

# Part 3

## Financial Eligibility

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### 41 What is financial eligibility?

You must be financially eligible to get food stamp/SNAP benefits. That means your *countable gross income* must be within the program limits for your family size. After certain allowable deductions, a portion of your *countable net income* is compared to the maximum food stamp/SNAP allotment for your household. Your monthly benefits are determined based on subtracting a portion of your net countable income (30%) from the maximum monthly allotment. Note that as of June 2008, there is no asset test in Massachusetts for *most* households

The financial eligibility rules are confusing, but the overarching goal is to determine how much money your household has for food compared with how much the federal government feels you need to eat. Food Stamp/SNAP benefits are designed to make up the difference between your “net income” and what you need to buy food. It’s important to understand these rules if you need to advocate for yourself or help others to get the nutrition benefits they are entitled to receive.

The basic math is if you meet the food stamp/SNAP program financial tests, the amount of your monthly benefits is figured by subtracting 30 percent of your net countable income—after allowable deductions—from the maximum food stamp/SNAP benefit amount for your household size. The following questions walk you through the financial rules step-by-step.

#### **Advocacy Reminder:**

- ✓ You can get a good idea whether you are eligible for food stamp/SNAP benefits by using Project Bread’s food stamp/SNAP calculator, available at [www.gettingfoodstamps.org](http://www.gettingfoodstamps.org). A different type of calculator that uses an Excel spreadsheet is available at <http://www.masslegalservices.org/SNAPCalculator> This is useful for

quick calculations if you know the basic eligibility rules. A simple one-page Food Stamp/SNAP Worksheet is also included in this Guide in **Appendix A**.

These tools may be helpful but they do not address many eligibility issues so it is still important for advocates to *know the rules!*

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## 42 When do assets count?

There is no asset requirement for *most* food stamp/SNAP households. In June 2008, Massachusetts elected a federal option to eliminate the asset test for most households. 106 C.M.R. §§ 363.110 and 365.180.

However, there are *four* situations when DTA may ask about your assets:

- **Expedited benefits:** If you need food stamp/SNAP benefits quickly, you qualify only if you have less than \$150 in countable income and less than \$100 in *liquid assets*, or your shelter costs exceed your income and liquid assets. Liquid assets means cash on hand, money in the bank. 106 C.M.R. §363.100. So, if you have more than \$100 in the bank or in cash, you can probably still get food stamp/SNAP benefits, but not right away.
- **Elder/disabled households with gross income above 200% federal poverty level:** If you are age 60 or older, or disabled and your gross income exceeds this level, DTA will ask about your assets before determining your eligibility. To qualify in this situation, your assets must be below \$3,000. Assets include bank accounts, stocks, bonds, real estate other than your home, etc. It does not include tax-deferred retirement accounts, your home or land it sits upon, a car and other excluded items. See 106 C.M.R. § 363.130 for a full list of which assets are counted and 106 C.M.R. § 363.140 for a list of those non-countable.
- **Income you earn from your assets, like interest payments:** Even though there is no asset rule in the food stamp/SNAP program, any income you receive from an asset does count as income. Just like for federal and state taxes, interest earned on savings and dividends you receive both count as income for food stamp/SNAP benefits. 106 C.M.R. § 363.220(B)(5). If interest is paid quarterly or annually, DTA will average it out over the three, or twelve, months. 106 C.M.R. §

364.340. DTA may ask for bank statements, tax filings or other proof of the amount of interest or dividends you receive.

- **If you are disqualified due to a sanction:** Your assets count if your food stamp/SNAP household includes a member disqualified for one of the following reasons:
  - Intentional program violation (fraud) at 106 C.M.R. § 367.800,
  - Failure to comply with the work program rules at 106 C.M.R. § 362.320, *or*
  - Failure to comply with the TAFDC monthly reporting rules at 106 C.M.R. § 366.110(D).

If your household includes a disqualified household member, you are also subject to the \$2,000 asset limit. The asset limit is \$3,000 if your household contains an elder or disabled individual. Once the household member is back in compliance with the work or reporting rules (or the IPV sanction period has ended), the regular financial rules apply.

***Additional Policy Guidance on Assets:*** • Instructions on how to explain to elders and other households why interest income and other income from assets counts (e.g., annuities, dividends, pension payments); verification of dividend payment or assets can include tax returns; requirement to assist with verifications. Transitions Hotline Q&A (May 2009) • DTA policy guidance on expanded categorical eligibility rules and treatment of sanctioned household members; once household complies with sanction or violation, categorical eligibility rules apply. Field Operations Memo 2008-27 (May 30, 2008).

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## 43 What if I own a car?

In general, there is no asset limit for most food stamp/SNAP households. And even if you are one of the few food stamp/SNAP applicants subject to the asset limit, vehicles are *no longer a countable asset*. This includes licensed and unlicensed vehicles such as cars, trucks, vans, motorcycles, and boats. 106 C.M.R. § 363.140(D).

### ***Advocacy Reminder:***

- ✓ If you own a car and you have child care expenses, you can claim as a dependent care deduction the mileage for transporting your children to

and from care. See **Question 55**. If you are age 60 or over, or disabled, and you use your car to go to medical appointments or the pharmacy, you can also claim the mileage for these trips. See **Question 53**.

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# 44

## What income is not counted?

DTA looks at total monthly income to decide if you are eligible for food stamp/SNAP benefits and how much you will get—but not all income counts. DTA is supposed to calculate your income based on what you anticipate receiving in the future.

The following items are examples of income that *do not* count:

- VISTA, Youthbuild, and AmeriCorps allowances, earnings, or payments.
- Lump sum payments – such as inheritances, tax credits, damage awards, one time severance pay, or other *one-time* payments).
- Reimbursements – such as money you get to pay you back for expenses including such as training-related expenses).
- Senior Community Service Employment Program (SCSEP) stipends paid to older workers doing part time community service work.
- Anything you do not get as cash – such as free housing or food, or money that is paid directly to a landlord or utility company made by a relative, friend or agency that has no legal obligation to do so.
- Cash contributions given to you that provide for *part* of your housing, food or other needs that are paid by a person or agency that has no legal obligation to do so.
- Veterans Services (M.G.L. c 115) payments made by vendor payment directly to your landlord or utility company.
- Money earned by a child under age 18 who is attending high school or elementary school at least half-time, provided the child lives with a parent or other responsible adult.

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- Up to \$30 per household member in a three-month period that is not regular (such as money from odd jobs).
- Up to \$300 in a three-month period from private charities.
- Federal educational assistance including grants, loans, and work-study (See **Question 34**).
- Other educational grants and scholarships that are for education costs and not earmarked or intended for current living expenses.
- Loans from private individuals and financial institutions, including loans on the equity of a home (reverse mortgages).
- The first \$130 per month in training stipends.
- One-time payments, such as tax refunds, state and federal earned income tax credits (EITC), insurance settlements, and back benefits from other programs.
- Additional pay received by the household for a family member who is in the United States Armed forces and deployed in a combat zone.
- Legally obligated child support payments that you pay for a child who is living outside the home and not part of your food stamp/SNAP household (these payments are not counted for the gross income test nor calculating the benefit level).

These are just examples. Check the regulations for a complete list. 106 C.M.R. §§ 363.220(C), 363.230.

#### ***Advocacy Reminders:***

- ✓ You do not need to verify income that is considered non-countable or excluded unless the information you provide is inconsistent or questionable. 106 C.M.R. §§ 361.610(A), 363.210(D).
- ✓ Receipt of non-countable income may still qualify you for semi-annual reporting (versus change reporting) since the regulations require DTA to approve semi-annual reporting unless household receives self-employment or a household member is on TAFDC monthly reporting or elder/disabled with no earnings. 106 C.M.R. §§ 366.110(C)(1). See **Questions 72 and 73**.
- ✓ Carefully check any overpayment allegations that may involve unreported income that turns out to be non-countable income. Wage match hits with the Department of Revenue do not consistently sift

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wages or other income that is in fact non-countable income for food stamp/SNAP purposes.

- ✓ Federal and state tax refunds (excluding earned income tax credits) and other lump sums of money such as lottery winnings, insurance settlements, and back benefits from other programs do *not* count as income. 106 C.M.R. §§ 363.130(E), 363.230(I), 363.140(G)(6).
- ✓ Unlike TAFDC and EAEDC, the food stamp/SNAP program does not count lump sum payments as income. For the very few food stamp/SNAP households subject to the asset limits, some lump sum payments count as assets in the month received and are considered countable assets in later months if you still have the money. 106 C.M.R. § 363.230(I).
- ✓ Remember: Some employers don't pay for benefits such as medical coverage or child care assistance directly. Instead, they give employees "credits" or "flex credits" that can be used to pay for these types of benefits. Although these "credits" may appear on pay stubs as income, they should be treated as *non-countable income* so long as you do not have the option of taking the credits as cash.

