

SNAP Income

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Overview

This chapter describes:

- [Income verification requirements.](#)
- [Types of income that are counted for SNAP.](#)
- [Deductions allowed from the income.](#)

Use this chapter in conjunction with [7-F, Budgeting](#) and [7-I, Specific Households and Participants](#) to determine eligibility and benefit levels.

Income Verification Requirements

Legal reference: 7 CFR 273.2(f), 441 IAC 65.22(1)

Households must verify all gross countable income except Family Investment Program (FIP) grants. Types of verification include:

- [Form 470-2844](#) or [470-2844\(S\), Employer's Statement of Earnings](#)
- Wage stubs
- Statements from the employer
- Award letters
- Self-employment records or tax forms
- Legal documents
- Bank statements
- Household's records of tip income

NOTE: Do not use WAGE screens as verification. Past quarterly income cannot be used to determine a monthly amount for a projection.

Verify gross countable income:

- At application,
- At recertification,
- When new income is reported, and
- When income changes.

When a source other than a household member fails to cooperate in supplying needed verification and no other source is available, determine the amount of income based on client-provided information. Do this only as a last resort. Document verification or why information was not verified. See [7-B, Verification](#) for a list of people who are considered part of the household for verification purposes.

Types of Income

Legal reference: 7 CFR 273.9(b)

Income means all income from any source. Income is either earned, unearned, or excluded. Most income is counted in the month the household receives it. Exceptions to this are interest income, student income, some self-employment income, and some contract income. Student and self-employment income are covered in [7-I, Specific Households and Participants](#).

The following sections list in alphabetical order the most frequent types of income and how to treat them. The headings list legal references and, in parentheses, whether the income is unearned, earned, or excluded.

**Achieving a Better
Life Experience
(ABLE) Payments**
(Excluded)
7 CFR 273.9(c)(10)

Do not count payments made from ABLE accounts.

Adoption Subsidy
(UNEARNED)
7 CFR 273.9(b)(2)(i)

Count adoption subsidies as unearned income. Adoption subsidies are payments made to adoptive parents. These payments come from federal funds, and are based on need.

Exclude adoption subsidy payments when the payment is a reimbursement for expenses like child care or medical expenses.

Exclude pre-adoption subsidy payments as income if the child is **not** included in the SNAP household. Count the pre-adoption subsidy payment as income if the child is included in the SNAP household. These payments are treated the same as foster care payments.

Alimony Payments
(Unearned)
7 CFR
273.9(b)(2)(iii),
273.9(b)(5)(i)

Count as unearned income any alimony payments the household gets from someone outside the household, excluding any fees withheld. See [Costs Withheld from Unearned Income](#).

**AmeriCorps
Payments**
(Excluded)
7 CFR 273.9(c)(10)
PL 101-610

Do not count any payment a household receives from AmeriCorps as income. These payments are excluded under Public Law 101-610 are excluded as income.

AmeriCorps Vista
(Earned or Excluded)
7 CFR
273.9(b)(1)(iv),
273.9(c)(10)(iii)

AmeriCorps Vista payments are not always excluded as income.
See [VISTA Payments](#).

Annuities
(Unearned)
7 CFR 273.9(b)(2)
and 273.10(c)(3)

Count payments from an annuity as unearned income.
Annuities should be averaged over the period of time they are intended to cover. For example, annuities that are paid annually should be averaged over 12 months.

Assistance Payments
(Unearned)
7 CFR 273.9(b)(2)(i)

Count assistance payments as unearned income unless the payment is excluded under a specific policy. Assistance payments are payments based on need that the household gets from federal or federally aided public assistance programs or other assistance programs. Examples are:

- FIP
- Supplemental Security Income (SSI)
- State Supplementary Assistance
- Adoption subsidy
- Veterans Assistance
- Indian relief
- General assistance

Count these payments even if the assistance is given in the form of a vendor payment. Also count the payment even if the program requires the client to work without pay in order to be eligible.

Do **not** count assistance from a program that provides only in-kind assistance (gives the client food rather than a vendor payment, for example).

Do **not** count these payments if they are exempt under another policy. For example, do not count reimbursements for expenses like transportation, child care, or medical care, or payments that are a loan. See [Reimbursements](#).

See specific topics throughout this chapter for more information.

Blind Training Allowance (Excluded) 7 CFR 273.9(c)(5)	Exclude as income a training allowance issued by the Department for the blind to cover the cost of training, such as tuition, books, transportation, lodging away from home, and other related items.
Blood Plasma Sale (Earned) 7 CFR 273.9(b)(1)	Count income from the sale of blood plasma as earned income. The plasma center is considered the employer.
Boarding House Income	Income from a boarding house is earned self-employment income. See 7-I, Boarders and Commercial Boarding Houses for more information.
Bonus (Earned, Unearned or Excluded) 7 CFR 273.9(b)(1) and (2); 273.9(c)	<p>If a bonus is received while the person is employed, it is earned income. If a bonus is received after employment has ended and is paid in:</p> <ul style="list-style-type: none">▪ A single payment, it is excluded as a nonrecurring lump sum.▪ More than one payment, it is unearned income. <p>Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.</p>
Bottle and Can Refund (Earned and Excluded) 7 CFR 273.9(b)(1)	Count as earned income the money obtained from collecting and refunding or selling bottles or cans. Exclude money obtained from refunding bottles or cans purchased by the household.
Cafeteria or Flexible Benefit Plans (Earned) 7 CFR 273.9(b)(1)	“Cafeteria” or flexible benefit plans use either the employee’s or employer’s money to pay certain expenses, such as child care, medical expenses, health insurance, annual leave, or sick leave. (These benefits are not displayed in the same way on all pay stubs. The best source of information regarding them is the employer.)

Cafeteria or Flexible
Benefit Plans (Cont.)

Count as earned income the employee's gross wages, including any amount withheld for these plans, even if the employee loses any money left over at the end of the year.

Count as earned income any cash an employee receives of the employer's money because the employee did not use all of the money for benefits covered by the plan.

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

Cash Donations
(Excluded or
Unearned)
7 CFR 273.9(c)(12)

Exclude cash donations based on need when the household gets them from one or more private, nonprofit, charitable organizations. Do **not** exclude more than \$300 per federal fiscal quarter. Count any amount over the \$300 limit as unearned income. The federal fiscal quarters are:

- January 1 through March 31
- April 1 through June 30
- July 1 through September 30
- October 1 through December 31

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

Mr. A received \$100 cash in June and \$300 cash in July from the Salvation Army. Because the donations occurred in different federal fiscal quarters, both donations are excluded as income.

Mr. B received \$400 cash in July from the Red Cross. Because the entire amount was donated in the same quarter, \$300 is excluded and \$100 is counted as unearned income.

Child's Earnings
(Excluded)
7 CFR 273.9(c)(7),
273.10(e)(2)(i)(E)

Exclude the earned income of any member of the household aged 17 or younger who is a student attending elementary or high school, home schooling or a GED program recognized, operated, or supervised by the state or local school district.

Child's Earnings
(Cont.)

Continue to exclude the earnings during a temporary break in school attendance (like a semester or vacation break), as long as the child will go back to school after break.

Do **not** exclude the income if the student is living alone or living with someone other than a parent. See [7-A, Definitions](#) for the definition of "parent."

If it is not possible to separate out the child's earnings or amount of work performed from that of other household members, prorate the total earnings equally among the working members, and exclude the child's pro rata share.

Exclude earnings for the month the student turns 18, for both applicant and participant households.

**Child Support
Income**
(Unearned or
Excluded)
7 CFR
273.9(b)(2)(iii),
273.9(b)(5)(i) and (ii)

Count child support of a SNAP household member who is not a FIP participant when the payment is:

- Voluntary support, or
- Court-ordered support, or
- Back support for even more than one month.

Count child support, excluding any fees withheld, as unearned income to the child for whom the payment is intended. See [Costs Withheld from Unearned Income](#).

When using the Iowa Collection and Reporting (ICAR) system to verify payments, add two working days and two mail days to the payment distribution date. If the client disputes your calculated receipt date, accept the client's statement as to the date of receipt, if that date appears plausible.

Exclude voluntary support payments that are paid to a third party for a household expense. These are vendor payments and are not legally obligated to the household. Voluntary support payments are payments that are not legally ordered. They include payments made over and above the amount specified.

Exclude child support payments that are assigned to the Child Support Recovery Unit because of FIP eligibility. Child support is excluded as of the date it is assigned. (This is the date the FIP approval is successfully entered into the Automated Benefit Calculation (ABC) system.)

Child Support
Income (Cont.)

Count child support of a FIP participant that is released to the SNAP household unless the Child Support Recovery Unit must keep the child support to comply with FIP requirements.

Count child support of a SNAP household member who is a FIP participant that is released to the SNAP household for:

- An overage released when the child support exceeds the FIP assistance paid out, or
- Months FIP was not received.

For child support payments paid to SNAP household members for a child that is not a member of the same SNAP household, see [Representative Payee Income](#).

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

A household received child support payments only twice in the past six months. The amounts were different. The amount of this income and when it will be received again, is uncertain. Do not anticipate any child support for the certification period.

Contract Income
(Earned)
7 CFR
273.10(c)(3)(ii)

Annualize income earned under contract when the income represents the household member's annual income, even when the contract covers a period of less than 12 months. This may include the income of school employees, even if their contract breaks the amount down to an hourly rate.

Do not annualize contract income that is not the household member's annual income. Do not annualize contract income that is received on an hourly or piecework basis. Prorate this contract income over the period the income is intended to cover.

This policy does not apply to migrant or seasonal farm workers. If the contract income is not the household member's annual income and is paid on an hourly or piecework basis, count the income when received.

**Contract Income
(Cont.)**

Household members who own a business can work under contract to customers of their business. This contract income is self-employment. See [7-I, Self-Employed Households](#).

Some employers may call their employees subcontractors to reduce expenses or the demand for benefits. This income is treated as wages. See [Wages](#).

For property sold on contract see, [7-I, Self-Employed Households: Income: Property Sold on Contract](#).

Corporation Income

See [7-I, Corporations](#).

**Costs Withheld
from Unearned
Income**

(Excluded)
441 IAC 65.29(12)
and Public Law
107-171

Exclude any reasonable income-producing costs withheld from gross unearned income. "Costs" are the amount actually spent to produce the income, rather than the amount owed. The net amount remaining after deducting these costs is counted as unearned income. This includes, but is not limited to:

- Agency fees withheld from child support or alimony payments, and
- Attorney fees withheld from workers' compensation.

**Crime Victim
Payments**

(Excluded)
273.9(c)(10)
(Public Law 103-322)

Exclude payments received from a crime victim compensation program that is funded by the Crime Victims fund under Public Law 103-322.

**Debts Owed to a
Household**

(Excluded)
7 CFR 273.9(b)

Do **not** count the principal portion of payments made to the SNAP household to repay a loan or promissory note. See [Interest Income](#) if the household is getting an interest payment.

Disability Benefits

(Unearned or
Earned)
7 CFR 273.9(b)(1)
and (2)

Count an employee's disability benefits as unearned income, excluding any costs or taxes withheld, when the payment comes from an insurance company.

