

## Effect of Family Support Subsidy

### On federal income tax:

The Internal Revenue Service gave an Advisory Opinion on December 1, 1989, on the income received through the Family Support Subsidy program. According to the opinion, the subsidy is not taxable for federal income tax purposes, to the extent that it does not exceed actual expenses incurred for the care of the family member.

### On Family Investment Program (FIP):

If you receive FIP payments (formerly known as ADC), the subsidy should not affect your eligibility, provided you do not use the subsidy for your basic needs. Basic needs include:

- ◆ Shelter
- ◆ Utilities
- ◆ Household supplies
- ◆ Food
- ◆ Clothing
- ◆ Personal care and supplies
- ◆ Medicine chest items
- ◆ Bus fares
- ◆ Telephone
- ◆ Newspapers and magazines

You also may not use the subsidy for FIP special needs, including school expenses and guardianship or conservator fees. If you have questions regarding your FIP benefits, talk to your income maintenance worker.

### On Supplemental Security Income (SSI):

SSI policy considers the subsidy a state payment of assistance based on need. Since there is an income limit for subsidy, eligibility, it is our understanding that the subsidy would not be counted in determining income eligibility. If you have questions regarding this, contact the Social Security Administration office.

### On U.S. Department of Housing and Urban Development (HUD), Section 8:

It is our understanding that HUD will not consider the subsidy as income when determining participation in the Section 8 program.

### On Food Assistance:

At the present time, subsidy payments are considered income for Food Assistance. If you have questions regarding your Food Assistance, talk to your income maintenance worker.

### On Medicaid and Medicaid-funded waivers:

Being on the subsidy program does not affect your eligibility for Medicaid and Medicaid-funded waivers (such as the home- and community-based waivers).

### Others:

You may apply for other services or programs that require income verification. If you would like them not to consider your subsidy payment, please contact: Family Support Subsidy, Division of Child and Family Services, 1305 E Walnut Street, Des Moines, IA 50319-0114. The Division will provide information to the service or program and request that the subsidy payment not be considered as income.