#### ***Additional Policy Guidance on Non-countable Income:*** •

Earnings received under SCSEP or the National Senior Network, Inc are not countable income. Transitions Hotline Q&A (April 2010) • ARRA-funded and WIA-funded earnings are non-countable. Transitions Hotline Q&A (March 2010) • Amount of voucher paid to households participating in Section 8 Homeownership Program not countable as income nor can amount be claimed as shelter costs. Transitions FYI (March 2010) • State Veterans Services payments (M.G.L. Ch. 115 benefits) paid *directly* to a landlord or utility company is a non-countable vendor payment. F.O, Memo 2009-13 (Feb. 27, 2009) • A one-time severance payment is a non-recurring lump sum and does not count for food stamp/SNAP purposes, but recurring severance payments are countable income. Transitions Hotline Q&A (Aug. 2009) • Non-recurring lump sums are non-countable income for food stamp/SNAP purposes. Transitions Hotline Q&A (May 2010, Feb. 2008) • Earnings or other income of ineligible college student (who is considered a non-household member) does not count in determining income of rest of household, but does count if student ends up meeting student eligibility rules. Transitions Hotline Q&A (July 2009) • Interest on assets and dividends is countable income. Transitions Hotline Q&A (May 2009) • Flexible credits provided by employers that are used for benefits such as health insurance and cannot be taken as cash are non-countable as income; DTA workers instructed to check pay stubs to identify non-countable flex-credits. Transitions Hotline FYI (Feb. 2006) and Transitions Hotline Q&A (Jan. 2006) • Payments from "reverse mortgage" is a loan and not countable income. Transitions Hotline Q&A (April 2007) • Tax deduction on Unemployment Insurance payment is not excluded under food stamp/SNAP rules. Transitions Hotline Q&A (Dec. 2008) • Foster grandparent income not countable for food stamps/SNAP. Transitions FYI (Jan.

2005) • Payments by relative directly to landlord for rent are not countable income. Transitions Hotline Q&A, (May 2004) • Social Security received by household for child residing in institution is not countable if money is used for the care and maintenance of the institutionalized child. Transitions Hotline Q&A (June 2000).

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## 45 What is earned income?

The food stamp/SNAP rules treat income as either earned or unearned. 106 C.M.R. § 363.220. Most earned income is counted for food stamp/SNAP purposes. Unlike unearned income, you are allowed a 20 percent earned income deduction from your gross earnings. See **Question 52**.

### Earned income includes

- Gross earnings from wages and salaries, including earnings diverted or garnished by an employer for a specific expense. 106 C.M.R. § 363.220(A). Money that is paid directly to your landlord for rent on top of your regular wages is excluded as a vendor payment. 106 C.M.R. § 363.220(C).
- Gross earnings from self-employment, after allowable business expenses, but before any income taxes or FICA. See **Question 46**.
- Income from boarders (persons who get a room and meals from you) less than the cost of doing business, provided the boarder is not part of the food stamp/SNAP household. 106 C.M.R. § 365.200. See **Question 32** on calculating boarder payments.
- Income from rental property minus business expenses, provided a household member manages the property for at least 20 hours per week. 106 C.M.R. § 365.930(A). If managed for less than 20 hours per week, it is considered unearned income. See **Question 47**.

**Note:** *Gross income* is weekly or monthly income *before* taxes, FICA or other mandatory payroll deductions. Gross income does not include the value of employee “credits” for employee benefits such as health insurance, credits that cannot be taken as cash by the employee. See **Question 44**. However, do not include payments for legally obligated child support in determining a household’s gross income. 106 CMR 363. § 230(O). See **Question 54** on how child support payments are handled.

***Additional Policy Guidance on Earned Income:*** • Missing wage information and date of termination from work can often be verified through an internet-based employee verification system, called “The Work Number,” a service used by many large company employers; detailed guidance to DTA workers on what information is available and how to access client information through The Work Number. F.O. Memo 2007-3 (Jan. 31, 2007) • Earnings of a child in school at least half-time *not* countable (rules less favorable than TAFDC). Transitions Hotline Q&A (Aug. 2003) • School employees who receive salaries over a ten-month period have income averaged over 12-month period if employee works under a renewable annual contract. Transitions Hotline Q&A (May 2002) • Short-term disability payments are treated as earned income (20% earnings deduction applies) if the payee is still considered an employee, intends to return to work, and the payments are made out of company funds versus an insurance company. Transitions Hotline Q&A (Sept. 1998).

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## 46 How is self-employment income counted?

Self-employment income is calculated by subtracting the cost of doing business from the gross income or “profit” from the business, but before FICA or income taxes. Self-employment income can come from a private enterprise as well as private contracting or sub-contracting work where you provide services for a government or private agency, such as a home-based day care. Identifying all your business expenses can make a big difference in lowering your countable income for food stamp/SNAP purposes.

### **Examples of self-employment business expenses include**

- rent and utilities you pay for your business space (including a portion of the costs of your home if you have an at-home business);
- rental of equipment (such as a taxi, tractor, boat, beauty salon equipment);
- costs of supplies, such as food or toys provided in a day care setting, cleaning supplies for housekeeping, products for a beauty salon, etc.;
- wages you pay to other employees;
- stock or inventory;
- raw materials used to make a product, including seed and fertilizer;
- mortgage (including the principal), interest, and taxes paid on income-producing property;

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- advertisement costs;
- repairs and replacement of equipment,
- legal and accounting fees, licenses (such as a day care license) and permits to operate the business;
- phones, computers, postage meters, paper and other business supplies.

See 106 C.M.R. § 365.940. If these expenses are verified, DTA will allow them as part of the costs of doing business in calculating your countable gross income before the 20% earned income deduction.

**Example:** June sells cosmetics from her home. She buys the product from the manufacturer and then sells it to her customers. She can deduct the amount that she paid for the cosmetics and her costs of reaching customers (phone, mailing costs, internet website) from any income that she earns from selling the cosmetics.

**Example:** Sarah provides day care in her own home. Because she has young children inside most of the day, she pays more for oil and electricity to heat her home than she would otherwise use. Sarah also buys food for snacks and diapers, and pays a day care license. A portion of her heat/utility costs can be claimed as a business expense, as well as the cost of snacks, and other supplies for her business.

You can also claim business expenses that you incurred *before* you applied for food stamp/SNAP benefits. 106 C.M.R. § 365.030(B). However, you cannot claim net losses on your business or the money you set aside for income tax or retirement funds (which expenses are considered part of the 20% earnings disregard). 106 C.M.R. § 365.950.

If you have rental income, this is treated as unearned income unless you spend least 20 hours a week managing the property. 106 C.M.R. §§ 363.220(B)(5), 365.930(A). See **Question 47** on how to calculate net rental income as unearned income.

### **Averaging self-employment income**

Self-employment is usually averaged over a 12-month period *unless* the income is intended for a shorter period (e.g., summer income), or you tell your worker you wish to have it cover a shorter period of time because of anticipated changes. 106 C.M.R. §§ 364.340(B), 365.960. If you report that there has been a major change in your self-employment for the current year, DTA should not use the prior year tax returns.

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After DTA determines your pre-tax “gross” monthly self-employment income after business expenses, DTA deducts 20% of that gross as an earnings disregard—just like if you had regular wages or employment. 106 C.M.R. § 364.400(B).

**Example:** Millie earned \$10,000 last year, after expenses, from her taxi service. Millie does not expect this income to change this year. DTA will average this \$10,000 over 12 months to get a monthly figure of \$833 per month “gross” income. DTA then subtracts 20% earnings disregard from this gross figure, which reduces her earned income to \$667 per month (and then other deductions apply).

### Reporting changes for self-employment households

Self-employed households are usually put on “change reporting” because the income is often unsteady and fluctuates. 106 C.M.R. § 366.110(C)(1)(e). See also **Question 75**. This does not require you to report every change constantly, but to report changes that will affect the amount DTA has averaged as income for your certification period. So, if you experience an unusual or unanticipated change in business net income or expenses, you need to report this right away to DTA.

### ***Advocacy Reminder:***

- ✓ If you are self-employed or have an income source that is difficult to verify, DTA must assist you with getting verification. If usual verification is not available, you can verify your income “based on the best information available,” such as a self-declaration of your income. 106 C.M.R. § 363.210(G).
- ✓ If your current self-employment income is less than what you made during the most recent period you filed taxes, you have the right to submit more recent information on your business income and expenses.

***Additional Policy Guidance on Self-Employment Income:*** • No requirement to use most recent tax returns if they do not reflect a current or accurate picture of anticipated income; other proof of business income and expenses acceptable. Transitions Hotline Q&A (Nov. 2010) • Self-employed households can be certified for 12 months but are on “change reporting”; proof of self-employment income can include most recent federal tax return (Schedule C) or a copy of business records for past three months. F.O. Memo 2009-31 (May 27, 2009) and F.O. Memo 2008-14 (March 19, 2008).

## 47

**What is unearned income?**

The food stamp/SNAP rules count most unearned income in calculating your benefits. 106 C.M.R. § 363.220(B). In calculating countable income, unearned income does not receive the 20% earned income disregard.