Count an employee's sick leave or disability payments as earned income when they are paid out of the employer's funds.

Disaster Assistance (Excluded) Public Law 100-707, Section 105	<p>Do not count disaster and emergency assistance payments provided under the Disaster Relief Act of 1974, as amended by Public Law 100-707, the Disaster Relief and Emergency Assistance Amendments of 1988.</p> <p>This exemption applies to federal assistance provided to people directly affected and to comparable disaster assistance provided by states, local government, and disaster assistance organizations.</p> <p>Most, but not all, Federal Emergency Management Assistance (FEMA) funds are excluded. For example, some payments are made to homeless people to pay rent, mortgage, food, and utility assistance when there is no major disaster or emergency declared by the President and are not excluded under this provision.</p>
Dislocated Worker Projects Payments	<p>This is a Workforce Innovation and Opportunity Act (WIOA) payment. See Workforce Innovation and Opportunity Act.</p>
Diversion Programs (Excluded) 7 CFR 273.9(c)(1)(i)(F), 273.9(c)(5) DPL 99-01 Att. 4 DPL 99-03 Att. 6 DPL 99-04 Att. 2	<p>Exclude diversion payments as a nonrecurring lump-sum payment, a reimbursement, or a vendor payment. While this policy normally applies to Family Self-Sufficiency Grant diversion payments, the policy also applies if a general assistance program has a similar payment. See Lump Sum (Nonrecurring), Reimbursements, or Vendor Payments.</p>
Dividend Income	<p>See Interest Income.</p>
Earned Income Credit (Excluded) 7 CFR 273.9(c)(13)	<p>Exclude as income an earned income credit (EIC), whether received with regular paychecks or as a lump sum included with the federal tax refund. This is sometimes referred to as Earned Income Tax Credit (EITC). Examine pay stubs for EIC payments.</p>
Educational Income	<p>See 7-I, Students: Income.</p>
Employer Contributions (Excluded or Earned) 7CFR 273.9(c)(1)	<p>If a paystub reflects contributions such as “benefit credits”, “wellness credits” or “stock purchase contributions”, and the employee does not have the option of receiving the contribution as pay, that amount is excluded as income. If the employee may elect to receive it as pay, count it as part of the wages.</p>

Energy Assistance (Excluded) 7 CFR 273.9(c)(11)	Exclude payments or allowances made under any federal law for providing energy assistance. Examples of excluded payments are: <ul style="list-style-type: none">▪ The Department of Health and Human Services' Low-Income Home Energy Assistance Program. The Affordable Heating Program is one of these. See Low-Income Home Energy Assistance Program (LIHEAP).▪ The Department of Housing and Urban Development (HUD), even if the payment is received directly by the participant.▪ The Farmers Home Administration (FmHA).
Experience Works Income (Excluded) 7 CFR 273.9(c)(10)	Exclude income received through the Experience Works program (formerly known as Green Thumb) that is funded in part through Title V of the Older Americans Act of 1965. (Experience Works program one of several program funded under this legislation. See Income Excluded by Federal Statute .)
Family Investment Program (FIP) Payments (Unearned or Excluded) 7 CFR 273.2(j)(1)(iv)	Count FIP payments as unearned income. If two FIP payments are received in one month because a holiday falls on the first of a month, count each payment for the month for which it is intended. If the household received FIP payments after the month for which they were intended, exclude them as a nonrecurring lump sum. (See Lump Sum (Nonrecurring) .)
Family-Life Home Payments (Excluded or Unearned) 441 IAC 65.24(234)	When an adult who is receiving a family-life home payment, is not included in the SNAP household, exclude the family-life home payment. If an adult who is receiving a family-life home payment is included in the SNAP household, count the family-life home payment as unearned income. See 7-C, Household Composition: Family-Life Homes .
Family Self-Sufficiency Grants (Excluded) 7 CFR 273.9(c)(5)	Exclude PROMISE JOBS payments through Family Self-Sufficiency Grants as reimbursements for employment related expenses.

Family Support Subsidy (Unearned) 7 CFR 273.9(b)(2)(i)	Count Iowa Family Support Subsidy payments as unearned income. The Department issues these payments to families with children who have special educational needs due to a physical disability or mental retardation. The program is administered through the Division of Behavioral, Developmental, and Protective Services for Families, Adults, and Children.
Farmers Home Administration Payments (Excluded) 441 IAC 65.29(9)	Exclude all utility payments made by the Farmers Home Administration (FmHA).
Financial Assistance for Education or Training	See 7-I, Students: Income .
Focus Group, Survey or Study Income (Earned, Unearned, or Excluded) 7 CFR 273.9(b)(1) and (2), 273.9(c)(5)	Count as income payments received for participation in a focus group, survey, or study unless the payment is a reimbursement or paid in the form of a store-specific gift card. Gift cards that are not store-specific, such as MasterCard® or Visa® cards, can be used like cash and are therefore countable as income. Whether it is considered earned or unearned income depends on how the payment is described by the entity providing it. (Also see Welfare Reform Evaluation Payments .) Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.
Food Programs	Exclude as income the value of: <ul style="list-style-type: none">▪ Commodities donated by the U.S. Department of Agriculture.▪ Assistance to children in the School Lunch Program, the Summer Food Service Program for Children, the Commodity Distribution Program, and the Child and Adult Care Food Program provided under the National School Lunch Act.

Food Programs
(Cont.)

- The assistance given to providers of care is counted as self-employment income. See [7-I, Self-Employed Households](#).
- Benefits received under Title III-C, Nutrition Program for the Elderly, of the Older Americans Act of 1965, such as the Congregate Meals Program administered through the Iowa Department of Elder Affairs.

Foster Care Payments

(Unearned or Excluded)
7 CFR 273.9(b)(2),
441 IAC 65.24(234)

When a foster child is included in the SNAP household, count the foster care payment as unearned income. When a foster child is **not** included in the SNAP household, exclude the foster care payment. See [7-C, Household Composition: Foster and Pre-Adoptive Children](#).

See [Preparation for Adult Living \(PAL\) Stipends](#) for children aging out of foster care.

Gambling Winnings

(Unearned)
7 CFR 273.9(b)(2)

Count winnings from gambling as unearned income. Do not offset the winnings with any amount lost.

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

General Assistance or Relief

(Unearned or Excluded)
7 CFR 273.9(c)(1)(ii),
441 IAC 65.29(8)

General assistance includes assistance such as general relief, veterans assistance, and Indian relief.

- Exclude general assistance when it is a loan.
- Count general assistance paid out in cash as unearned income.
- Count a general assistance vendor payment as income unless it is for medical, child care, or energy or utility costs, including payments made under the Low Income Home Energy Assistance Program (LIHEAP).
- Exclude housing assistance for households living in temporary housing. (This applies only if the temporary housing does not have cooking or refrigeration facilities for the household.)

General Assistance
or Relief (Cont.)

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

See [Assistance Payments](#) and [Legally Obligated Money](#) for additional information.

Gift Cards
(Earned, Unearned
or Excluded)
7 CFR 273.9

Payments made in the form of a gift card that is limited in where the card can be used or what can be purchased with the card are excluded as income. Payments made in the form of a gift card that can be used like cash to purchase anything at any location, such as MasterCard® or Visa® gift cards, are countable as income. Determination of whether it is earned or unearned is based on what the payment is for.

Gifts
(Unearned or
Excluded)
7 CFR 273.9(b)(2)(v),
273.9(c)(2)

Count a cash gift (other than one specifically excluded under [Cash Donations](#)) as income if it can be anticipated.

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

**Health Insurance
Premium Payment
(HIPP)**
(Excluded)
7 CFR 273.9(c)(5)

Exclude Health Insurance Premium Payments (HIPP).

**HUD Housing (Rent
or Mortgage)
Payments**
(Unearned or
Excluded)
7 CFR 273.9(c)(1)

Exclude rent or mortgage payments made directly to the provider by the Department of Housing and Urban Development (HUD). If the HUD payment is made to the household, count it as unearned income but allow the applicable deduction.

**HUD Utility
Payments**
(Excluded)
7 CFR 273.9(c)(1)

Exclude all utility payments made by the Department of Housing and Urban Development (HUD). This is true regardless of whether the payment is made to the provider or the household.

**Income Excluded
by Federal Statute**
(Excluded)
7 CFR 273.9(c)(10)

Exclude all income that is specifically excluded by any other federal statute when determining SNAP eligibility. This includes, but is not limited to, the following:

- Any payments to volunteers under Title I or Title II of the Domestic Volunteers Services Act of 1973 (Public Law 93-113) as amended. Title I payments include payments made through VISTA and University Year of Action. Title II payments include those made through RSVP, foster grandparents, and others.

NOTE: Count Title I payments as earned income if the person was not getting SNAP or public assistance when the person joined the Title I program.

- Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (Public Law 91-646, Section 216).
- Payments received under the Alaska Native Claims Settlement Act Amendments (Section 29 of Public Law 92-203 and Section 15 of Public Law 100-241).
- Payments of relocation assistance to members of the Hopi and Navajo Tribes under Public Law 93-531.
- Any funds received from the Community Services Employment Program under Title V of the Older Americans Act of 1965 (Public Law 100-175, Section 166) as amended. These funds provide subsidized part-time employment for low-income senior citizens in public agencies or nonprofit corporations that provide services to the community.
- Payments made to certain United States citizens of Japanese ancestry, permanent resident Japanese aliens, and certain eligible Aleuts under Public Law 100-383, entitled "Wartime Relocation of Civilians."
- Payments made from the Agent Orange Settlement Fund or any other fund established for the settlement in the In re Agent Orange product liability litigation, M.D.L. No. 381 (E.D.N.Y.) NOTE: This settlement fund is now closed as all funds have been distributed.
- Payments made under the Radiation Exposure Compensation Act. (Public Law 101-426).

Income Excluded by
Federal Statute
(Cont.)

- Payments made under the Disaster Relief Act of 1974, as amended by Public Law 100-707, the Disaster Relief and Emergency Assistance Amendments of 1988. See [Disaster Assistance](#).
- Payments made for services like child care or training to a public housing resident under Family Investment Centers, Public Law 101-625, section 22(i). The exclusion does not apply to wages or stipends.
- Payments made to people as victims of Nazi persecution. (Public Law 103-286)
- Payments made for children who suffer from birth defects and whose mothers are Vietnam veterans. (Public Law 106-419)
- Payments made to a child of a Vietnam Veteran for any disability of the child resulting from spina bifida, Public Law 104-204, section 1805(d).
- Additional payments received by members of the United States Armed Forces, including the Reserves and National Guard, due to being deployed to or serving in a designated combat zone. Exclude the payments for the duration of the person's deployment. (Public Law 108-477)

If the person was part of the SNAP household before deployment, determine the person's military take-home pay at that time. Count that amount as income if it is less than what the person is making available to the household after deployment.

If the person was not a member of the SNAP household before deployment, determine the amount of military pay the person made available to the household at that time. Count that amount as income if it is less than what the person is making available to the household after deployment.

If the amount of military income before deployment is more than what is made available to the household after deployment, count the amount made available after deployment.

