

PART X		INCOME DEDUCTIONS	
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A. INCOME DEDUCTIONS (7 CFR 273.9(d))

Financial eligibility of a household is based on gross or net income as described in Part XI.A. Benefit level is based on net income which is defined as the total of all countable income, both earned and unearned, after the appropriate allowable deductions have been made.

In evaluating expenses toward the calculation of the net income, the household is given credit only for expenses for which a money payment is made or due to someone outside the household. Except for Virginia Energy Assistance Program (fuel assistance) payments, deductions will not be allowed for expenses or the portion of expenses made through vendor payments or for which the household will be reimbursed. Participants of the Low-Income Home Energy Assistance Program (the Virginia Energy Assistance Program) are entitled to have actual utility expenses considered or to have the utility standard applied even if the expenses are covered by fuel assistance vendor payments but utility expenses reimbursed or paid through HUD or FmHA utility reimbursements are not deductible.

All households with income will be allowed the following deductions, if appropriate, in determining net income.

1. Standard Deduction (7 CFR 273.9(d)(1))

Each household is entitled to a standard deduction from the total gross income of the household. The amount of the deduction is dependent on the number of eligible household members. For the purpose of determining the standard deduction, household size will not include disqualified or ineligible members.

Household Size	Standard Deduction
1-3 members	\$141
4 members	\$153
5 members	\$179
6 or more members	\$205

2. Earned Income Deduction (7 CFR 273.9(d)(2))

Each household with countable earned income may have an earned income deduction. Twenty (20) percent of the countable gross earnings will be deducted.

The earned income deduction is not allowed on any portion of the earned income amount received through a work supplementation or support program that is attributable to public assistance benefits. The deduction is also not allowed when determining the amount overissued if the basis for the claim is because of the household's failure to report earned income timely.

3. Dependent Care Expense (7 CFR 273.9(d)(4))

This dependent care expense is allowed only if it is necessary for a household member to accept or continue employment, seek employment, comply with employment and training requirements, or attend training or pursue education that is preparatory for

employment. The expense may be incurred for the care of a child or other dependent.

See Parts III.A and E for verification requirements of dependent care expenses. Acceptable verification include a signed statement from the provider, receipts signed by the provider, or statements from agencies or organizations assisting with child care expenses.

4. Shelter Expense (7 CFR 273.9(d)(5))

The cost of shelter is allowable after all other deductions have been determined. The EW must add together all expenses that are part of the cost of shelter, except food, to arrive at a total shelter cost figure. That portion of the monthly shelter costs that exceeds 50 percent of the household's adjusted net income will be a deduction up to \$459 per month except as noted below. The adjusted net income is determined by subtracting the standard deduction, earned income deduction, dependent care deduction, child support deduction, homeless shelter standard and medical deduction from the total gross income.

The allowable deduction for shelter may not exceed \$459 except for households that contain a member who is 60 years of age or older or who is disabled, as defined in Definitions. Households with an elderly or disabled member may receive an excess shelter deduction that exceeds the shelter maximum allowed for other households. These households will receive the actual amount that exceeds half the adjusted net income.

In determining the amount to use as the cost of shelter, the following expenses will count unless vendor payments except as noted in item e below. See Parts XI.F.3 and XIII.B for a discussion of vendor payments. Note the special provisions in section 7 for assessing shelter costs for homeless households.

- a. Rent, mortgage, loan payments, or other continuing charges leading to ownership of a home, mobile home, or other type of shelter are allowable. This includes second and/or third mortgages and condominium or association fees. It includes the initial cost of moving a mobile home from a dealer to a lot, along with any set-up charges at the lot. For a subsequent move of a mobile home, only the set-up costs at the new lot are allowable. Costs incurred by a tenant in lieu of full or partial rent are allowable rental costs, provided the arrangement is with the mutual agreement of the landlord.
- b. Real estate taxes or personal property taxes on mobile homes are allowable. Taxes on the contents are not allowable.
- c. Insurance premiums on the home structure are allowable. Separate costs for insuring furniture or personal belongings are not allowable. If insurance premiums on the home structure are combined with other costs that cannot be separated, the total premium is allowable.