**Unearned income includes**

- Cash assistance from the TAFDC, EAEDC (Emergency Aid for Elders, Disabled and Children), Social Security and SSI (Supplemental Security Income) programs. 106 C.M.R. § 363.220(B)(1).
- Cash benefits based on past earnings or service, including Unemployment Insurance, Workers Compensation, state and federal Veteran’s benefits, and other pension benefits. 106 C.M.R. § 363.220(B)(2). Even though some income sources are based on your past earnings record, they are treated as unearned income because you are not working at the time you receive them.
- Cash entitlement benefits diverted to a landlord or other third party for vendor payments. 106 C.M.R. §§ 363.220(C)(2), (C)(3).
- Foster care payments received for an individual included in the food stamp/SNAP household. These payments are not countable if you opt out this individual from the household. 106 C.M.R. §§ 361.240(F). 363.220(B)(2). See **Question 17**.
- Income from trusts, alimony and child support payments paid directly to you. Child support payments made to TAFDC recipients that are supposed to be assigned to the Department of Revenue (DOR) are not countable even if received by the TAFDC household. 106 C.M.R. §§ 363.220(B)(3), (C)(6).
- Interest payments, dividends, royalties paid from your assets, or other direct money payments. 106 C.M.R. § 363.220(B)(4). These monies still count as income, even though the assets themselves do not count.
- State and private post-secondary educational loans, grants, scholarships that can be used for current living expenses (all federal educational monies are non-countable). 106 C.M.R. § 363.230(D). See **Question 44**. State or private funded work-study is countable *earned* income (to the extent it is available for living expenses). 106 C.M.R. § 363.220(A)(3).

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- Cash assistance income deducted from the grant of a TAFDC, EAEDC or SSI household member who has been sanctioned or has an overpayment because of an *intentional failure to comply with requirements* of these programs. See **Question 49**.

#### Rental income

The net amount of income you receive *after* the costs of home ownership or lease of a building is countable unearned income. It is earned income only if you spend more than 20 hours a week managing property. 106 C.M.R. § 365.930(A).

Home ownership costs include what you pay on a mortgage (principal and interest), home owner insurance, water and sewer charges, repairs, etc. 106 C.M.R. § 363.220(B)(5). If you own your home and rent out a room or apartment, you can deduct a *pro rata* share of the mortgage and home ownership costs from the rental income. The rest will be counted as unearned income.

**Example:** Jane Smith rents out two units in her triple-decker house, and each tenant pays for their own utilities. Jane lives in the third unit. She receives \$500 a month for each unit. She pays \$1,200 a month to the bank for mortgage, interest and insurance on the entire building. Jane also pays an average of \$90 a month in repairs and other expenses. Jane can deduct two-thirds of the monthly expenses from her rental income (for the two units she rents) to determine the countable rental income for food stamp/SNAP purposes. She has only \$170 in countable rental income and not \$1,000.

Income (rent paid) from Jane's two rental units =	\$1,000
2/3 of Jane's home ownership costs (deduct the costs of 2 of the 3 units, or 2/3 of \$1,290) =	\$ 830
Countable rental income for Jane (\$1000 less \$830) =	\$ 170

Note: In this example, when Jane applies for food stamp/SNAP benefits, she has only \$170 in rental income. She can claim her one-third of shelter costs for her shelter expenses (or \$415) and not the full amount of the mortgage and other costs.

#### **Advocacy Reminders:**

- ✓ If you are the primary tenant of an apartment and receive rental income from other tenants, you can deduct part of the rental costs from the

rental income you receive. However, sometimes it is better and easier for each tenant to pay the landlord directly, or to simply show DTA that each sub-tenant is paying his or her share which you then pay to the landowner. This can avoid errors in food stamp/SNAP calculations and erroneous counting of income when you are merely passing through rental income to the landowner.

- ✓ Current DTA regulations, 106 C.M.R. § 365.950(A), state that the principal paid on a real estate mortgage is not an allowable business expense. This regulation conflicts with the federal food stamp/SNAP regulations, 7 C.F.R. § 273.11(b)(1). Business expenses include the mortgage, principal, taxes, insurance and other carrying charges.
- ✓ Anything that is not expressly excluded as non-countable income under the food stamp/SNAP regulations is generally treated as countable earned or unearned income. Always be sure to report to DTA any source of income, even if you think it is non-countable.

***Additional Policy Guidance on Unearned Income:*** • Payments from a “reverse mortgage” (where homeowner draws money out of equity from home) is a loan and non-countable as income for food stamps/SNAP. Transitions Hotline Q&A (April 2007) • Social Security received by household for child residing in institution is not countable if money used for the care and maintenance of the institutionalized child. Transitions Hotline Q&A (June 2000).

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# 48

## **How does DTA calculate my income for each month?**

Your food stamp/SNAP monthly benefit is based on how much income you and the worker are “reasonably certain” you will receive for the period you are on benefits (your certification period). 106 C.M.R. § 364.310.

If you have earned income, DTA will ask you for proof of your income from the four-week period prior to your application (or two weeks, if you are paid bi-weekly). If you cannot get this information from your employer, or you are missing a wage stub, tell your worker. Your worker may be able to help you get the information by calling the employer with your permission (“collateral contact”) or by using The Work Number, a payroll service used by many employers. See **Question 7**.

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### Terminated source of income

If you are no longer working at your old job when you apply for food stamp/SNAP benefits, the income from the terminated source (a lost job or cash benefits or child support payments that have stopped) should not be counted in calculating your benefits. DTA should calculate your financial eligibility *prospectively*, which means looking at what your anticipated income will be in the coming months. 106 C.M.R. § 364.310. The only time income from a terminated source counts is in the month of application for expedited service, for example, where you receive a final paycheck after you apply for benefits but within the month of application. 106 C.M.R. § 365.840.

### Anticipated income

Income from a *new* job, Unemployment Insurance or other income source should also not be counted until you are certain when you will get paid and how much. 106 C.M.R. §§ 364.310, 364.320. This is especially important if you are eligible for semi-annual reporting and it is not clear either when or how much income you will receive. See **Question 72**. If you do not anticipate receipt of the income in the first 30 days of your certification period, it should *not* count until the next semi-annual reporting period (or unless your total household income exceeds the gross income test during the six-month period).

### Calculating your monthly income

DTA calculates your monthly income by multiplying the average weekly income by 4.333 to get a monthly amount (or 2.167 for bi-weekly amounts). 106 C.M.R. § 364.340.

**Example:** Judy received gross pay of \$152, \$125, \$145, and \$150 for the past four weeks. The average of these weeks is \$143 per week. DTA then multiplies this average amount of \$143 by 4.333 to get a monthly gross income of \$619.62.

***Additional Policy Guidance on Counting Income:*** • Income from annual contract (i.e. school employees) should be averaged over 12 month period. Transitions Hotline Q&A (Sept. 2010) • Anticipated UI should not be counted if status of UI claim not known by 29<sup>th</sup> day after date of application. Transitions Hotline Q & A (April 2004) • Only income which DTA is “reasonably certain” the household will receive within the month of application or within the first 30 days of the semi-annual reporting period can be counted. UI benefits not actually received within first 30 days of semi-annual reporting period should not be counted for the entire 6-month USR period. See BEACON User’s Guide, Ch. IV-C, p. 23, Q.7.

## 49

## Do the food stamp/SNAP rules count money I don't receive?

Yes. The food stamp/SNAP rules sometimes count money you do not get as income when it is:

- Money taken out of your TAFDC or EAEDC because of an *intentional failure* on your part to comply with the rules of the cash assistance program, such as:
  - ➔ money taken out for failure to comply with the TAFDC work rule, teen parent school attendance rule, Learnfare rule, child support requirements, etc., *or*
  - ➔ money taken out to repay DTA for an overpayment caused by fraud or willful withholding of information (such as failure to report a job you got when the earnings would have counted) if you were found guilty of an intentional program violation by a court or by a DTA hearing officer or you waived your right to a hearing. 106 C.M.R. § 363.220(C)(4) and (5). If the money is being taken out to repay a non-fraud overpayment, it is not countable income. 106 C.M.R. § 363.220(C)(6).

The money taken out of your cash grant for a program sanction is counted as if it were still paid in calculating your SNAP benefits.

- Money taken out of your SSI benefits or other means-tested benefit program to recover an overpayment that DTA confirms was caused by fraud or willful withholding of information. 106 C.M.R. § 363.220(C)(4).
- Money owed to you (wages, support or alimony, public assistance) that you do not get because you asked your employer, spouse or government agency to use the money to pay your bills instead. For example, if you ask your boss to pay your rent instead of giving you a paycheck, the money would still count. But if your boss pays you a regular paycheck and also pays your rent, the rent payment does not count as income. 106 C.M.R. § 363.220(C)(3).

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- Part of your TAFDC or EAEDC grant that is sent to your landlord or utility company (sometimes called vendor or protective payments). 106 C.M.R. § 363.220 (C)(2), (C)(3).