Income Excluded by Federal Statute (Cont.)	The following is a list of designated combat zones: Adriatic Sea Afghanistan Albania Bahrain Bosnia Croatia Djibouti Eastern Mediterranean Egypt Gulf of Aden Gulf of Oman Herzegovina Ionian Sea north of the 30th parallel Iraq Israel Jordan	Kuwait Kyrgyzstan Macedonia Oman Pakistan Persian Gulf Philippines (only troops with orders that reference OEF) Qatar Red Sea Saudi Arabia Tajikistan United Arab Emirates Uzbekistan Yemen
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Other laws exclude types of income that are not known to be received by Iowa SNAP households.

Income from Government-Sponsored Programs
(Unearned)
7 CFR 273.9(b)(2)(v)

Count income from government-sponsored programs as unearned income.

Income Tax Refund
(Excluded)
7 CFR 273.9(c)(8)

See [Lump Sum \(Nonrecurring\)](#).

Indian Relief
(Unearned or Excluded)
7 CFR 273.9(b)(2)(i)

Indian relief is a type of general assistance.
See [General Assistance or Relief](#).

Indian Tribal Money

(Excluded,
Unearned)

Public Law 103-66

DPL 19-01 Att. 6

Exclude \$2,000 per year from tribal dividend payments.

EXCEPTION: Exclude all tribal dividend money deposited into a child's trust.

Some tribes distribute casino profits. Count these payments as unearned income in the month received. Do not apply the \$2,000 exclusion.

Some tribes distribute gas and oil revenues. Unless provided as a result of a court decision, this income is countable. Do not apply the \$2,000 exclusion.

**Individual
Development
Accounts (IDA)**

Public Law 104-193

Public Law 105-285

Public Law 106-554

Exclude interest earned on IDA accounts. Also exclude any deposits made into the account by an outside source.

An IDA is an optional, interest-bearing account much like an IRA (but it is not a pension plan). IDAs are established and managed by DHS-approved organizations. IDAs encourage clients to save for long-term goals without the savings affecting eligibility or benefit amount.

Any lowan whose family income is below 200% of the federal poverty level and who lives in an area where there is an IDA project can open an IDA. IDAs are opened in financial institutions and are set up in an individual's name.

**Ineligible
Household
Members' Income**

See [7-1, Ineligible Household Members](#).

**In-Home Health-
Care Payments**

(Earned and
Excluded)

7 CFR 273.9(b)(1)(i),

273.9(c)(5)

DPL 00-04 Att. 1

The in-home health-care assistance paid to the household member who receives the care is excluded from income as a reimbursement for medical care. See [Reimbursements](#).

When the in-home-health care assistance is paid to another person to provide the care, the money is considered earned income to that person. This is true whether the person is in the same SNAP household or not.

Usually, SNAP policy does not allow money paid to a member of the same household to be considered as earned income. This is an exception to that policy.

In-Home Health-Care Payments (Cont.)	<p>If the income of the household member receiving the care pays for part of the care (client participation):</p> <ul style="list-style-type: none">Count this as earned income to the household member providing the care when the person receiving the care and the person providing the care are not in the same SNAP household.Exclude this as income to the household member providing the care when the person receiving the care is in the same SNAP.
In-Kind Benefits (Excluded) 7 CFR 273.9(c)(l)	<p>Exclude any nonmonetary or in-kind gain or benefit provided directly to the household, such as meals, free rent, clothing, public housing, or produce from a garden.</p> <p>Also exclude any in-kind benefits converted to a direct cash payment, when approved by a federally authorized demonstration project. Working off rent is an in-kind benefit. Do not count the value of free rent as income, and do not allow it as a deduction.</p>
Insurance Settlements (Excluded) 7 CFR 273.9(c)(8)	<p>Exclude from income all money received from nonrecurring lump-sum insurance settlements.</p>
Interest Income (Excluded and Unearned) 7 CFR 273.9(b)(2)(v), 273.9(c)(2); 441 IAC 65.29(4)	<p>When the time of receipt and the amount of the interest can be anticipated, count it as unearned income.</p> <p>If either the time of receipt or the amount of interest cannot be anticipated, do not count the portion that is uncertain.</p> <p>For most passbook accounts, the time the bank credits the interest can be anticipated, but the amount of the interest cannot be anticipated. The owner can change the amount of money in the account at any time.</p> <p>Prorate interest income that can be anticipated by dividing the amount anticipated during the certification period by the number of months in the certification period.</p>
Irregular Income (Excluded in part) 7 CFR 273.9(c)(2)	<p>Exclude up to \$30 of income per federal fiscal quarter when the income is received too infrequently or irregularly to be reasonably anticipated.</p>

Job Corps
(Earned or Excluded)
7 CFR 273.9(b)(1)(i),
273.9(c)(8)

Most Job Corps participants are ineligible for SNAP benefits because they are residents of an ineligible institution that provides a majority of their meals. Count salary and performance bonus as earned income in the month it is received, for Job Corps participants who are not residents of an ineligible institution.

For Job Corps participants who have left Job Corps but are still receiving Job Corps payments, count current earnings as earned income in the month received.

Exclude any lump sum one-time payment of salary from prior periods as a nonrecurring lump sum. If a performance bonus is received after the person leaves the program and it is paid out in one payment, exclude it from income as a nonrecurring lump sum.

Job Insurance Benefits
(Unearned or Excluded)
7 CFR 273.9(b)(2)

See [Unemployment Insurance Benefits](#).

Job Related Reimbursement
(Excluded)
7 CFR 273.9(c)(5)

Exempt as income reimbursements from the employer for job-related expenses including travel expenses and uniform allowances.

Job Training Partnership Act
(Earned or Excluded)
7 CFR 273.9(b)(1)(iii)
and 273.9(b)(1)(v)

Job Training Partnership Act (JTPA) is now known as Workforce Innovation and Opportunity Act (WIOA). See [Workforce Innovation and Opportunity Act \(WIOA\)](#).

Jury Duty Payments
(Earned or Excluded)
7 CFR 273.9(c)(5)

Count compensation for jury duty as earned income unless it is a reimbursement such as transportation, or meals and lodging. See [Reimbursements](#).

Kinship Caregiver Payments

(Unearned or Excluded)
7 CFR 273.9(b)(2),
441 IAC 65.24(234)

Treat kinship caregiver payments the same as foster care payments. See [Foster Care Payments](#).

Legally Obligated Money

(Earned or Unearned)
7 CFR 273.9(b) and
(c)(1)(iv)

Legally obligated money includes money such as wages earned by a household member, a public assistance grant to which the household is legally entitled, and support or alimony payments that legally must be paid to a household member.

When legally obligated money is earned, count it as earned income. When it is unearned, count it as unearned income. Count legally obligated money when it is garnished or diverted by the provider of the payment to a third party for a household expense. Do **not** exclude it as a vendor payment.

Legally obligated money is different from a vendor payment because legally obligated money belongs to the household. If the money was not diverted, the household would get it. Vendor payments are made with money that does not belong to the household.

Public assistance or general assistance payments that are potentially available to all eligible households are considered legally obligated and therefore counted as income. An example is a program that has a standard, basic allowance or component.

Assistance financed by state or local funds that is provided over and above the amount available to all eligible households is considered emergency or special assistance. It is **excluded** as income if provided to a third party on behalf of the household.

Count money received through a program that is not composed of various standards, allowances, or components, but rather provides assistance on an as-needed basis. However, do not count assistance that is provided as a loan.

Legally Obligate
Money (Cont.)

1. A household member has earnings that are garnished or diverted by the employer to a third party to pay for rent. This money is still earned income to the household member, because it legally belongs to the household member.

If the employer pays the household's rent directly to the landlord in addition to paying the household all of its regular wages, the rent payment is an excluded vendor payment. The money belongs to the employer, not the household

If the employer provides free housing to an employee, do **not** count the value of the housing as income. It is an "in-kind" payment, and is excluded.
2. A public assistance grant is diverted to a protective payee to manage the household's expenses. The grant is still unearned income to the household, because the money legally belongs to the household.

If the household gets assistance above the amount normally given to all households, exclude it as a vendor payment if it is paid to a third party on the household's behalf. This excess is emergency or special assistance. It is not legally obligated to the household.
3. An absent father is court-ordered to pay child support to his ex-wife, who gets SNAP. If, instead of sending the money to his ex-wife, the father sends it to a third party for a household expense, the money is still unearned income to the household. It is still legally obligated to the ex-wife.

If the court order had specified that the money must go directly to the third party instead of the ex-wife, the money would be excluded as a vendor payment.

Loans
(Excluded)
7 CFR 273.9(c)(4)

Exclude loans.

**Low-Income Home
Energy Assistance
Program (LIHEAP)**
(Excluded)
7 CFR 273.9(c)(1)(ii)

Do not count payments made under the Department of Health and Human Services Low-Income Energy Assistance Program, such as the Affordable Heating Program. See [Energy Assistance](#).

**Lump Sum
(Nonrecurring)**

(Excluded)
7 CFR 273.9(c)(8)
FPM 90-16
DPL 92-05 Att. 8
DPL 90-03 Att. 7
DPL 88-04

Exclude nonrecurring lump-sum payments, including but not limited to, payments received as a one-time payment for:

- Income tax refunds, rebates, or credits.
- Retroactive lump sums for the past one month or more, such as social security, SSI, public assistance, railroad retirement, unemployment benefits, or other payments.

EXCEPTION: SSI retroactive benefits may be paid out in **more than one payment**. Each retroactive payment is considered to be a nonrecurring lump sum and is excluded as income.
- The annual VA disability pension adjustment.
- Insurance settlements.
- Refunds of security deposits on rental property or utilities, including:
 - A HUD rental refund.
 - Money received through the Iowa Disabled and Senior Citizen Property Tax Credit and Rent Reimbursement Program.
- Income received in a lump sum from the sale of a household's countable or exempt resources (such as the household's homestead, personal effects, household goods, or an automobile) that are not sold as part of a self-employment business.
- A withdrawal of all of the money from an excluded pension or retirement account.
- Funds released from a HUD Self-Sufficiency escrow account.
- Retroactive pay raise of an employee whether employed or not at the time of receipt.
- A bonus received after employment has terminated.

NOTE: Child support and wages paid for prior periods of time are not normally excluded as a lump sum.

Count the excluded payments as resources unless they are specifically excluded from consideration as a resource by federal law. (See [7-D, Excluded Resources](#) for a list of federal resource exclusions.)

Military Pay

(Earned or Excluded)
7 CFR 273.9(b)(1)(i)
DPL 99-02 Att. 1

Count the following military allowances as earned income:

- Base pay
- Basic allowance for housing (BAH)
- Basic allowance for quarters (BAQ)
- Basic allowance for subsistence (BAS)
- Sea-duty pay
- Career sea pay
- Variable housing allowance (VHA)
- Rations (BAS, leave rations, and separate rations)

If two payments are received in one month because a holiday or weekend changes the mailing cycle, count the payments for the months for which they are intended.

Exclude clothing maintenance allowances (CMA) as a reimbursement.