- d. Repair costs that result from a fire or flood or a similar disaster are allowable provided the household will not receive reimbursement or assistance from some other source such as insurance or private or public relief agencies. The disaster does not have to be a presidential declaration but can be personal, such as a fire damaging only one home.
- e. Utilities incurred separately and apart from the rent or mortgage cost are allowable. Actual direct utility costs may be used in determining shelter costs, even if the Virginia Energy Assistance Program covers the costs by a vendor payment.

In some situations the household may be entitled to use the utility standard as its utility expense, rather than its actual utility expenses.

A standard utility allowance has been established based on the number of persons in the residence. The standard includes an allowance for heat, electricity, gas, water, sewerage, septic tank maintenance fees, garbage collection and telephone. A household may use the standard utility allowance only if the household is responsible for a heating or cooling expense, or it receives Low Income Home Energy Assistance Program benefits at the current residence.

Number of Persons	Utility Standard
1 - 3	\$302
4 or more	\$381

Multiple family units living in the same residence may have only one standard utility allowance for the residence, based on the total number of people in the residence. The agency must divide the one utility standard among the units that contribute to meeting heating or cooling costs, whether or not each unit is applying for or receiving SNAP benefits. In these instances, each unit may use only its prorated share of the standard allowance, unless it uses its actual costs. The agency may not prorate the standard allowance if the nonhousehold members are all excluded from the household because they are ineligible to receive SNAP benefits.

Example

A three-person SNAP unit lives in a house with another person. The SNAP unit and the other person each pay half of the heating costs. The SNAP unit's standard utility allowance is \$190.50, i.e. \$381 (based on total number of persons in the home being 4 or more) divided by 2 (the number of units contributing to heating costs). The SNAP unit may opt to use \$190.50 as its utility costs, or may use its actual utility expenses.

Only those households that receive Low Income Home Energy Assistance payments for its current residence or that are responsible for an identifiable

heating or cooling expense or an established percentage of an identifiable expense have the option of the utility standard. A cooling cost is a verifiable utility expense relating to the operation of air conditioning systems or room air conditioners. A heating cost is a verifiable utility expense for a primary fuel source.

Examples

- 1) The SNAP household pays for electricity that the household needs to operate the oil furnace. Other persons in the home buy oil. The SNAP household is not entitled to the utility standard since there is no expense for the primary fuel source. The actual electric bill is allowable since this is a direct utility expense.
- 2) A SNAP household cuts its own wood. This wood is free, but the household incurs expenses for gas and oil for the chain saw. The household may not use the utility standard since the household does not incur an expense for the primary fuel source. The actual incidental expenses connected with obtaining the wood are not allowable since these are not direct utility expenses.

If a household incurs a utility expense such as electricity or gas that includes heating or cooling along with other uses, e.g., cooking or lights, the utility standard may still be used. If the household does not incur a separate expense for heating or cooling, it is not entitled to the utility standard unless it receives Low Income Home Energy Assistance payments. Actual costs of utilities incurred by households not entitled to the utility standard are allowable expenses.

Households that have their utilities included in their rent, but who may, on occasion, have to pay an excess utility charge may not claim the utility standard unless they receive Low Income Home Energy Assistance Payments. Households that receive HUD or FmHA payments may use the utility standard if they are responsible for utility costs beyond the HUD or FmHA payment. Households that pay a flat amount, not a percentage, for utilities to the homeowner instead of the utility vendor may not use the utility allowance. Actual or anticipated amounts for these utility charges are allowable.

If a household incurs a heating or cooling expense at any point during the year, or if such an expense is anticipated, or the household received a Low Income Home Energy Assistance payment during the period of time covered by the utility standard, or such a payment is anticipated, the utility standard may be used by the household for the full year.

Examples

- 1) A household buys oil twice a year in November and February to heat the home. This household is entitled to use the utility standard for the full twelve months of the year.