#### ***Advocacy Reminders:***

- ✓ Money that is taken out of your EAEDC or TAFDC grant for an overpayment should not be counted as income in calculating your food stamp/SNAP benefits *unless* you were found guilty of an intentional program violation (IPV) by a court of law or by a DTA hearing officer or you waived your right to a hearing. See **Question 87**. If the hearing decides that you owe the money but the overpayment was not intentional, the money that is taken out should not be counted.
- ✓ Money being recouped from a non-means tested program benefits, such as Unemployment Compensation or Social Security Disability, is never countable for food stamp/SNAP purposes. This is true even if the money is recouped because of an intentional program violation. These rules only apply to recouped income from a means-tested programs, as defined in 106 C.M.R. § 360.030.
- ✓ Money paid to a third party that is not legally owed to you does not count. For example, if an uncle or an organization pays your landlord part of your rent, the payment is not countable. 106 C.M.R. § 363.230(B). But you can only claim a shelter deduction for the amount you pay the landlord.
- ✓ Money that is paid to others on your behalf does not count where the payments are a result of a court order or other legally binding agreement directing that this money be paid to the third party instead of you. 106 C.M.R. § 363.230(B)(4)(b). For example, if the court orders an absent parent to pay \$400 per month to the household, and an additional \$200 per month to a bank towards repayment of a household's loan, only the \$400 is counted as income.

***Additional Policy Guidance on Counting Income:*** • See BEACON User's Guide, Ch. XIV-D, pp. 4-7, defining scope of sanction cases where income of a sanctioned member is attributed to the household and process for removing the sanctioned income. • Recouped SSI benefits should not count in calculating food stamp/SNAP benefits. Transitions Hotline Q&A (June 1999) • Monies paid to a third party that are not legally owed to you do *not count*. Transitions Hotline Q&A (May 2004).

## 50 How does DTA count the income of someone who lives with me but is not part of my food stamp/SNAP household?

In general, none of the income of non-household members counts, even if they live with you. 106 C.M.R. § 363.230(L). So, if you live with friends and you purchase and prepare your meals separately, these friends are not household members and their income does not count.

However, the food stamp/SNAP program fully counts all of the income of a person who is otherwise required to be part of the food stamp/SNAP household (e.g., a spouse, parent, child under 22, or other person who purchases and prepares meals with you.) but is disqualified because of one of the following:

- An intentional program violation or fraud, see **Question 87**.
- A disqualifying criminal record (fleeing felon), see **Question 35**.
- A failure to comply with a work requirement, see **Questions 36-38**.
- A voluntary quit from employment, see **Question 39**.
- Undocumented or undetermined immigration status, see **Question 25**.
- Failing or refusing to provide his or her SSN for reasons other than non-citizen status.

See 106 C.M.R. § 361.230(D).

The rules required DTA to count the disqualified person's income in figuring whether your household meets the *lower* (130% federal poverty level) gross income eligibility test and the amount of household benefits. Even if the household includes children or an elder/disabled member, the rules require DTA to use the lower 130% gross income test. See **Question 51**. Further, the rules require DTA to *exclude* the disqualified person in the household size. 106 C.M.R. § 365.520(A)(4). The earned income, child support, dependent care and other income deductions do apply.

**Example:** Mark Ferris, his wife and two children reapplied for food stamps/SNAP recently, but Mr. Ferris was disqualified for benefits for six months because of an intentional program violation

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(collecting benefits under two cases). Mr. Ferris is working 20 hours a week. He understands that he is not eligible for food stamp/SNAP benefits for himself until the period of disqualification expires. All of his income, together with any other income in the household, is compared with the lower 130% FPL gross income eligibility limit for *three* people (his wife and two children). His income after deductions together with the other income after deductions is counted against the benefit level for a household of three (not four—Mr. Ferris is excluded in the household size).

### ***Advocacy Reminders:***

- ✓ Live-in attendants and ineligible students are not part of the food stamp/SNAP household and their income and assets are not countable, unless they are required to be part of the household due to age or marital status. 106 C.M.R. § 361.230(B) and (C).
- ✓ As soon as the sanction is lifted, DTA should use the higher (200% FPL) gross income test for the household, and should count the formerly disqualified household member as a household member. Be sure to check the accuracy and duration of any sanction on a household subject to the lower benefits.

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# 51

## **Are there gross and net income tests I must pass before I can get food stamp/SNAP benefits?**

**Yes.** Most food stamp/SNAP applicants only need to pass a *gross income test*. Some households need to also pass a *net income test*. And some of these households, in limited circumstances, also need to pass the *asset test*.

### **The gross income tests**

*Gross income* is your monthly income before any deductions for taxes, or any of the allowable deductions. There are currently TWO *gross income tests* that affect most households:

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- 200% federal poverty level test, which applies to:
  - families with children, pregnant women, *and*
  - households with an elder (age 60+) or person with disabilities.
- 130% federal poverty level test, which applies to:
  - individuals ages 18 to 60 who are not disabled and not living with children under age 19, *and*
  - any household that includes a sanctioned member (work sanction, IPV, TAFDC monthly reporting failure). Note: The sanctioned member is not included in the household size. See **Question 50**.

See 106 C.M.R. §§ 365.180, 364.976, 364.950.

These are the monthly gross income levels (as of January 1, 2011) by household size, also included in **Appendix B, Charts 2 and 3**.

	<b>Gross Income Test 200% FPL</b>	<b>Gross Income Test 130 % FPL</b>
<b>1</b>	\$1,815	\$1,174
<b>2</b>	\$2,452	\$1,579
<b>3</b>	\$3,089	\$1,984
<b>4</b>	\$3,725	\$ 2,389
<b>5</b>	\$4,362	\$ 2,794
<b>6</b>	\$4,999	\$3,200

If an elder/disabled household has income *above the 200% gross income* test, the household must meet the net income test and asset test. All other households above 200% gross income (or 130% gross income if no children and not pregnant) are simply ineligible.

If a member of a household *pays legally obligated child support*, the child support is not counted in the gross income test for the household. 106 CMR § 363.230(O). See **Question 54**.

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### Net income test

The net income test is based on 100% of the federal poverty level. See also **Appendix B, Chart 1**. Some of the households which pass the gross income test also need to meet the net income test.

*Net income* is what's left after all the allowable deductions under the food stamp/SNAP rules, including the 20% earnings deduction, standard household deduction, dependent care expenses, and medical expenses for elder/disabled persons, child support paid out, and the shelter deduction. See **Question 52**.

The net income test applies to the following households:

- Households with persons ages 18 to 60, not disabled and not living with minor children.
- Households with elder/disabled persons whose gross income is *above* 200% of poverty level, but who meet the asset test.
- Households with a sanctioned member (work sanction, IPV, TAFDC monthly reporting failure), and who also meet the asset test. The sanctioned member is not included in the household size to determine net income. 106 C.M.R. § 363.110. See **Question 42**.

106 C.M.R. §§ 365.180, 364.970.

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The following chart summarizes the gross and net income tests, and the asset test rule:

	Assets Test	Gross Income Test	Net (100% FPL) Income Test
<i>Family with children, pregnant woman</i>	NO	200% FPL	NO
<i>Elder/disabled household</i>	NO	200% FPL	NO*
<i>Elder/disabled household – gross income &gt; 200% FPL</i>	YES	None	YES
<i>Persons age 18-60, no kids, not disabled</i>	NO	130% FPL	YES
Household under <i>sanction</i> (work, IPV, sanctioned member)	YES	130% FPL	YES

\* See Advocacy Reminder below. Application of the net income test to these households violates federal categorical eligibility requirements.

### **Advocacy Reminders:**

- ✓ The 200% gross income test, elimination of the net income test for some households, and elimination of the asset test are part of the “categorical eligibility” options that states are allowed to use in order to reach more low-income households.
- ✓ Current DTA regulations and BEACON programming erroneously require elder/disabled households with income below 200% FPL gross income test to also meet the 100% FPL net income test. This is in violation of the federal categorical eligibility rules. Contact an advocate if you have an elder/disabled household denied benefits due to the net income test. Elder/disabled households under 200% FPL, even if income is above the net income test, should receive at least the minimum \$16 benefit, in accordance with 106 C.M.R. § 364.600(A).
- ✓ In special situations, an individual who is *both* elderly and disabled but lives with others can get her or his own food stamps/SNAP even if she cannot purchase or prepare food separately and lives with others. To be eligible for this special status, the gross income of the rest of the household excluding the elderly disabled person (and his or her spouse,

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children age 21 or younger, and certain minors) must be less than 165% of the poverty level. 106 C.M.R. §§ 361.200(B), 364.975. See **Question 18** for more details on these special situations.

***Additional Policy Guidance on Financial Eligibility Tests:*** • DTA guidance on the implementation of expanded categorical eligibility rules which eliminated the asset test and clarified the gross income tests. F.O. Memo 2008-27 (May 30, 2008) • Elders who receive disability-based benefits (SSI, RSDI, VA disability) do not need to meet the gross income test. Transitions Hotline Q&A (Sept. 2008) • USDA Guidance re “Categorical Eligibility Questions and Answers,” December 15, 2009, can be found at: <http://www.fns.usda.gov/snap/rules/Memo/2010/121509.pdf>.