Exclude amounts withheld from paychecks for education programs. (See [7-1, Students: Income](#) for information on student income.)

See [Income Excluded by Federal Statute](#).

**Nonmandatory
Members' Income**

(Excluded,
Unearned, or
Earned)
7 CFR 273.11(c) and
(d)

Exclude the income and deductible expenses of nonmandatory household members. (See [7-C, Household Composition: Nonmandatory Members](#).)

Exclude vendor payments made by nonmandatory household members. Count cash payments these nonmandatory household members make to the household as unearned income.

Sometimes a nonmandatory household member receives income that is intended for both household members and the nonmandatory household member. If the income source does not identify the eligible SNAP household's portion of the income, calculate the eligible household's countable income as follows:

1. Divide the payment evenly among the beneficiaries.
2. Exclude the nonmandatory household member's pro rata share or the amount actually used for the nonmandatory household member's care and maintenance, whichever is less.

Nonmandatory
Members' Income
(Cont.)

When the earned income of one or more household members and the earned income of a nonmandatory household member are combined into one wage, calculate household income as follows:

- If the household's share can be identified, count that portion as earned income to the household.
- If the household's share cannot be identified, prorate the earned income among all those it was intended to cover and count the household's prorated share as earned income.

Other Source
(Unearned)
7 CFR 273.9(b) and
273.9(c)

Treat as unearned income any direct money payments from any source that can be construed to be a gain or benefit. Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

Pensions
(Unearned)
7 CFR 273.9(b)(2)

Count payments from pensions and annuities as unearned income. See [Lump Sum \(Nonrecurring\)](#).

**Plan for Achieving
Self-Support**
(Excluded)
7 CFR 273.9(c)(10)
Public Law 102-237

Exclude the amount of money necessary to fulfill SSI's Plan for Achieving Self-Support (PASS) approved by the Social Security Administration. This includes money deposited into a special PASS account. PASS is a program provided under the Social Security Act.

**Pre-Adoption
Subsidy**

See [Adoption Subsidy](#).

**Preparation for
Adult Living (PAL)
Stipends**
(Unearned)
7 CFR 273.9(b)(2)(i)

Count stipends received from the PAL program by persons aging out of foster care as unearned income.

**PROMISE JOBS
Payments**

(Excluded and
Earned)
7 CFR 273.9(c)(5)

Exclude payments from the PROMISE JOBS program for child care or transportation expenses that are incurred as a result of participating in PROMISE JOBS. See [Reimbursements](#).

PROMISE JOBS payments paid to a SNAP household member who provides child care services for a PROMISE JOBS participant are considered self-employment earned income.

**Property Sold on
Contract**

(Unearned)
7 CFR 273.9(b)(2)(ii)

Count income from installment sales contracts as unearned self-employment income. (For more information on determining self-employment income, see [7-I, Self-Employed Households: Property Sold on Contract](#).)

Property Settlement

(Unearned,
Excluded)
7 CFR 273.9(c)(8)

Count property settlements paid as cash in more than one payment. Exclude property settlements paid as cash in one payment as a nonrecurring sum. See [Lump Sum \(Nonrecurring\)](#).

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

Recoupment

(Excluded or
Unearned)
7 CFR 273.9(b)(5)

Exclude money that is withheld from the household's income to repay a prior overpayment. Also exclude money the household received, but voluntarily or involuntarily returned to repay a prior overpayment from that income source. See [Repayment for Intentional Noncompliance](#).

**Refunds From Rent
or Utility Deposits**

(Excluded)

See [Lump Sum \(Nonrecurring\)](#).

Reimbursements

(Excluded)
7 CFR 273.9(c)(5)

Exclude reimbursements for past or future expenses as long as the reimbursements meet all of the following criteria:

- They do not exceed actual expenses. If the reimbursement exceeds actual expenses, count the excess as income. Do **not** consider a reimbursement to exceed actual expenses unless the provider or the household says it exceeds actual expenses.
- They do not result in a gain or benefit to the household.

Reimbursements
(Cont.)

- They are identified and used for expenses other than normal living expenses (such as rent, mortgage, personal clothing, or food eaten at home). Count payments as income if they are not identified for a specific purpose or are not used for that purpose.

If a reimbursement covers multiple expenses, each expense does not have to be separately identified, as long as none of the money covers normal living expenses.

Following are examples of excluded reimbursements:

- Reimbursements or flat allowances for job- or training-related expenses, such as per diem, uniforms, and transportation to or from the job or training site. Exclude reimbursements for these expenses that are over and above basic wages.
- Reimbursements for the out-of-pocket expenses volunteers incur in the course of their work.
- Medical or child care reimbursements.

**Rental Property
Income**

7 CFR 273.9(b)(2)(ii)

Count income from rental property as self-employment income. See [7-1, Self-Employed Households: Rental Income](#).

**Rent
Reimbursement**

(Excluded)
7 CFR 273.9(c)(8)
Iowa Code Chapter
425

Exclude money received through the Iowa Disabled and Senior Citizen Property Tax Credit and Rent Reimbursement Program administered by HHS as of January 1, 2023 (previously administered by the Iowa Department of Revenue and Finance). Payments received under the Rent Reimbursement Program are not considered income. They are considered a refund of money the client has already paid.

**Repayment for
Intentional
Noncompliance**

(Unearned)
7 CFR 273.9(b)(5)(i),
273.11(k)
FPM 86-04
FPM 85-13

Count money as unearned income when it is withheld from federal, state, or local means-tested programs to recoup an overpayment caused by the household's intentional failure to comply with program requirements.

Federal, state, or local means-tested programs include FIP, State Supplementary Assistance, SSI, and veteran pensions. Determine eligibility and benefit level using the amount the household member would have received if there had not been a penalty.

Repayment for
Intentional
Noncompliance
(Cont.)

Verify with the individual program (except SSI, as you will be contacted by Central Office Staff) that the repayment amount withheld is due to an intentional failure to comply with program requirements.

If the amount withheld is **not** due to intentional noncompliance, exclude it as a regular recoupment. (See [Recoupment](#).)

**Representative
Payee Income**
(Unearned or
Excluded)
7 CFR
273.9(c)(1)(vii),
7 CFR 273.9(c)(6)

A representative payment is a payment that is received by one person, the payee, for the needs of another person, the beneficiary. When the payee and the beneficiary are in the same SNAP household, count the payment as unearned income to the household.

When the payee and the beneficiary are not in the same SNAP household, treat the representative payment as follows:

- If the payee gives the payment to, or uses it for the needs of the beneficiary, do not count the payment towards the payee's household. Count the payment amount towards the beneficiary's household.
- If the payee does not give the payment to or use it for the needs of the beneficiary, count the income towards the payee's household. Do not count the payment amount towards the beneficiary's household.

When a representative payment is made to a payee that is intended for more than one beneficiary, and the beneficiaries are both SNAP household and nonhousehold members, exclude only the identifiable portion of the payment intended and used for the care and maintenance of the nonhousehold member.

Representative
Payee Income
(Cont.)

If the nonhousehold member's portion cannot be readily identified, divide the payment evenly among all beneficiaries. Exclude the nonhousehold member's pro rata share or the amount actually used for the nonhousehold member, whichever is less. Examples:

1. Ms. B gets SNAP as a one-person household. She receives \$300 child support for her son who lives with his uncle. Ms. B keeps \$100 of the child support and gives \$200 to her son's uncle to use for her son. Exclude the \$200 given for the care of the son and count the \$100 kept as unearned income to Ms. B's household.
2. Ms. C gets SNAP for herself and her son. She receives \$500 child support for her son and her daughter. Ms. C's daughter lives with her grandmother. The court order specifies that the child support for each child is \$250. Ms. C gives the grandmother \$300 for the daughter. Count \$250 as unearned income to Ms. C's SNAP household.

Exclude income when there is no way to predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

**Retirement
Payments**
(Unearned)
7 CFR 273.9(b)(2)

Count payments or early withdrawals from excluded retirement plans as unearned income. If the entire account is liquidated at once, see [Lump Sum \(Nonrecurring\)](#).

Royalties
(Unearned)
7 CFR 273.9(b)(2)

Count income received from royalties as unearned income.

**Self-Employment
Income**

See [7-1, Self-Employed Households](#) for information on how to treat self-employment income.

Severance Pay
(Unearned)
7 CFR 273.9(b)

If it is received in a single payment, exclude it as a nonrecurring lump sum. If it is paid in more than one payment count as unearned income.

Sick Pay

(Earned, Unearned
or Excluded)
7 CFR 273.9(b)(1)

Count as earned income when the person gets it while employed. Count as unearned income when the person getting it is no longer considered an employee. Exclude the sick pay as a nonrecurring lump sum when paid in one payment and the person getting it is no longer considered an employee. See [Lump Sum \(Nonrecurring\)](#).

When co-workers donate their sick leave time, count the payments the same as if they were the person's own sick pay.

**Social Security
Payments**

(Unearned or
Excluded)
7 CFR 273.9(b)(2),
273.9 (c)(8)

Count Social Security payments as unearned income.

Do not exclude the amount of any Medicare premium that is being withheld. Do not exclude the amount of taxes being withheld.

Amounts may be deducted from Social Security payments for child support arrearage payments. The gross and net Social Security payment amount on IEVS reports may not reflect the correct Social Security payments in these cases. See [Deductions: Child Support Payment](#).

Exclude Social Security retroactive payments as a nonrecurring lump sum. See [Lump Sum \(Nonrecurring\)](#).

**State
Supplementary
Assistance**

(Unearned or
Excluded)
7 CFR 273.9(b)(2)
FPM 3-97-3

Count payments from State Supplementary Assistance as unearned income.

Exclude State Supplementary Assistance payments made for in-home health-related care as a reimbursement. See [Reimbursements](#).

Exclude State Supplementary Assistance retroactive payments as a nonrecurring lump sum. See [Lump Sum \(Nonrecurring\)](#).

Exclude retroactive or underpayment State Supplementary Assistance payments that are direct deposited into a dedicated account when the recipient is under the age of 18 and must have a representative payee.

State Supplementary Assistance (Cont.) If the person is eligible for retroactive State Supplementary Assistance, the representative payee must set up a “dedicated” account in a financial institution and must use this money for allowable expenses of the child.

Do not count any disbursements from this account as income. Count any interest earned on the account as unearned income. See [Interest Income](#).

Supplemental Security Income (SSI)
(Unearned or Excluded)
7 CFR 273.9(b)(2),
273.8(e)(17),
273.9(c)(8)
FPM 3-97-3

Count SSI as unearned income. Use the gross or net income, whichever is less. See [14-E, Income](#) for further instruction.

SSI benefits are sometimes paid to a payee for the SSI recipient. See [Representative Payee Income](#).

Exclude retroactive SSI payments as a nonrecurring lump sum. See [Lump Sum \(Nonrecurring\)](#).

Exclude retroactive or underpayment SSI payments that are deposited directly into a dedicated account when a SSI recipient is under the age of 18 and must have a representative payee.

If the person is eligible for retroactive SSI, the representative payee must set up a “dedicated” account in a financial institution, and must use this money for allowable expenses of the child.

