross of \$8,000 for the entire year.

Net Profit (first 6 months)	4000
# of Months for which you have receipts	$\div$ 6
Average monthly profit	666.67
# Months in the Year	$\times$ 12
Estimated Gross Annual Income	\$8000

- (c) Apply the gross-net ratio to the gross receipts projected for the current calendar year to obtain an estimate of net profit.

Annual Gross	8000
Gross Net Ratio	$\times$ 20%
Net Profit	\$1600

- (d) Prorate the net profit equally into the 12 months of the taxable year.

Net Profit	1600
Gross Income	$\div$ 12
Gross Net Ratio	\$133.33

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4. Supplemental Payments In Excess of State Maximum Rates for Foster Care Payments Paid by the County to SA A/R's
  - a. At application and review ask a/r if he receives any supplemental foster care payments.
  - b. Verify using county records.
  - c. Count the full amount of the supplemental payment as gross income.
5. Wages
  - a. At application and review, determine if the a/r is employed.
  - b. To verify wages:
    - (1) Examine a current pay stub, or
    - (2) Contact the employer.
  - c. Count the gross monthly benefit received by the a/r (**after converting to a monthly amount**).

#### **XIV. INCOME COMPUTATION FOR NON-SSI A/R**

##### **A. Unearned Income**

1. Use countable **monthly** unearned income.
2. Subtract the \$20 General Income Exclusion.

Do not give the \$20 exclusion to an individual whose only income is a needs based VA Pension or a VA Compensation payment received as a surviving parent of a veteran.
3. Apply the General Income Exclusion to unearned income first. Apply any remainder to earned income.

##### **B. Earned Income**

1. Compute net self-employment farm income, if applicable. (Gross income minus operational expenses = countable net income.) Add to any other earned income.

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2. Subtract any portion of the \$20 monthly General Income Exclusion, which has not been excluded from unearned income.
3. Subtract the \$65 Earned Income Exclusion.
4. Deduct Impairment Related Work Expenses (IRWE) if applicable.  
IRWE are expenses for items or services which directly enable a person with a disability to work and which are incurred by the a/r because of a physical or mental impairment. These expenses can be excluded from the a/r's earned income when certain conditions are met.
  - a. Apply the IRWE exclusion only to earned income. Deduct only the amount paid by the individual for the expenses.
  - b. Exclude IRWE from the monthly earned income of an a/r that is used to meet any expenses attributable to earning the income if the person is:
    - (1) Disabled; and
    - (2) Under age 65; or
    - (3) Age 65 or older and received SSI or RSDI as a disabled person in the month prior to becoming age 65.
  - c. IRWE can be given to the a/r when:
    - (1) The severity of the impairment requires the a/r to purchase or rent or use items and services in order to work, and
    - (2) The expense is reasonable. "Reasonable" is the standard charge for the item or service in the person's community, and
    - (3) The cost is paid in cash by the a/r and is not reimbursable from another source (e.g., Medicaid, Medicare, private insurance), and
    - (4) The a/r made payment for item/services in a month that he worked and received income for working and obtained item/services, or
    - (5) The a/r worked and received the item/service before receiving a paycheck.
  - d. Verification of IRWE

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- (1) To verify the need of the item/service, request that the a/r provide a statement for the need of the item/service for himself.
  - (2) To verify payment for the item/service, request that the a/r provide copies of cancelled check(s) or paid receipts. Exclude the basic cost of the item/service as IRWE.
  - (3) If the cost is unknown to the agency or it appears to be unreasonable, contact a provider of that item/service.
  - (4) Ask the provider for basic cost of the item/service. Use basic cost amount.
  - (5) If the a/r provides receipts for recurring items/services paid for one week, convert that amount to a monthly amount and allow the monthly amount.
- e. At application and redetermination, verify the expense the a/r had for items/services for the past 12 months or for the number of months the a/r had the expense.
- f. If the a/r incurred an expense in the past 12 months for items/services but no payments were made, do not allow in the budget.
- g. If the a/r incurs the expense in the month of redetermination, treat it as a change in situation. If the a/r paid for the item/service in full, deduct the expense from the income for that month.
- h. If the a/r is paying for the item/service in installments, deduct from the income the monthly installments.
- i. Items/services that can be used for IRWE include but are not limited to:
- (1) Attendant care services.
  - (2) Prescriptions and expendable medical supplies such as bandages, catheters, face mask.
  - (3) Guide dog, including cost of purchasing the dog, its food, and veterinary care, etc.
  - (4) Medical devices such as braces, inhalers, pacemakers, respirators, wheelchair and the repair of that item.
  - (5) Physical Therapy.

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- (6) Prosthetic devices required to work and the maintenance and repair of these devices.
- (7) Structural modifications to the a/r's home to create a workspace or to allow the a/r to get to and from work.
- (8) Training to use impairment-related items related to work, such as Braille, cane travel, use of special equipment. Training does not include general education courses.
- (9) Other work-related equipment/services such as one handed typewriters, special tools, typing aids, uniforms, safety shoes, if impairment-related.
- (10) Transportation to and from work.
- (11) Vehicle modifications.
- j. Non-allowable deductions
  - (1) In-kind payments,
  - (2) Expenses which will be reimbursed,
  - (3) Items that are furnished by a third party, and
  - (4) Expenses deducted in determining net countable earned income.
- 5. Subtract ½ of the remaining earned income. Never reduce earned income below zero.

**C. Add A/R's Unearned Income and Earned Income Together**

**Example:** Mr. Jones is an SAD recipient. He had Social Security of **\$520.00** and gross monthly (**converted**) earned income of **\$600.00** for January. He paid a total of **\$50.00** for wheelchair rental and medical supplies in January. You have determined that these items meet the IRWE requirements.

<b>Monthly Gross</b> Unearned Income (already converted to a monthly amount)	<b>\$520.00</b>
General Income Exclusion	- 20.00
Countable Net Unearned Income	<b>\$ 500.00</b>
Gross Earned Income	\$600.00

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Earned Income Exclusion	- 65.00
	\$535.00
IRWE	- 50.00
	\$485.00
½ of the remainder (\$485.00)	- 242.50
	\$242.50
Countable Net Unearned Income	<b>\$500.00</b>
Countable Net Earned Income	+242.50
<b>TCMI</b>	<b>\$742.50</b>