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# 52

## What deductions are allowed against my income?

Five deductions are available to all household types. 106 C.M.R. § 364.400. Households with an elder or disabled member can seek the medical deduction and higher shelter deductions. See **Question 53**.

**The following deductions are allowed for all household types:**

- *20 percent of gross earned income.* 106 C.M.R. § 364.400(B).
- *Self-employment business expenses.* 106 C.M.R. § 365.940. See **Question 46**.
- *A standard deduction based on household size:* 106 C.M.R. § 364.400(A). Every food stamp/SNAP household gets this standard deduction from countable income.

<p><b>\$141</b> for households of 1-3 persons, <b>\$153</b> for households of 4 persons, <b>\$179</b> for households of 5 persons, and <b>\$205</b> for households of 6 or more persons.</p>
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- *A child care or disabled adult care deduction* if you are working, looking for work, or in school or training. You can claim the *full amount you are responsible to pay* for each child under age 18 and/or for the custodial care of a disabled or elderly adult. 106 C.M.R. §

364.400(D). See **Question 55** describing the range of allowable expenses.

- *Child support paid to children outside the home* (including payments for health insurance, child support arrearages, payments made to third parties for rent or mortgage) if you are legally obligated to pay the support for a child of yours who does not live with you, 106 C.M.R. § 364.400(E). See **Question 54**.
- *A shelter deduction capped at \$459* for households that *do not* include an elderly or disabled member. For households with an elderly or disabled member, the shelter deduction is *un-capped*. 106 C.M.R. § 364.400(G). The shelter deduction is the amount by which your shelter expenses exceed one-half of your “preliminary net income,” which is the result after subtracting the other deductions. See **Questions 56** and **57** on how to calculate the shelter deduction.

If you are homeless and have no rent or utility obligations, you get a homeless shelter deduction of \$143 a month *instead* of the shelter deduction, 106 C.M.R. § 360.400(F). See **Question 58**.

*The result is your monthly net income. Your benefits are based on this amount.* The following questions include examples of how the deductions work to reach net income.

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## 53

### What medical expenses can I claim if I am elderly (60+) or disabled?

If your household includes a person age 60 or older or person with disabilities, you are allowed to claim a wide range of un-reimbursed medical or health care expenses as a deduction. The more medical expenses you can claim, the lower your “countable” will be. The lower your countable income, the higher the food stamp/SNAP benefits you will receive. Remember—Under the food stamp/SNAP rules, you are “elderly” once you reach age 60. You are considered disabled only if you receive a disability-based benefit. 106 C.M.R. § 361.210. See **Question 19**.

There are *two ways* DTA allows un-reimbursed medical expenses under 106 C.M.R. § 364.400(C):

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- **The “standard” \$90 medical deduction:** If you have medical expenses over \$35 a month, you will receive a standard \$90 monthly deduction off your countable income. You need only show that you have over \$35/month in expenses to get this \$90 deduction.
- **The regular medical deduction:** If you incur *more than* \$125 per month in medical expenses (that’s the \$35 threshold plus \$90 value standard deduction), you can claim the *actual expenses* (minus the \$35 threshold). You will need to give DTA proof of your actual medical/health expenses above \$125 to claim a higher deduction.

**For example:** Sally Winsor is 78 years old. She has MassHealth coverage, but the combination of small co-pays plus her over-the-counter pain relief and skin treatments add up to \$36 per month. In calculating Mrs. Winsor’s food stamp/SNAP benefits, DTA will allow the \$90 standard medical deduction off her income. If Mrs. Winsor was billed substantially higher out-of-pocket expenses—more than \$125/month—she could claim the actual expenses that could be verified above \$35/month.

If you have a *large, one-time medical expense* during your certification period, you have the option of claiming the expense as a one-time deduction *or* having it averaged over the remaining months in your certification period. 106 C.M.R. § 364.440(C). The most advantageous option depends on the circumstances.

**For example:** Sally Winsor reports a one-time unpaid hospital bill of \$960 and she just applied for food stamp/SNAP benefits. Because she is elderly, she will be certified for 24 months. The amount of the bill averaged over 24 months would be \$40. Mrs. Winsor also reports she now has only \$15/month in other health care expenses each month. The \$15/month alone would not get her a standard deduction, but if she uses the unpaid hospital bill, her medical expenses easily exceed \$35 and she gets the \$90 standard medical expense deduction.

Suppose Mrs. Winsor had enough other regular expenses (above \$35) to claim the standard medical deduction. She should then have the choice of claiming the \$960 bill as a one-time deduction for one month. Or, if she was in the midst of her certification period (say six months left in her 24-month cert period), she could average the \$960 over the six months and claim a medical deduction of \$160/month of medical expenses in addition to her regular monthly expenses. This could help her get higher food stamp/SNAP benefits for the remainder of her certification period.

### Scope of allowable health care expenses

- your co-pays or premiums for Medicare, Medicare Part D, Medex or other health insurance, and your deductible for Medicare Part D;
- any medical services for from doctors, clinics, hospitals laboratories or other facilities *not* reimbursed by a third party;
- any custodial or attendant care services you need (even if that person is a relative), as well as housekeeping services you pay for;
- dental care, dentures, dental adhesives;
- health treatments by a licensed practitioner, including chiropractic, acupuncture, physical or other therapy;
- prescription drugs, including postage costs and any transportation costs to pick them up;
- over-the-counter drugs prescribed by any licensed health care provider (for example, aspirin, laxatives, insulin, herbal and homeopathic remedies);
- eyeglasses, contact lenses, hearing aids, batteries, communication equipment for the hearing or visually impaired;
- health-related supplies prescribed by a health care provider including incontinent supplies, creams and ointments, commodes and walkers;
- private transportation costs at the current federal mileage rate (as of January 2011 it is 48 cents/mile), or the monthly cost of taxis, vans, or public transportation needed to get to medical appointments;
- veterinary bills, dog food, and other needs for trained service animals;  
*and*
- any other un-reimbursed medical expenses prescribed or recommended by your health care providers.

106 C.M.R. § 364.400(C).

### Proof of medical/health care expenses

You are only required to provide proof of the *amount* of your medical expenses. You are not required to proof that your health care provider is licensed, or that your medical supplies or treatments were prescribed or recommended by your provider. 106 C.M.R. § 364.450(A). The following

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are examples of proofs you can submit for medical expenses, but you can also submit other items:

- Billing statements, canceled checks or other proof of your insurance premium, and any health care bills you paid or owe.
- A Medicare or insurance “Claim Summary” that shows what services you received, how much your insurance paid, and how much you are responsible to pay. The Claim Summary is also useful in showing the dates of visits to your doctor and laboratory visits that you can use to claim transportation costs.
- Print-out from your pharmacy showing your co-pays and out-of-pocket payments for drugs (and it is also useful in showing all your visits to the pharmacy for claiming transportation). You need not show DTA exactly which drugs you take—you can white-out the names of the medications from the pharmacy print-out.
- Copies of receipts for things you bought at a pharmacy or health supply store, like incontinence supplies, aspirins, vitamins, skin ointments, hearing aid batteries. You do NOT need a statement from your health care provider about these items as DTA should assume you only bought them because you needed them and they were recommended.
- A written statement (self-declaration) from you of how many times you traveled in your car to your health care provider (doctor, physical therapy, pharmacy, etc.). DTA can help you figure out the mileage using MapQuest. If you have a T-pass that you use for medical expenses, show DTA the T-pass.

These are just examples! Try to save your pharmacy, co-payment and travel receipts for a couple of months, just to keep track. If your monthly medical expenses are the same at recertification, you do *not* need to re-verify. You can self-declare on your recertification form that the medical expenses are on-going and have not changed. **Appendix C** contains an FAQ and Medical Expense screening form.

#### ***Advocacy Reminders:***

- ✓ Medical expenses are one of the most under-claimed deductions. DTA workers are supposed to ask you about your medical expenses and help you get verifications, but workers are overburdened with hundreds of cases and may not get to this. Be sure to your clients tell DTA about all health and medical-related expenses, including over-the-counter medications, travel to doctors and pharmacies, and any custodial care.

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- ✓ DTA should make “a reasonable prediction” of the amount you “expect to be billed” during the certification period based on your medical condition and past expenses. You do not need to verify your bills each month, and you do not have to have paid your bills to claim the deduction. You just need to “incur” a medical expense by showing proof you received a bill. However, you cannot claim a bill that an insurance company or other third party is going to pay. 106 C.M.R. §§ 364.410(B)(3), 364.420, 364.430.
- ✓ If you are an SSI recipient getting Bay State CAP benefits, you can always opt out of Bay State CAP and get regular food stamps/SNAP at if your benefits would be higher due to medical expenses, higher shelter costs or dependent care expenses. See **Question 4**.