Do not count any disbursements from this account as income. Count any interest earned on the account as unearned income. See [Interest Income](#).

Strike Benefits or Picket Pay
(Earned or Unearned)
7 CFR 273.9(b)(2),
273.1(e)

Count strike benefits as unearned income.

If a union on strike considers picket pay to be payment for work performed (such as walking the picket line), count the income as earned. If the union does **not** consider the picket pay to be payment for work performed, it is a strike benefit and is unearned. See [7-C, Strikers](#) for more information on strikers.

Taxes Withheld from Unearned Income

(Excluded)
441 IAC 65.29(8) and
Public Law 107-171

Do not count taxes (such as FICA, state, and federal income taxes) that are actually withheld from non-government sources of unearned income. Count the net amount of income after the taxes were withheld.

Do count taxes withheld from regular payments from a government source, such as unemployment insurance benefits and Social Security.

Some types of unearned income may be taxable but do not have taxes withheld. Do not allow a deduction when taxes are not withheld.

Tips

(Earned)
7 CFR 273.9(b)(1)

Count tip income as earned income. Household members should keep a calendar record of all tips they receive.

Accept verification such as:

- Pay stubs
- Employer's statement
- Employee's statement

Training Allowances

(Earned or Excluded)
7 CFR 273.9(b)(1)(iii)

Count training allowances from vocational and rehabilitative programs recognized by federal, state, or local governments as earned income, as long as they are not a reimbursement. (Reimbursements are excluded.)

Tribal TANF Payments

(Unearned or Excluded)
7 CFR 273.9(b)(2)

Count Tribal TANF payments as unearned income. Exclude any retroactive payments as a nonrecurring lump sum. See [Lump Sum \(Nonrecurring\)](#). See [7-A, Definitions](#) for information about other policies that apply to recipients of Tribal TANF payments.

Trust Income

(Excluded or Unearned)
7 CFR 273.9(b)(2)(vi)

If a trust is inaccessible to the household and therefore excluded as a resource, count any money withdrawn from that trust as unearned income.

If trust income is used to pay expenses like rent or mortgage directly to a third-party on behalf of the household, count the payment as unearned income. Do not exclude it as a vendor payment. If such payments cover what would otherwise be a deductible expense, allow the household a deduction since you are counting the payment as income.

If the payment from a trust that is inaccessible and therefore excluded as a resource is a reimbursement, exclude the money that is a reimbursement. See [Reimbursements](#).

Trust Income (Cont.)	<p>If the trust is accessible to the household and therefore counted as a resource, exclude as income any money withdrawn from the trust. See 7-D, Excluded Resources: Trust Funds to determine if a trust is accessible.</p> <p>Count interest as unearned income when the trust providing the income is inaccessible to the household. If the household has the option of either receiving dividends as income or reinvesting them in the trust, count them as unearned income in the month they are received or could have been received.</p>
Unemployment Insurance Benefits (Unearned or Excluded) 7 CFR 273.9(b)(2)	<p>Count unemployment insurance benefits (also called job insurance benefits) as unearned income. Do not exclude the amount of taxes being withheld.</p> <p>Exclude retroactive unemployment insurance payments as a nonrecurring lump sum. See Lump Sum (Nonrecurring). Exclude unemployment insurance benefits withheld to repay a prior overpayment. See Recoupment.</p>
Vacation Pay (Earned, Unearned, or Excluded) 7 CFR 273.9(b)(1), 273.8(c)	<p>Count vacation pay as earned income if it is received before employment ends. Exclude vacation pay as a nonrecurring lump sum when it is received in one lump sum after employment ends. Count vacation pay as unearned income when received after employment ends but paid out in more than one payment.</p>
Vendor Payments (Excluded) 7 CFR 273.9 (c)(l), 273.11(d)	<p>Exclude the following vendor payments:</p> <ul style="list-style-type: none">▪ Payments made by a person outside the household or by an organization to a third party for a household's expense.▪ Payments made by boarders to a third party for a household's shelter expense.▪ Vendor payments converted to a direct cash payment when approved by a federally authorized demonstration project.▪ Rent or mortgage payments made to the landlord or lender by the Department of Housing and Urban Development (HUD) or by state or local housing authorities.▪ Payments by a government agency to a child care facility to provide day care for a household member.

Vendor Payments
(Cont.)

- A public assistance payment to a third party on behalf of the household to pay households' medical or child care expenses.
- Payments through the Low-Income Home Energy Assistance Program.
- Housing assistance when a household lives in temporary housing.

For exceptions to these exclusions, see [Legally Obligated Money](#) and [General Assistance or Relief](#).

Exclude general assistance or public assistance vendor payments for the housing and transportation of migrant and seasonal farm worker households while workers are in the job stream. See [7-I, Migrants and Seasonal Farm Workers](#).

Do **not** allow a deduction for expenses covered by an excluded vendor payment. For more information on deductible expenses, see [Deductions](#).

Veteran's Payments
(Unearned or
Excluded)
7 CFR 273.9(b)(2)

Count veteran's payments as unearned income.

Exclude as income payments made under the aid and attendance program or the housebound allowance that are reimbursement for medical or other nonnormal living expenses. See [Reimbursements](#) and [General Assistance or Relief](#).

**Veteran's Benefits
for Education or
Training**

See [7-I, Students: Income](#) for information on VA educational income.

VISTA Payments
(Earned or Excluded)
7 CFR
273.9(b)(1)(iv),
273.9(c)(10)

Count Title I Volunteers in Service to America (VISTA) and AmeriCorps VISTA payments as earned income if the person was **not** getting SNAP or public assistance when the person joined VISTA. Exclude the payment if the person **was** getting SNAP or public assistance when the person joined VISTA.

**Vocational
Rehabilitation
Training Allowance**

See [7-I, Students: Income](#).

Wages
(Earned)
7 CFR 273.9(b)(1)(i)

Count all wages and salaries as earned income. The employer determines payday. When an employer:

- Makes payroll checks available early, count the pay as if it was received on the date the employer normally distributes checks if that date has not changed for all employees.
- Distributes payroll to all employees on a date other than the regular payday, consider the date distributed as the date of receipt.

NOTE: Some banks offer a service by which pay received via direct deposit is made available earlier than the normal pay date. In these situations:

- The **employer** is not distributing checks to all employees on a date different than the normally scheduled date. The fact that the bank makes pay available earlier does not change this.
- Consider pay to be received on the normal pay date, as established by the employer.

**Welfare Reform
Evaluation
Payments**
(Excluded)
7 CFR 273.9 (c)(5)

See [Reimbursements](#) and [Focus Group, Survey or Study Income](#).

**Welfare to Work
Payments**
(Earned, Unearned
and Excluded)
7 CFR 273.9(b)(2)(i)
DPL 00-03-Att. 3
DEM 10-31-00

Count payments for work as earned income. Exclude payments for work related expenses as reimbursement. See [Reimbursements](#).

Count the assistance payments that are not for work or reimbursements as unearned income unless the payment is excluded under a specific policy.

**Workers'
Compensation**
(Unearned)
7 CFR 273.9(b)(2)

Count workers' compensation payments as unearned income, excluding any fees withheld. See [Costs Withheld from Unearned Income](#).

**Workforce
Innovation and
Opportunity Act**

(Earned or Excluded)
7 CFR 273.9(b)(1)(iii)
and 373.9(b)(1)(v)
DPL 00-04 Att 6

The Workforce Innovation and Opportunity Act (WIOA) was formerly known as the Workforce Investment Act (WIA) and the Job Training Partnership Act (JTPA). Payments include:

- On-the-job training earnings (*Earned*)

Count WIOA on-the-job training earnings received as earned income. These earnings include monies paid by WIOA and monies paid by the employer. WIOA sets the definition of these programs.

EXCEPTION: Exclude WIOA on-the-job-training earnings of household members under age 19 who are under the parental control of an adult household member. Apply this exclusion regardless of school attendance or enrollment.

- Other WIOA allowances (*Excluded*)

Exclude all payments for living allowances, education, or other purposes that participants get for participating in WIOA programs.

Deductions

This section deals with the expenses a household can deduct from its countable income. Allow deductions only for the household expenses listed in this section.

The following sections explain:

- [Deduction verification requirements](#)
- [Handling deductions](#)
- [Child and dependent care deduction](#)
- [Child support payment deduction](#)
- [Earned income deduction](#)
- [Medical expense deduction](#)
- [Shelter deduction](#)
- [Standard deduction](#)
- [Standard utility allowance](#)

Deduction Verification Requirements

Legal reference: 7 CFR 273.2(f), 441 IAC 65.22(i)

Households must verify deductible expenses in order to receive the deduction. These include:

- Child and dependent care expenses
- Child support payments

- Medical expenses for elderly and disabled persons
- Shelter expenses for unoccupied residences

Accept reasonable verification provided by the household to verify the expenses. Verify these expenses:

- At application,
- At recertification, unless unchanged from previously verified,
- When a change is reported.

Verification of deductible expenses is only **required** at the times listed above, however, it may be necessary to request updated verification if the deduction has reportedly remained unchanged for multiple recertifications. Use prudent person to determine if it is necessary to request updated verification and document the reason for your decision.

If verification of a deductible expense is requested and the household fails to provide it, determine eligibility without allowing the household a deduction.

Handling Deductions

Legal reference: 7 CFR 273.9(d), 273.10(d)(1)(i) and (ii), 273.11(d)

The household does not actually have to make a payment to get a deduction, but it must be responsible for the expense. NOTE: The household must actually make child support payments to get a deduction for that expense.

If the household shares deductible expenses with nonmandatory household members, deduct only the household's share. (See [7-C, Nonmandatory Members](#).) If the deductible expense cannot be separated, prorate the expense evenly among the people responsible for or paying the expense. Deduct only the eligible household's pro rata share.

EXCEPTION: If a household member shares utility expenses with a non-household member, allow the household the entire utility standard.

When a household has an ineligible member, see [7-1, Income and Deductions of Ineligible Household Members](#) for treatment of deductible expenses.

Do **not** allow a deduction for expenses that are covered by reimbursements or vendor payments that are excluded as income. This includes Medicare, Medicaid, and other insurance payments. Vendor payments for shelter and utility expenses that are excluded from income are not allowed as deductions.

NOTE: If a household is reimbursed through the Low-Income Home Energy Assistance Program, it receives the big standard utility allowance.

When an allowable expense is for a service, allow the deduction only if a nonhousehold member provides the service, and the household must make a money payment for the service. For example, do not allow a child care expense if another household member provides the care, or if the payment for the care is an in-kind benefit like food.

1. Mr. J's mother pays \$100 directly to her son's landlord for his rent. This \$100 is not an allowable shelter deduction for Mr. J.
2. Ms. M's child care is paid by WIOA. This child care cost is not allowed as a SNAP deduction for Ms. M.

The following sections explain:

- [How to treat billed expenses.](#)
- [How and when to average expenses.](#)
- [Requirements for verifying expenses.](#)

Billed Expenses

Legal reference: 7 CFR 273.10(d)(1) and (2), DPL 04-01 Att. 2

If a bill is received in one month but payment is due in another month, use the bill in the month it is received. When an expense is billed regularly as a single monthly bill, and a household received two bills in one month, allow the deduction for the month that each bill covers.

When a household has an expense that is automatically due each month, but a bill is not issued, allow the expense for the month it becomes due. For example, allow rent as a shelter cost when it is due each month, even if the household does not receive a bill, does not pay the expense, or pays the expense in advance.

Deduct an expense only once. Do **not** deduct old bills or amounts that are carried over from the past billing periods, even when included in the most recent billing.

EXCEPTIONS: When the household receives or verifies an anticipated reimbursement for medical expenses, such as insurance or liability payments, allow a deduction for the part that is not reimbursed.

Averaging Expenses

Legal reference: 7 CFR 273.10(d)(3), (4), and (5)

Households may choose to have fluctuating expenses averaged. If a household chooses to do this, average expenses as follows:

- **One-time expenses.** Households can choose to have one-time-only expenses used once or averaged over the entire certification period in which they are billed.

A local assessment is a one-time only expense. A household certified for January, February, and March that receives a local assessment in January may elect to have that bill averaged over the three-month certification period.

- **Ongoing expenses.** When expenses are billed less often than monthly but have regularly scheduled billings or a regularly scheduled due date, average them forward over the interval between the billings.

Mr. T is billed \$600 every six months for property taxes. Allow a deduction of \$100 per month ($\$600 \div 6$ months).

When there is no scheduled interval between the billings, average the expense forward over the period of time the expense is intended to cover. This may be a longer period of time than the certification period.

Homeless households who incur shelter or utility expenses related to their living arrangement, but who opt to receive the homeless standard deduction are not required to provide verification of those costs.

Child and Dependent Care

Legal reference: 7 CFR 273.9(d)(4), 273.10(d)(1)(ii), 441 IAC 65.33(234)

Deduct child or dependent care costs that allow a household member to:

- Look for work.
- Attend training or education to prepare the person for work.
- Accept a job or continue working. (It does not matter if the income from that job is counted or excluded.)

Do not allow a child care expense if:

- Another household member provides the care.
- The care is paid for by some in-kind benefit, such as food.
- The expense is covered by an excluded reimbursement or excluded vendor payment. This includes reimbursement by an employment and training program.

When a household has a dependent care expense that could be either a medical deduction or a dependent care deduction, use it as a medical deduction.

Child Support Payment

Legal reference: 7 CFR 273.9(d)(5); Public Law 103-66

Allow a child support deduction when the support is legally obligated and is:

- Paid by a household member for a child not part of the SNAP household, or
- Paid by a household member to an agency or person outside of the household, even if the child or the other parent is in the same SNAP household as the person paying the support, provided the payments are not returned to the household or used for the needs of the child.

When someone makes a child support payment for a child who is included in their own SNAP household, a deduction is only allowed if the payment is not returned to the household or used for the needs of the child. This is true regardless of whether the payee is also part of the SNAP household, because child support is considered income of the child. If the payment is for multiple children, but some are in the SNAP household, assume equal parts per child (unless otherwise specified) when determining the allowable deduction.

When the payee is not part of the SNAP household, but the child is, you must determine what is being done with the payment, following policies for representative payee income. If the money is being given to the child, returned to the payor, or used for the child's needs, the money is simply being transferred from one household member to another and should be treated as follows:

- Do not allow a deduction, and
- Do not count this as income to the child

“Legally obligated” support includes cash payments, medical support, payments on arrearages, vendor payments, and repayments for FIP. The most recent court order will state exactly what kind of support is obligated to the child. The household must verify the legal obligation and how much is actually being paid.

Do not allow a child support deduction for property settlement payments, alimony, voluntary child support, or income tax refund intercept.

When the support is for legally obligated medical insurance, allow a deduction for premium payments. If a policy covers more people than the child for whom coverage is obligated, allow a deduction only for the child's share of the cost by dividing the cost of the policy by the number of people covered.

In some situations, child support can be deducted directly from Social Security disability income. The gross and net IEVS income information may not reflect the child support payment. Verification other than IEVS is necessary in these cases.

1. Mr. A is court-ordered to pay \$400 of child support a month for a child not in his home. The court order is modified to provide that Mr. A must pay an additional amount each week toward arrearages. Mr. A is paid weekly, and his child support is paid by court-ordered wage withholding of \$142.30 from each paycheck (\$100 for current support and \$42.30 toward arrearages). $\$142.30 \times 4 = \569.20 .

Allow \$569.20 of child support withheld from Mr. A's checks as the child support deduction each month.
2. Mr. A pays court-ordered child support of \$200 per month to Ms. A for their son, which she uses for his needs. The child spends 50% of his time in each home and is included in Mr. A's SNAP household. Since the payor and child are in the same household, and the child support is used to meet the child's needs, there is no deduction for Mr. A but this amount is not counted as income to the child. **NOTE:** If Ms. A gets SNAP for herself, we would not count the child support as income on her case since it is income of the child and he is not included in her benefits.
3. Mr. and Mrs. B and their children live together. Mr. B is paying court-ordered child support to the Child Support Recovery Unit for a time he and Mrs. B were not living together and Mrs. B and the children received FIP. Allow the amount Mr. B pays to Child Support Recovery as the child support deduction.
4. Ms. D has a court order to pay \$400 in child support a month to a child not in the SNAP household. She pays the \$400 plus an additional \$100 to help with child-care costs. Allow only the \$400 court-ordered child support as a deduction.
5. Mr. E pays court-ordered child support of \$300 a month to a child not in the SNAP household. He owes back child support and his tax refund of \$550 is intercepted to pay the back support. Allow only the \$300 a month child support as a deduction. Do not allow the \$550.
6. Mr. F, who is unemployed, is not paying the court-ordered \$300 a month in child support for a child not in the SNAP household. His income tax refund of \$400 is intercepted for the back child support owed. Do not allow the \$400 as a child support deduction.

See [7-1, *Income and Deductions of Ineligible Household Members*](#) when an ineligible household member is responsible for or is making child support payments.

Earned Income

Legal reference: 7 CFR 273.9(d)(2)

Deduct 20 percent of all gross earned income. Apply this deduction as directed in [7-F, Net Income Limit](#).

Medical Expenses of Elderly or Disabled Household Members

Legal reference: 7 CFR 273.9(d)(3)

Deduct medical expenses in excess of \$35 a month. Allow the expenses of a household member who is elderly or disabled, as defined in [7-A, Definitions](#).

Allow a deduction for the medical expenses of:

- Elderly or disabled household members.
- People who get emergency SSI benefits based on presumptive SSI eligibility.
- An elderly or disabled person who was a household member immediately before death or before entering a hospital or nursing home. The expense must:
 - Be the responsibility of the remaining household, and
 - Meet the criteria under [Allowable Medical Expenses](#).

Start deducting the medical expenses in the month when a person:

- Turns 60, or
- Starts getting SSI or social security disability benefits.

Do not allow the medical expenses of a household member who gets benefits only because the member is a **dependent** of the person who receives the SSI or disability payment.

Households eligible for medical expenses as a deduction have the option of using actual medical expenses or choosing the standard medical deduction. Do not allow expenses that will be reimbursed. Allow only the part of the expense that the household owes after reimbursement. (The ABC system subtracts the \$35 from the medical expenses you enter.)

The following sections explain:

- [Standard medical deduction](#)
- [What are allowable medical expenses](#)
- [When to allow medical expenses of a person in a residential care facility](#)
- [How to determine medical expenses](#)
- [The effect of changes in medical expenses](#)
- [Spendedown as a medical deduction](#)

Standard Medical Deduction

Legal reference: 7 CFR 273.9(d), 441 IAC 65.8(7)

Households choosing the standard medical deduction will receive a deduction of \$140. To be eligible for the standard medical deduction:

- At initial application, the household must **verify** that it has qualifying medical expenses in excess of \$35 per month.
- At recertification, the household must **declare** that it still has medical expenses in excess of \$35 per month. Declaration is a verbal statement, or written statement on a desk RRED, and no further verification is required. Document the household's statement in the case file.

Although the standard medical deduction is not mandatory, households with qualifying medical expenses between \$35.01 and \$175 monthly are likely to choose the standard due to the ease of verification. Any household that chooses the standard and verifies \$35.01 in monthly qualifying expenses will receive the \$140 deduction.

Households with medical expenses in excess of \$175 have the option of verifying and claiming actual medical expenses or taking the standard deduction.

It is important that households understand that the more deductions they have, the more benefits they will receive. However, some households may still choose the standard due to the ease of the verification process. Work with households to ensure that they receive the most beneficial medical expense deduction for their situation.

Document in the case file the household's choice of actual medical expenses or the standard medical deduction. This is especially important in cases where the standard is chosen even though verification of actual expenses would entitle the household to more benefits.

Households may switch between using actual expenses or the standard medical deduction at any time. Although not required to report changes in medical expenses during the certification period, a household may report new medical expenses that would make them eligible for the standard or make the use of actual expenses more beneficial. When this happens, act on the changes.

1. Household A applies for SNAP on October 15. A disabled member of the household has medical expenses of \$33 per month. Since the expenses do not exceed \$35, no medical expense deduction is allowed.

In December, Household A calls and reports that the disabled member now has monthly prescriptions costs of \$50. As long as the household provides verification that the monthly expenses are at least \$35.01, the household can receive the standard medical deduction for the remainder of the certification period.
2. Household B applies for SNAP on December 10. A disabled member of the household has medical expenses of \$75 per month. Since the expenses exceed \$35, the household chooses to receive the standard medical deduction of \$140.

In February, Household B reports that the disabled member now has monthly medical expenses of \$235. If the household verifies this information, the household can receive a deduction for actual expenses of \$200 (\$235 - \$35) for the remainder of the certification period.

Allowable Medical Expenses

Legal reference: 7 CFR 273.9(d)

Allow the following medical expenses:

- Medicare premiums, Medicaid premiums, and any cost-sharing or spenddown expenses incurred by Medicaid members.
- Medical and dental care, including psychotherapy, rehabilitation services, and acupuncture provided by a licensed practitioner authorized by state law or another qualified health professional.
- Hospitalization or outpatient treatment, nursing care, and nursing home care provided by a facility recognized by the state.
- Prescription drugs when prescribed by a licensed practitioner authorized under state law. Use an average of anticipated cost, a per-dose method, or other reliable method to determine the cost of prescription drugs. Be sure to document the method you used in the case file.
- Mailing costs associated with the filling of prescriptions.
- Over-the-counter medication (including insulin and vitamins) that cannot be purchased with SNAP, when approved by a licensed practitioner or another qualified health professional.
- Medical supplies and prescribed equipment (including rental equipment).
- Dentures, hearing aids, and prosthetics.
- Eyeglasses prescribed by a physician skilled in eye disease or by an optometrist.

- Reasonable cost of transportation and lodging to get to and from medical treatment or services. This includes transportation to the dentist and to fill prescriptions, including eyeglass prescriptions.

If the person uses a car owned by a household member or a relative, allow the state employee reimbursement rate. Use the rate per mile that is in effect at the time of certification. If the amount changes during the certification period, change it at the next certification.