***Additional Policy Guidance on Medical Expenses:*** • Detailed policy guidance on the new \$90 standard medical deduction, including a DTA brochure and medical expense screening form and case examples. F.O. Memo 2008-15 (March 21, 2008) • Medical expenses that have not changed do not need to be re-verified at recertification; recertification form lists household member claiming medical expenses, type of expense and amount previously claimed. F.O. Memo 2010-3 (Jan. 22, 2010). • Workers instructed to not burden elder/disabled households with excessive verifications; receipts of over-the-counter purchases for drugs and health supplies sufficient without requiring statement from health care provider that they are prescribed. DTA Transitions FYI (Jan.2010) • Full amount of health insurance for single person can be claimed as medical expenses for a disabled household member (e.g., more than just the incremental amount of the insurance). Transitions Hotline Q&A (March 2008) • Medical bills need only be “incurred”—not necessarily paid—to claim for medical deduction (as long as not reimbursable by third party); DTA worker should advise household if more beneficial to average one-time medical bill over remaining certification period or claim for one month; self-declaration of transportation expenses acceptable, worker can use MapQuest to determine the door-to-door mileage. Transitions Hotline Q&A (Aug. 2008) • Non-recurring medical expenses can be claimed for one month or averaged out; worker should help client make informed choice. Transitions FYI (June 2007) • Issuance of DTA “Job Aid” and instructions to workers to make every effort to explore medical expenses and assist clients with securing verifications. Transitions FYI (April 2007) • Disabled recipients entitled to claim medical expense deduction whether individual is an adult or child; household need not pay bill to claim deduction. Transitions FYI (Sept. 2006) • Allowable medical expenses further clarified: Maintenance costs of trained service animals allowed, but not therapeutic pets (e.g., cats); nutrition supplements prescribed by M.D. cannot be claimed, nor can other special diets. F.O. Memo 2009-10 (Feb. 20, 2009).

## 54 What is the child support deduction?

Child support that are legally required to pay to children who do not live in the home is non-countable under the gross income test, and is a deduction in determining net income. 106 CMR § 363.230(O). Payments you make for child support are non-countable only if you have a court order, administrative order, or legally enforceable separation agreement that says you must pay this amount. 106 C.M.R. §§ 361.610(J), 364.400(E). Unfortunately, you *cannot* claim payments you make voluntarily without an enforceable court order or agreement. And you cannot claim any alimony payments even if required court ordered or in divorce agreement – just child support .

### Scope of allowable child support payments for deduction

You can claim direct money payments you make to the custodial parent, court, or Department of Revenue as well as child support paid directly from your Unemployment Insurance, Workers Comp, or other income source. You can also claim legally required payments for health insurance, past child support (arrears), and any third party payments, such as to a landlord, utility company, or tuition payments to a school for the needs of the child. 106 C.M.R. § 364.610(J).

Legally obligated child support you pay through earned or unearned income does *not count* for the *gross earnings test*. 106 CMR § 363.230(O). But in calculating the amount of the 20% earnings disregard from earned income, if child support is paid out of earned income, DTA calculates the 20% earnings disregard from *total gross earnings before* deducting the value of the child support. This math gives you a larger 20% disregard!

**For example:** John Doe earns \$1,400/month gross and pays \$300/month child support. He has applied for food stamp/SNAP benefits as a single person. In measuring his income against the 130% gross income test, DTA should ignore the \$300 child support – so that John has “gross income” of \$1,100 (which is below the 130% gross income test for an individual). DTA should then take the 20% earnings deduction off of \$1,400 gross (or a \$280 deduction) versus 20% off his gross income after the child support. This calculation gives John a bigger earnings disregard. DTA should then deduct the full amount of the child support (\$300) to calculate the remaining net income before the shelter deduction.

### **Proof of child support payments**

You can verify the *amount* you pay with documents such as cancelled checks or wage or UI withholding statements, or a statement from the custodial parent (parent with the children) proving you make payments. If you pay child support directly to the Department of Revenue, DTA should be able to verify this directly. If a portion of unemployment compensation is withheld, you will need a statement from the Division of Unemployment Assistance.

To verify your *legal obligation* to pay the child support, you need to show a court or administrative order or other legal document showing you have this obligation. 106 C.M.R. §§ 361.610(J), 364.400(E).

The amount of child support you pay will be averaged over a three month period to determine the average monthly deduction, unless you have been paying support less than three months. 106 CMR § 364.410(D)

#### ***Additional Policy Guidance on Child Support Deduction:*** •

Verification options for showing amount and legal obligation of child support described, including self-declaration by custodial parent acceptable to confirm payments received; court documents showing obligation not sufficient to show amount actually paid. Transitions Hotline Q&A (March 2009) • Payments for health insurance, third parties are allowable expenses; verification of child support payments includes cancelled checks, proof of wage withholding, deductions from UI benefits, or DTA can contact the Department of Revenue for proofs. Transitions Hotline Q&A (May 2008) • Payments from UI benefits for child support are not countable as income to UI claimant as long as claimant has legal obligation to support established. Transitions Hotline Q&A (Dec. 2005).

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# 55

## **What is the child care/dependent care deduction?**

Families with minor children, or a disabled adult member, may claim the *full amount* of the cost for child care or care of a disabled adult while the household member is working, attending education or training programs, or looking for work. 106 C.M.R. § 364.400(D). The 2008 federal Farm Bill eliminated the cap on dependent care expenses

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This includes the cost for supervision of teenage children (under 18), as well as the care of a child or disabled adult that is not part of your food stamp/SNAP household (for example, a foster child or non-citizen child).

#### Scope of allowable dependent care expenses

- private day care arrangements made with persons not in your food stamp/SNAP household;
- payments for child and adult care, including co-pays for subsidized care;
- payments for attendant care for a disabled adult;
- fees for after-school and before-school care (extended day programs), including adult supervised after-school activities for teenagers;
- fees for YMCA and YWCA camps, Boys and Girls Clubs;
- summer camp fees; **and**
- transportation to and from the program sites at the federal mileage rate (48 cents per mile as of January 2011) or the cost of public transportation. Use MapQuest to help determine your mileage.

#### Proof of dependent care expenses

You can *self-declare* your dependent care expenses by writing the expenses on your signed food stamp/SNAP application or recertification form. You can also send DTA a separate signed statement. See the FAQ and sample self-declaration form in **Appendix C**. You do *not* need a statement from the child care provider.

DTA can ask for more verification if the information you provide about your dependent care costs is determined “*questionable*” – meaning inconsistent with other statements on your application or in the interview, or information known to DTA. 106 C.M.R. § 361.620. For example, it might be questionable if you claim child care costs significantly higher than the going rate, or the hours of care billed for are significantly higher child care hours than your work hours and commuting hours. In such circumstances, DTA may request more verification..

If you need to pay for care for a disabled adult so you can work or go to training, you can claim this as a dependent care cost. If a disabled member of your household pays for adult care for any reason unrelated to your needing to work, DTA will likely treat these costs as medical expenses instead, assuming the disability criteria are met. 106 C.M.R. §

364.400(C)(12). See **Question 52**. Either way, adult dependent care of a person with disabilities is a deductible expense.

***Advocacy Reminder:***

- ✓ You do not need to wait until your next recertification to claim additional dependent care expenses. If you incur any child care expenses you did not previously report to DTA—or additional expenses above the long-standing cap on the deduction—notify your worker immediately.

***Additional Policy Guidance on Dependent Care Deduction:*** •

Self-declaration policy for dependent care expenses. F.O. Memo 2007-19 (March 15, 2007) • Guidance on implementation of 2008 Farm Bill including broad scope of uncapped child care deductions and use of federal mileage rate. F.O. Memo 2008-49 (Sept. 22, 2008) • Dependent care needed to do job search is allowable, not limited to working adults. Transitions Hotline Q&A (March 2010) • Dependent care costs for an ineligible non-citizen child can still be claimed by working adult. Transitions Q&A (Feb. 2009) • Rep payee administrative fees for SSI /RSDI recipients living in group homes should be treated as dependent care expenses. Transitions FYI (Sept. 2006).

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# 56

## What is the standard utility allowance (SUA) and what is H-EAT?

The standard utility allowance (SUA) is a fixed dollar amount for a household's heating and utility expenses used in the calculation of shelter expenses for food stamp/SNAP benefits. 106 C.M.R. §§ 364.400(G)(2), 364.945. The dollar value of the SUA is statewide and not tied to what you actually pay in monthly oil, gas, electricity or other utilities. It is an annualized amount to help simplify the calculations.

There are *three* different SUA amounts and the amounts are periodically adjusted by DTA with USDA approval:

- **Heating (or air conditioning) SUA – currently \$611** for households that incur heating or air conditioning costs separately from their rent. This includes public or subsidized housing tenants if your housing authority bills you for heat or for use of your air conditioner. You also get this SUA if you receive or anticipate

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receiving Fuel Assistance (also called Low Income Home Energy Assistance Act or LIHEAP payments) even if your heat is included with your rent. You also get this SUA if you have received the new Fuel Assistance benefit called H-EAT (Heating and Eating). See below. If you incur any heating costs in the winter or air conditioning costs in the summer or get any LIHEAP or H-EAT benefits, you get this SUA all year round, including months when you don't have to pay for heat or air conditioning.