- Securing and maintaining service animals like a seeing-eye or hearing dog, including the cost of dog food and veterinarian bills.
- The cost of a medic alert or lifeline system.
- The cost of an attendant, homemaker, home health aide, or housekeeper, or of child care services that are necessary due to age, infirmity, or illness.

If the household furnishes the majority of the attendant's meals, also deduct an amount equal to the maximum SNAP allotment for one person. Allow the allotment that is in effect at the time of certification. If the maximum allotment changes during the certification period, do not update the deduction until the next certification.

Allow the client participation cost when a household has in-home health-care expenses. When a household has dependent care costs that could be either a medical deduction or a dependent care deduction, use it as a medical deduction.

- The cost of amplifiers and warning signals for handicapped people. Cost of typewriter equipment connected to the telephone for deaf people (like TDD). The cost of building a ramp for a wheelchair is also an allowable expense.
- Health and hospitalization insurance policy premiums. Do not deduct costs of:
 - Health and accident policies, such as those that pay lump-sum settlements for death or dismemberment; or
 - Income maintenance policies, like those that continue mortgage or loan payments while the beneficiary is disabled.

Some insurance policies pay a specific amount for each day in the hospital or make cash payments for each day that nursing home care or cancer treatment is needed. Allow premiums only if the insurance policy itself says that the policy's benefits are intended to cover medical expenses rather than normal living expenses. Medical expenses may include:

- Ambulance service,
 - Medically necessary nursing home care, or
 - Treatments for cancer or other illnesses.

Allow that part of the medical insurance premium assigned to all eligible elderly or disabled household members. If you cannot determine how much of the premium is for these members, prorate the total premium amount among all people covered. Exclude the amount for the members who are not elderly or disabled.

NOTE: Do **not** allow the cost of special diets (like Ensure, juices, or nutritional supplements), or the costs for payee services, as a medical expense.

Expenses in a Residential Care Facility

Legal reference: 7 CFR 273.9(d)

When a client lives in a residential care facility, determine if the facility can separate out the cost of allowable medical expenses. Allow housekeeping, attendant costs, etc., as a medical expense.

See [Shelter Expenses](#) to determine the shelter cost of a household living in a residential care facility.

Determining Medical Expenses

Legal reference: 7 CFR 273.9(d), 273.10(d)

At each certification, anticipate the amount of a household's monthly medical deduction that will be used for the entire certification period. Base the calculation on information about the member's medical condition, current verified medical expenses, and public or private medical insurance.

To determine how to handle an expense when calculating the monthly amount of the deduction, use the following methods.

- **One-time medical expenses.** Households with one-time expenses reported and verified during the certification period have an option. They can either use the expense once (for only one month), or average it forward over the months **remaining** in the certification period.
 - **Monthly medical expenses.** When the household has an arrangement for monthly installment payments, allow the expense as a deduction in the month when the payment is due. Payment arrangements do not have to be formal. Verify anything that is questionable.
 - Nonmonthly ongoing medical expenses.
- When a bill is sent (or is due) regularly, but less often than monthly, average it forward over the interval between billings.

- When a bill is not sent (or due) regularly, average the expense over the period of time the expense is intended to cover. This may be a longer period than the certification period.

If a household expects any reimbursement for medical expenses, allow the deduction only **after**:

- The household has received the reimbursement, or
- The anticipated amount of the reimbursement has been verified.

Start averaging in the month following the month when the expense was reported.

A household may report and verify one-time allowable expenses for a month during the certification period. Add these expenses to the averaged medical deduction. The household may either:

- Add the expense for one month, or
- Have these expenses averaged over the remaining months of the certification period.

If a one-time medical expense is billed in the last month or the next to the last month of a certification period and there is no time to allow the expense in that certification period, the expense can be averaged over the months of the new certification period provided there is not a break between the certification periods.

Mr. K is billed for a one-time medical expense on May 27. He reports the expense on June 2. June is the last month of his certification period.

Since there is not time to allow the expense for June, the worker allows the expense in the new certification period (provided Mr. K is recertified for July). Mr. K has the option of using the expense in July only or having it averaged over the new certification period.

The only other time a one-time medical expense may be allowed outside of the certification period is if the household has made an agreement with the provider to pay the bill in installments. This can only be allowed if the agreement was arranged at the time of the first billing, prior to the initial bill becoming past due.

Consider a medical expense billed through a charge account as a one-time medical expense. The expense is “billed” when the household receives the charge account statement. Do not allow charge account expenses, such as interest, as part of the medical expense.

Changes in Medical Expenses

Legal reference: 7 CFR 273.12(c)

Households do not have to report changes in medical expenses during the certification period. If a household voluntarily reports and verifies a change in medical expenses, recalculate the amount of the medical expense to allow the deduction.

Sometimes a source other than the household reports a change, as when changes are reported for Medically Needy cases. In these situations, act only if the information is available without contacting the household for verification.

Change the amount of the deduction effective the first of the next month after the change is verified.

Spenddown as a Medical Deduction

Legal reference: 7 CFR 273.10(d)

The following guidelines can help determine how to treat a Medically Needy spenddown:

- If the household has **not** consistently met spenddown, do **not** use the spenddown amount. Use only verified medical expenses, as you would for any other case.
- If the household has consistently **met** the spenddown amount in the past and this is expected to continue, use the monthly spenddown amount as the medical deduction.

The household may report and verify expenses that are not allowed to meet spenddown but are allowed for SNAP. For example, any over-the-counter medications (that are not used to meet spenddown) are allowed as a SNAP deduction if a physician prescribes them. In this case, add that amount to the spenddown amount.

Allow insurance premiums as a medical expense in addition to the spenddown amount in Medically Needy cases where premiums are subtracted from spenddown to determine the spenddown amount entered into the ABC system. Remember that the ABC system adds in the standard Medicare premium for SNAP medical expenses.

Shelter Expenses

Legal reference: 7 CFR 273.9(d)(6)

Households receive a deduction for monthly shelter costs that are more than 50% of their income after all other deductions. The maximum monthly shelter deduction, including utilities, is \$712 for households that do not include an elderly or disabled member. If a household includes an elderly or disabled member, there is no maximum amount.

The Automated Benefit Calculation (ABC) system allows the appropriate shelter deduction based on coding entered on the TD02 screen, SNAP TEST field. Enter code "N" if the household includes at least one elderly or disabled member. When code "N" is entered, ABC does not limit the amount of monthly shelter deduction.

See [7-I, *Income and Deductions of Ineligible Household Members*](#) for how to treat shelter costs for households whose only elderly or disabled person is an ineligible member. When a client is living in a residential care facility and the facility can separate out the charges for room cost, allow this cost as a shelter expense. If the facility cannot separate out the room cost, subtract the maximum SNAP allotment from the facility's total monthly charge for that household. Allow the difference as the household's monthly shelter cost.

If a shelter expense is covered by reimbursement or vendor payment that is excluded as income, do not allow the expense as a shelter deduction. If the reimbursement or vendor payment excluded as income is only for a portion of the shelter expense, allow the portion not covered by the payment as a shelter expense.

The following sections discuss allowable shelter deductions related to maintaining the dwelling. This includes information on the homeless standard deduction, available to households in which all members are homeless. (The utility component of shelter costs is discussed under [Standard Utility Allowances](#).) They include:

- [Tax and insurance costs.](#)
- [Rent, mortgages, and continuing charges.](#)
- [Condominium or association fees.](#)
- [Repair or replacement costs.](#)
- [Shelter costs for two residences.](#)
- [Costs of an unoccupied home.](#)
- [Separate costs for a shared living arrangement.](#)
- [Homeless standard deduction](#)

See [7-I, *Self-Employed Households: Deductions*](#) for information on shelter deductions for self-employed households.

Taxes and Insurance

Legal reference: 7 CFR 273.9(d)(6)

Deduct property taxes and state and local assessments.

Allow the cost of insurance on the structure itself, if the insurance policy separates the costs of the structure from its contents. This includes things such as fire and flood insurance. If the insurance policy does not separate these costs, allow the entire amount. Do **not** allow renters insurance or liability insurance as a deduction, as these do not insure the **structure**.

When insurance, property taxes, and any other allowable expenses are separately itemized as part of closing costs, allow the expenses as a shelter cost.

Allow service charges such as a fee added to bills for monthly billing of an expense like insurance as a deduction. Do **not** allow late fees as a deduction.

Rent, Mortgage, and Continuing Charges

Legal reference: 7 CFR 273.9(d)(6)

Deduct the costs of rent or mortgage and other continuing charges that lead to the ownership of the dwelling occupied by the household. This includes:

- Both first and second mortgages.
- Payments to buy a mobile home in which the household lives.
- The interest on these payments.
- Fees **included** in rent for expenses like furniture, garage, and storage.

Do not allow:

- A “mechanic’s lien” or similar lien as a shelter deduction.
- Costs due to discounts for early payment or late fees as a shelter cost.
- Down payments on the purchase of a home as a shelter deduction.
- Any Housing and Urban Development (HUD) or similar program charges added to the rent to recoup for prior overpayments as a shelter deduction.
- Identifiable fees charged in addition to rent for things such as a garage or pets, unless mandatory to live there.

To decide if an additional fee is an allowable deduction, determine whether the tenant is able to rent the dwelling without paying the extra fee. If the person cannot live there without paying the charge/fee, it is allowable.

1. Britta, who has a pet dog, rents a house. Base rent is \$850 and the landlord allows pets, but you must pay an additional \$50 if you have one. This is clearly spelled out in the lease. Even though Britta pays \$900 to her landlord each month, she is only entitled to a deduction for \$850. She is not allowed a deduction for the \$50 she is charged for choosing to have a dog.
2. Abed reports rent of \$785. The lease specifies that rent is \$700 plus \$50 for a garage, which is optional. He also pays an additional \$35 mandatory service fee charged to all tenants to cover incidental costs, such as light bulbs in the hallways or damage to the common areas.

Even though the \$35 is a separate fee that is specified in the lease, Abed cannot rent the apartment without agreeing to pay this fee. This is allowable. However, because the garage is optional and he could rent the apartment without it, the \$50 he spends on that is not allowable. Abed is allowed a shelter deduction of \$735.
3. Troy has a lease verifying monthly rent is \$450, but “discounted” to \$425 if paid by the 5th of the month. While it appears to be a perk for paying early, this is just another way of saying rent is \$425 and a \$25 late fee will be assessed if not paid by the 5th. Allow Troy a shelter deduction of \$425.
4. Annie rents an apartment for \$660 per month. When you receive the lease, you see that the rent is broken down as \$600 for rent and \$60 for her garage. However, the lease shows that every unit comes with a garage and tenants do not have the choice to decline it. Even though the landlord breaks down the charges, she has no choice and must pay the full \$660 in order to live there. Allow \$660 as a deduction.

In addition, she pays \$360 annually to her insurance carrier for renters insurance. She is not allowed a deduction for that charge, as it does not lead to her ability to rent this dwelling.

Condominium or Association Fees

Legal reference: 7 CFR 273.9(d)(6)

Deduct the cost of condominium or association fees.