- **Non-heating SUA – currently \$375** for households that incur utility expenses but not heating or air conditioning. Utility expenses can include electricity (non-heating), cooking gas, garbage collection, and water and sewer fees passed onto tenants.
- **Telephone-only SUA – currently \$44** for households that incur only telephone costs (cell phone or landline, but not phone cards) and do not pay any of the other utilities listed above.

You do not have to prove your actual costs to get the SUA. You get the full SUA even if you live with another household and pay only part of the utilities. Except for Fuel Assistance payments, you cannot claim the SUA for utility costs paid by a third party. 106 C.M.R. § 364.410(B)(2).

### The H-EAT program

In 2007, DTA and the Department of Housing and Community Development (DHCD) established a program called H-EAT (Heating and Eating Fuel Assistance program). This program helps thousands of food stamp/SNAP households get higher monthly benefits.

Food stamp/SNAP recipients identified by DTA who are not getting the higher SUA or maximum food stamp/SNAP benefits are sent a small payment of \$1.00 each year from the state's Fuel Assistance program. The households also get information on how to qualify for regular Fuel Assistance benefits, weatherization, and other services.

### How H-EAT benefits are administered

Twice a year (April and October) DTA scans the food stamp/SNAP caseload and determines which households are eligible for the H-EAT benefit. They identify current food stamp/SNAP *recipients* who meet the following conditions: *not* already getting the higher heating/cooling SUA, *not* on Bay State CAP benefits, and *not* homeless (homeless households getting the \$143 income deduction).

The eligible households are sent a letter with information on the H-EAT benefit (and other important fuel assistance benefits). DTA re-calculates the households' food stamp/SNAP benefits using the higher heating/cooling SUA and sends a notice to the food stamp/SNAP households of this increased benefit, with the increase effective for May and November for new households. DTA also sends an annual H-EAT letter to ongoing households once a year who are due for another H-EAT payment to keep their higher benefits continuing. Food stamp/SNAP households do not apply for H-EAT benefits directly and do not need to verify receipt.

In addition to increased benefits, the H-EAT program relieves the household of having to provide proofs of their heating or air conditioning costs. Through receipt of benefits, the household is also enrolled in the utility discount programs. A household that receives H-EAT may also be eligible for regular Fuel Assistance benefits (including if they pay more than 30% of their income for rent) by applying at their local Fuel Assistance agency.

### ***Advocacy Reminders:***

- ✓ If a shelter or other expense is paid for fully by someone outside the household, it cannot be claimed as a deduction. 106 C.M.R. § 364.410(B)(1). However, as long as you incur some of the shelter costs, you are eligible for a deduction. For example, if you pay even \$10 per month of your heating or air conditioning costs, you are eligible for the full SUA in addition to your rent or mortgage costs.
- ✓ H-EAT benefit is available only to food stamp/SNAP recipients, not initial applicants—hence it is always important to screen for the SUA for all applicants.

***Additional Policy Guidance on SUA and H-EAT:*** • DTA guidance on creation of H-EAT program in 2007 with sample household notice, instructions on semi-annual caseload sweeps, caseload match with DHCD. F.O. Memo 2007-31 (June 28, 2007); Most recent H-EAT guidance, F.O. Memo 2010-23 (April 22, 2010) and 201048 (Nov. 3, 2010) • Bay State CAP household eligible for \$575 SUA in calculating benefits. F.O.Memo 2010-59 (Dec. 30, 2010) • A household that has a change of address or becomes homeless during the certification period is still eligible for the heating/cooling SUA if the household received H-EAT or regular Fuel Assistance. Transitions Hotline Q&A (June 2008) • If household “reasonably anticipates” receipt of Fuel Assistance in upcoming year, household eligible for heating/cooling SUA. Transitions Hotline Q&A (Dec. 2004) • Public and subsidized housing tenants charged seasonal electricity charges for AC are eligible for heating/cooling SUA for full certification period. Transitions Hotline Q&A (Dec. 2003) • DTA should presume single-family residence homeowners have separate heating/cooling costs without additional verification; lease stating

heat not included in rent is sufficient verification without fuel bills. Transitions Hotline Q&A (May 2003) • Cost of a cell phone is allowed for the phone SUA. Transitions Hotline Q&A (Sept. 2010) • Pre-paid phone calling card is *not* allowed for phone SUA because no regular due date or billing for service. Transitions Hotline Q&A (June 2003).

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# 57

## What is the shelter deduction and how does DTA calculate it?

The food stamp/SNAP rules allows you to deduct shelter expenses that exceed *half* of your net income. This is called the “shelter deduction.” 106 C.M.R. § 364.400(G). For example, if your allowable shelter expenses are \$700 per month, but your net income after other deductions is \$1,500 per month, you will get no shelter deduction. That’s because half of your net income (\$750) is more than your shelter expenses of \$700.

Shelter costs may be *self-declared* by the household unless questionable. This includes shelter information on the application form, recertification form or a signed and dated statement by the household. See **Question 7**.

The food stamp/SNAP shelter deduction is complicated because Congress wanted to target food stamp/SNAP benefits towards households that have the highest shelter costs in relation to their incomes and therefore have the hardest time paying for food. After Section 8 and public housing, it is the biggest source of federal assistance to low-income households based on their housing needs

### Two types of shelter deduction:

- **Regular shelter deduction:** The shelter deduction is *capped at \$459 per month* for all families, pregnant women, and individuals without disabilities.
- **Elder/disabled shelter deduction:** If the household includes any person who is **elderly** (age 60+) or a person with disabilities, there is *no limit or cap* on the shelter deduction.

### Allowable shelter expenses

- monthly rent paid (or owed) if you are a tenant, or the amount you are responsible for if you sublet or share an apartment;

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- mortgage, including payments on the principal, interest, legal fees, home improvement loans (even if you are behind in your payments);
- real estate taxes and homeowner insurance (even if you have no mortgage), municipal water and sewer fees;
- the cost of any repairs to your property (a new boiler, new roof, replacement of windows, etc.);
- trailer payments and parking fees; and/or
- shelter expenses for a home not occupied by you if you are planning to return to it and are not otherwise renting it, and charges for repair of a home damaged by natural disaster, provided you will not be reimbursed for these repairs, 106 C.M.R. § 364.400(G)(1);

*plus*

- the appropriate standard utility allowance (SUA) for your household. See **Question 56**. Actual utility costs and heating costs are not allowed as they are covered under the SUA.

### How DTA calculates the shelter deduction

There are *four steps* to calculate your shelter deduction:

- **Step 1:** Calculate your preliminary net income, which is your gross monthly income after subtracting your earned income deduction, the standard deduction, your dependent care costs, child support payments, and the medical cost deduction if you are a household with an elderly or disabled member.
- **Step 2:** Calculate your allowable shelter deduction by adding your non-utility shelter costs (rent, mortgage, etc.) to your standard utility allowance (SUA).
- **Step 3:** Divide your preliminary net income in half.
- **Step 4:** Subtract the result in Step 3 (half of your preliminary net income) from the result in Step 2 (your shelter costs). The result is your excess shelter cost. If the answer is zero or less, you do not get a shelter deduction. 106 C.M.R. § 364.400(G). *If the answer is more than \$459, you can deduct only \$459 unless the household includes an elderly or disabled person.* 106 C.M.R. § 364.500(K).

In other words, allowable Shelter Costs (Step 2) minus half of Preliminary Net Income (Step 3) equals Shelter Deduction (up to the cap if applicable).

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**Example:** Carl Chase earns \$1,500 per month. He lives with his wife Cindy and their child, for a household of 3 persons. He pays \$100 per month in child support for a child who does not live with him. The family pays \$500 per month in rent, and also pay their own heat and utilities. There is no other income in the household and no other deductible expenses.

\$1,500	Gross earned income of Carl Chase (including child support paid to a child outside the HH)
- 300	20% earnings deduction from gross
- 141	Standard deduction for HH of 3
- <u>100</u>	Child support deduction
\$ 959	Preliminary <i>net</i> income
<i>Shelter deduction calculation</i>	
\$ 500	Rent
+ <u>611</u>	SUA
\$1,111	Shelter expenses
- <u>479</u>	One-half prelim. net income
\$ 631	Shelter expenses
- <u>459</u>	Maximum shelter deduction
\$ 500	NET INCOME for the Chases

***Additional Policy Guidance on Shelter Costs:*** • Mortgage or rent payments still included as shelter costs even if household is in arrear and cannot make payments, but household cannot claim arrearage payment for back rent/mortgage if previously deducted while getting SNAP. Transitions Hotline Q&A (Feb. 2010) • Shelter expenses may be self-declared unless questionable F.O. Memo 2010-29 (June 16, 2010) • Mortgage payments made when not living in the home are allowed as a deduction if household is temporarily absent for employment, training, illness, or an emergency—as long as no one else is renting dwelling and household plans to return. Transitions Hotline Q&A (April 2007) • Shelter costs paid by others (e.g., relatives, friends) are not deductible shelter expenses. Transitions Hotline Q&A (May 2004) • Condominium fees are allowable shelter costs. Transitions Hotline Q&A (January 2000) • Rent or utilities paid in advance may be deducted in the month when they would have been due. USDA Food Stamp Program Regional 04-05 (Northeast Region) • Only the amount of mortgage billed is allowed, even if household pays more than monthly mortgage. Transitions Q&A (October 2000).