Repair Costs

Legal reference: 7 CFR 273.9(d)(6)

Do **not** allow repair or replacement costs, unless they resulted from a natural disaster such as fire or flood.

Allow a deduction for the costs of repairing a home that was substantially damaged or destroyed due to a natural disaster, such as a fire or flood. Allow only the costs that will **not** be reimbursed. Do **not** allow a deduction for any of these costs that have been or will be reimbursed from any source.

Shelter Costs for Two Residences

Legal reference: 7 CFR 273.9(d)(6)

When a person who is away due to employment or training chooses to be part of the household in the main home, allow shelter costs of both residences.

When the person who is away chooses to be a separate household, allow that person a deduction for shelter costs for both residences when:

- That person is paying the costs or is responsible but has not paid, and
- The occupants of the main home do not claim those costs for SNAP purposes.

EXCEPTIONS: Allow only one standard utility allowance to cover both residences.

If a household moves in the middle of a month and has shelter expenses for two residences, allow the costs of both residences only for the month of the move. If a household claims utility expenses of two residences due to a move, allow the highest applicable utility standard for the expenses at either home.

Mr. R moves in the middle of the month and provides information for the shelter and utility expenses at both his old and new residences. He is responsible for \$500 rent for the old residence and \$275 half month's rent at the new residence. Mr. R is responsible to pay his heat expense at the old residence and phone only at the new residence.

For the month of the move, Mr. R receives \$775 as a rent expense and the big standard utility allowance of the old residence. For the month after the move, Mr. R receives \$550 full month's rent for the new address and the phone standard.

Unoccupied Shelter Costs

Legal reference: 7 CFR 273.9(d)(6)

Deduct the shelter costs of an unoccupied home if all of the following criteria are met:

- The home is temporarily unoccupied by the household because of:
 - Work or training away from home, or
 - Illness, or
 - A disaster or casualty loss.

- No one else living there is claiming shelter costs for SNAP purposes.
- The household plans to return to the home.
- The home is not leased or rented during the household's absence.

If a household claims expenses for an unoccupied home and a current home, allow the highest applicable utility standard for the expenses at either home.

Shared Living Arrangements

Legal reference: 7 CFR 273.9(d)(6)

When separate SNAP households share rent, and one household gives its share of the rent to the other who then pays the landlord, give each household a deduction for its part of the rent. Do not count the pass-through rent payment as income unless the payment is more than the full rent charged for the residence. Any excess would be considered unearned income to the household receiving the payment.

Aaron and Ben share rent and are two different SNAP households. Total rent is \$500, each pays \$250 and each gets a \$250 shelter deduction.

Aaron gives Ben his \$250 to turn in to the landlord for him. Aaron's \$250 is not countable as income to Ben.

Homeless Standard Deduction

Legal reference: 7 CFR 273.9(d)(6)(i)

A household in which all members are homeless, as defined in [7-A](#), is eligible for a homeless standard deduction. A household is not entitled to this deduction if they are receiving free shelter throughout the month. To be eligible for the homeless standard, the household must be responsible for shelter or utility expenses related to their current living arrangement. A household that chooses the homeless standard deduction:

- Is not required to verify their shelter-related expenses
- Is not also eligible to receive a shelter or utility deduction

The homeless standard deduction is \$190.30. The homeless standard is treated differently than a shelter expense deduction when calculating benefits. It is a standard amount directly deducted from net income, unlike shelter and utility deductions which are only realized if costs exceed 50% of net income. See [7-F, Net Income Limit](#).

Homeless households that have qualifying shelter expenses must be made aware of their option to choose between the standard deduction and actual shelter expenses.

Remember that they cannot receive a shelter or utility deduction if opting to use the homeless standard.

Work with the household to determine which option is most beneficial. In some situations, this may require you to run a SPAD if the answer is not clear. However, some homeless households may choose the standard simply to ease the verification requirements. Document the household's choice in the case file.

NOTE: There is no expectation that you ask clients if they consider themselves homeless. The homeless standard only needs to be discussed if the household has indicated homelessness.

Remember that if a household chooses to use actual expenses, verification is required in order to get the deduction. If you document that they chose actual expenses, but they fail to provide the requested verification, they do not receive a deduction and they do not get the homeless standard. If they later contact you and want the homeless standard, document the change and allow the homeless standard following normal guidelines for acting on changes.

1. Tim is homeless and stays at a shelter at no charge, but does have a cell phone. He would be paying his own cell phone regardless of where he was living, so this is not an expense of staying at the shelter. Therefore, he is not entitled to the homeless standard deduction. If verification of his telephone expense is provided, he should be coded to receive the telephone standard.
2. Mary is homeless and pays \$50 per month to pitch a tent at a campsite. She also pays for her own phone. She could either claim actual shelter expenses of \$50 and the phone standard or choose to get the homeless standard deduction. Explain the options to her.

Since the homeless standard is greater than her actual expenses, the standard is the most beneficial. Mary chooses the homeless standard, so no further verification is required. Document the case with her choice and allow the homeless standard.

3. Bob is homeless and stays with friends. They charge him \$150 per month but he also has his own phone. Depending on how much income he has, it appears the homeless standard would likely be most beneficial to him since it is a straight deduction. If you are unsure, complete a SPAD.

After having the options explained, Bob chooses to receive the standard deduction. No further verification is required. Document the case with his choice and allow the homeless standard.

4. Julie is homeless and stays with friends. They do not charge her any rent, but she must pay half of the utility bill (including heat). Since this is an expense of residing with her friends, she is entitled to choose between the homeless standard or the big SUA. Julie has some income, and SPAD shows that use of the big SUA as a utility deduction would result in slightly higher benefits than the homeless standard. Julie states she wants to use actual expenses, so you request verification of the utilities she is responsible for.

Julie does not return the verification of the utility expense by the due date. Therefore, no utility deduction is allowed. In addition, since she **chose** to use actual, she is not entitled to the homeless standard.

Two weeks later, Julie contacts you and says she was not able to get verification of the utility expense and she would rather get the homeless standard. Document this change in the case and allow the homeless standard starting with the next benefit month.

5. Rick is homeless and stays with friends. They charge him \$50 to stay on their couch. He does not have a phone or pay any utilities. Since the homeless shelter deduction is larger than his actual expenses, explain this option to him. Assuming he wants to use the standard, no further verification of his shelter costs is required. Document the case with his choice and allow the homeless standard.

REMINDER: A homeless person who is temporarily residing in the home of another person is only considered homeless for the first 90 days. After living with someone for more than 90 days, it is no longer considered temporary and therefore the person is not homeless ([7-A](#)). When processing an application for someone who is staying with friends, you will need to clarify that they have been there less than 90 days before allowing the homeless standard deduction. Households are not required to report address changes. However, if the situation has not changed at the next certification, the household would no longer qualify for the homeless standard deduction.

Standard Deduction

Legal reference: 7 CFR 273.9(d)(1)

Allow a standard deduction for the applicable household size by using the following chart:

Household Size	Standard Deduction
1	\$204
2	\$204
3	\$204
4	\$217
5	\$254
6+	\$291

Standard Utility Allowances

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(234)

Households who are responsible for utility expenses are eligible for a standard utility allowance. EXCEPTION: Households choosing the homeless standard deduction are not entitled to a utility allowance. There are three standard utility allowances:

- The “big” standard utility allowance (with heating or air conditioning).
- The “little” standard utility allowance (no heating or air conditioning).
- The telephone standard utility allowance.

Any one household can have only one standard utility allowance. Households may have their utility bills placed under non-household members’ names for a variety of reasons. Allow these bills as an expense to the SNAP household as long as the household verifies that it is responsible for the bills.

The following sections explain:

- [Big standard utility allowance](#)
- [Little standard utility allowance](#)
- [Telephone standard utility allowance](#)

For handling utility expenses of ineligible members, see [7-I, Deductions](#).

Big Standard Utility Allowance

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(1)

The big standard utility allowance is \$539 per month, per household. A household can get the big standard utility allowance when the household:

- Is responsible for paying any portion of the heat or air-conditioning costs either directly to the utility provider, to a landlord, or to someone with whom the household shares these expenses (including excess or flat fees for these costs);
or
- Receives energy assistance payments through the Low Income Home Energy Assistance Program (LIHEAP), such as the Affordable Heating Program, or
- Incurs costs during the certification period above those reimbursed by energy assistance programs other than LIHEAP.

Use this allowance for the entire year if the household is entitled to it.

A **heating** expense is the cost of fuel from the primary heating source the household normally uses. The cost of electricity used to operate a furnace fan is not a heating expense. When the household uses wood as its primary heating source, consider it a heating expense only if the household has to pay a third party for the wood. Do not allow a deduction for the costs of equipment to cut the wood.

Air conditioning costs are the cost for operating either a central air conditioning system or a room air conditioner.

If the household's rent includes utility expenses and the household gets LIHEAP, allow the full amount of the rent in addition to the big standard.

The following sections explain how to determine:

- [Receipt of LIHEAP](#)
- [Reimbursement from other energy assistance programs](#)

Determining Receipt of LIHEAP

Legal reference: 7 CFR 273.9(d)(6)

LIHEAP payments for each year are issued between October and the following September. If the household is certified before October, and the household got a LIHEAP payment at its current address for the year, allow the household the heating or air conditioning standard because the household received LIHEAP.

If the household is certified after October and before it receives LIHEAP for the new year, determine if the household got LIHEAP in the previous October-through-September period. If the household did, and if it plans to apply for LIHEAP at the same address again this year, consider it as receiving LIHEAP, and allow the heating or air conditioning standard.

If the household moved, previously received LIHEAP at its old address, and anticipates receiving LIHEAP at its new address, allow the standard allowance based on anticipated receipt of LIHEAP.

Reimbursements from Other Energy Assistance Programs

Legal reference: 7 CFR 273.9(d)(6)

Energy assistance payments cover the period October through September of each year. If the household received reimbursements from energy assistance programs other than LIHEAP:

1. Decide if the household's utility costs were more than the reimbursement.
2. Divide the payment received (October through September) by 12.

3. Compare the results with the actual utility costs the household had for each month throughout that same October-through-September period.

If the actual costs exceeded the prorated amount of payment in any of those months, the household is eligible for the standard utility allowance.

Little Standard Utility Allowance

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(5)

The little standard utility allowance is \$284 per month, per household.

A household can get the little standard utility allowance when it is responsible for paying any portion of the following utility costs either directly to the utility provider, to a landlord, or to someone with whom the household shares these expenses:

- Water
- Sewer
- Electricity for other than heating or air-conditioning
- Cooking fuel
- Garbage disposal

This includes excess or flat fees for these costs. Use this allowance for the entire year if the household is entitled to it.

Telephone Standard Utility Allowance

Legal reference: 7 CFR 273.9(d), 441 IAC 65.8(3)

The telephone standard utility allowance is \$35 per month, per household.

A household can get the telephone standard utility allowance when it is responsible for any portion of the basic service fee for a telephone (including cellular phone) and it is the household's only utility expense. The telephone expense is already included in the other standard utility allowances.

For cellular phones, the cost is deductible whether the household pays a monthly fee or buys a prepaid card with a certain dollar value or number of minutes.