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# 58

## What is the homeless shelter/utility deduction and who gets it?

Food stamp/SNAP households who live in homeless shelters, temporarily in the home of another, or on the street are entitled to a standard homeless deduction of \$143 per month in recognition of expenses for laundry, phone calls, locker fees, and other items. 106 C.M.R. § 364.400(F). This deduction is taken from net income, just like the standard deduction, and is not considered a shelter expense. The \$143 amount is allowed even if your actual shelter or utility expenses are very small.

It is important that your DTA worker code your case as “homeless” so you get this deduction. See 106 C.M.R. § 360.030(D) for the definition of homeless.

**Example:** Paul Smith is a homeless individual who receives \$400 per month in Veterans’ benefits. Sometimes he stays at a shelter for adult individuals, and sometimes he is on the street. Paul gets the \$141 standard deduction and the \$143 homeless deduction. His *net* monthly income for food stamp/SNAP is \$116 per month.

### ***Advocacy Reminders:***

- ✓ If you are homeless and temporarily staying in a house or apartment where you pay for rent or utilities, you can get *either* the \$143 homeless shelter deduction or the excess shelter deduction (based on your rent plus the applicable Standard Utility Allowance (SUA)), whichever is higher. See **Question 29**.
- ✓ A DTA hearing officer has ruled that residents of domestic violence shelters qualify for the \$143 a month homeless shelter deduction. Consult Legal Services if this question comes up.

***Additional Policy Guidance on Homeless Deduction:*** • DTA will assume homeless household has expenses and will not require any verification of expenses for \$143 deduction. Household gets full \$143 regardless of its expenses. F.O. Memo 2001-18 (March 30, 2001) • Household can claim either actual shelter expenses or the \$143 homeless deduction, whichever is higher. Transitions, Hotline Q&A (Dec. 2003).

# 59

## What proofs do I need to claim deductions?

You cannot be denied food stamp/SNAP benefits for lack of proof of deductions, but your benefits may be higher if you provide proofs. 106 C.M.R. §§ 364.450(B). **Questions 7 and 8** have detailed information on verifications, self-declarations, worker assistance and more. As a reminder:

- **Dependent/child care deduction:** You can *self-declare* the cost of child care or adult care, including transportation, unless questionable.
- **Shelter expenses:** You can *self-declare* your shelter and fuel/utility costs, unless questionable.
- **Child support deduction:** You can verify the *legal obligation* to pay support with any document that verifies it, such as a court order, administrative order, or legally enforceable separation agreement. You can verify the *amount* you pay with documents such as canceled checks or wage withholding statements. 106 C.M.R. §§ 361.610(J), 364.400(E). See also **Question 54**.
- **Medical/health related expenses:** For the standard \$90 medical deduction you need to verify you incur at least \$36 a month in expenses. To a higher, you need verify you have over \$125/month in medical expenses. Proofs can include a medical bill, a print-out from the pharmacy of your last month's co-payments and medical purchases, copies of receipts for over-the-counter medications and supplies, self-declaration of transportation costs. See **Question 53**.

### ***Advocacy Reminders:***

- ✓ If your DTA worker failed to give you a notice telling you what verifications you needed and the date to provide them (at least ten days) or failed to help you get the verifications, you may be able to get the lost benefits. 106 C.M.R. § 364.450(B). See also **Question 65**.

## 60

## How much will I get in food stamp/SNAP benefits each month?

To get your food stamp/SNAP benefit amount, multiply your net monthly income by 0.3 (30 percent). Round *up* this amount to the nearest dollar.

Take this amount and subtract it from the maximum benefit level for a household of your size. The result of this math is the amount of your monthly benefits. 106 C.M.R. §§ 364.600, 364.980. See “Maximum Food Stamp/SNAP Allotments,” **Appendix B, Chart 1**.

**Example:** Carl Chase and his family in **Question 57** have \$500 in net income after allowable deductions. To determine the family’s food stamp/SNAP benefits, you take 30% of the “net income” (30% of \$500) and subtract it from the maximum benefit, as follows:

\$ 500	Net Income for the Chases
<u>x .30</u>	(Multiply by 30%)
\$ 150	Countable Income
\$ 526	Maximum food stamps/SNAP for 3 persons
<u>-150</u>	Countable income (round up)
\$ 376	Monthly food stamp/SNAP benefits for the Chase family

### Your first month of food stamp/SNAP benefits

For the first month you apply, you will get benefits only for the days left in the food stamp/SNAP month from the date you apply. This is called prorating of benefits. 106 C.M.R. § 364.650. For example, if you apply halfway through your food stamp/SNAP month, you will get only 50 percent of the benefit amount you will receive in future months. See **Question 64** for an explanation of “food stamp/SNAP month.”

## Part 3 ■ Financial Eligibility

### **\$16 minimum benefit for one- and two-person households**

If you are a household of one or two *and* your gross income is below the gross income test for your situation, you should receive a minimum of \$16 a month in food stamp/SNAP benefits. 106 C.M.R. § 364.600(A).

### **Households with zero benefits**

Strange as it may seem, a household of three or more persons can get “approved” for zero food stamp/SNAP benefits even though gross income is below the 200% gross income test. This happens when thirty percent of your net income is greater than the maximum benefit amounts. 106 C.M.R. §§ 364.600(A), 365.100. DTA will put your case in “suspended” status.

The reason you are “approved” for zero benefit is so you can quickly get benefits without reapplying if you have a decrease in your income or increase in expenses, or change in household size that makes you eligible for benefits. DTA will send you a notice stating that your food stamp/SNAP case is “open” in the system, but you will not receive any benefits. If you report any changes during the certification period that make you eligible, you do not need to go through a whole reapplication with verifications and an interview. You only have to verify the change (drop in income, increased expenses, new household members).

#### ***Additional Policy Guidance on Zero Benefit Households:*** •

Revised notice to categorically eligible zero income households with information on changes to report to get benefits without reapplication. F.O. Memo 2007-50 (Sept. 28, 2007).

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## **61** **What happens to my food stamp/SNAP benefits if my cash benefits are reduced because of a DTA sanction?**

DTA counts as income money that is being taken out of your TAFDC, EAEDC, or other needs-based benefits because you intentionally failed to comply with a program requirement—even if you are not sanctioned under the food stamp/SNAP rules. 106 C.M.R. § 363.220(C)(5). **See Question 49.** DTA should *not* count TAFDC or EAEDC deducted to recover an overpayment that is not a result of an intentional program violation.

## Part 3 ■ Financial Eligibility

This rule applies if you were sanctioned because you committed an intentional program violation (fraud) under that program *or* because you were found to have intentionally failed to comply with a TAFDC program requirement, such as the child support cooperation, work rules, teen parent school, immunization, or other requirements of TAFDC or the EAEDC program. DTA will calculate your food stamp/SNAP benefits as if your household is still getting the full amount of the cash benefit grant amount.

**Example:** Vicky lives in private housing and receives \$418 in TAFDC for her child. Vicky was getting \$518 but DTA reduced the benefits due to a sanction for her failure to comply with the TAFDC child support requirements without good cause. DTA will calculate the food stamp/SNAP benefits as if Vicky receives the two-person TAFDC of \$518 per month.

This rule does *not apply* if the entire cash grant case closes due to a sanction. For example, teen parents receiving TAFDC face a full family sanction if they do not comply with the school rules after 30 days. Other TAFDC households may face a full family sanction if the parent does not comply with the work rules after 30 days. In these situations, the food stamps/SNAP should be calculated using the household's actual income. 106 C.M.R. § 363.220(C)(5).

### ***Advocacy Reminder:***

- ✓ Although not specified in the state regulations, federal food stamp/SNAP regulations are clear that DTA cannot count benefits you do not receive because of a sanction *unless* there is a finding that you intentionally failed to comply with the requirements of the program that has reduced your benefits due to a sanction. 7 C.F.R. § 273.11(j).

### ***Additional Policy Guidance on Sanctioned Household***

**Calculations:** • BEACON User's Guide, Ch. XIV-D-4, contains a full list of situations where DTA attributes cash assistance not actually received by the household. Rule does not apply if you are sanctioned for failure to comply with an administrative requirement, such as cooperating with direct deposit requirements. F.O. Memo 2006-6 (Jan. 13, 2006).