- 2) A household lives in an apartment where heat is included in the rent. The household, however, uses an air conditioner in the summer and is responsible for the electric bill for the apartment. Since a cooling expense is incurred, the household is entitled to use the utility standard for the full twelve months of the year.

Each household must receive a thorough explanation of the options available in considering utility expenses. The household may switch between use of the standard and actual costs only at the time of certification. If the household moves while certified, the household may switch from one to the other. If the household initially chose to use actual utility costs but the utility standard was allowed because the household may not switch to actual costs until recertification once the verification is provided.

- f. The utility standard includes the basic service fee for a telephone so a household that uses the utility standard may not also claim a separate telephone expense. For a household that uses actual utility expenses and who incurs an expense for a basic telephone service, or an established percentage of such an expense, the household must use a telephone standard of \$40, or the appropriate percentage of the standard.

The agency must divide the telephone standard among households sharing the expense. A telephone expense is allowable even if the household is not entitled to any other utility allowance.

Example

Two SNAP units live together and each pays half of the telephone bill. The bill includes charges for basic service. Each household will receive half the telephone standard as its telephone expense.

- g. Initial installation fees charged by a telephone, utility, or septic tank company are allowed as an expense, over and above the cost of the actual utility. Initial installation fees are allowable even if the utility or phone standards are used. The household may choose to have the installation bill averaged over the months in the certification period or to have the bill assigned to the month received or due. If a payment or budget plan has been established, the expense may be allowed for each month in the payment plan.
- h. One-time deposits for utilities, telephones, housing, etc., will not count as shelter costs.
- i. Shelter expenses, as described above, include the costs for a home (owned or rented) that is temporarily unoccupied provided the household intends to return to the home. The home may be unoccupied because of employment, training, illness, or a natural disaster or loss. If the household has shelter expenses for both an occupied and unoccupied home, the household is entitled to only one utility or telephone standard.

The cost of shelter cannot be claimed if the vacated home is rented to someone else or if a rent-free occupant is claiming the cost of shelter for the home in question for SNAP purposes.

- j. Verification requirements for shelter expenses are addressed in Parts III.A and E. Receipts or statements from the provider are sources of acceptable verification. For homes that are temporarily unoccupied, the local agency is not required to assist in obtaining verification of expenses if the verification would have to be obtained from a source outside the locality.

5. Medical Expenses (7 CFR 273.9(d)(3))

The total cost of medical expenses incurred by elderly or disabled household members, excluding special diets, is allowed as a deduction for those households when the cost exceeds \$35 a month. If the cost is \$35 or less, no deduction is allowed.

The \$35-limit applies to the entire household and is not applied individually to the expenses of members who may be entitled to a deduction.

Example

A household that consists of two members, both over 60 years of age, incurs medical expenses of \$20 a month for each person. The total monthly medical expense for this household is \$40. Subtract the \$35 limit from the total expenses of \$40. The household would receive a monthly medical deduction of \$5.

Persons who are 60 years of age or over or who are disabled, as described in Definitions, may be eligible for the medical deduction. An individual must be elderly or disabled when the medical expense is incurred.

Spouses or other persons receiving benefits as a dependent of the eligible individual are not entitled to the medical deduction.

- a. Allowable expenses include:
 - 1) Medical and dental care including psychotherapy and rehabilitation services provided by a licensed practitioner authorized by State law or other qualified health professional.
 - 2) Hospitalization or outpatient treatment, nursing care, and nursing home care. Costs for persons who were household members immediately prior to entering a State recognized facility (nursing home or hospital), will also be allowed.
 - 3) Prescriptive drugs, when prescribed by a licensed practitioner, and other over-the-counter medication (including insulin, aspirin, antacids, etc.) which is approved by a licensed practitioner. Cost of medical supplies, sick room equipment (including rental) or other prescribed equipment.

- 4) Health and hospitalization insurance policy premiums. Costs of health and accident policies such as those payable in lump sum settlements for death or dismemberment are not allowed. Costs of income maintenance policies such as those that continue mortgage or loan payments while the beneficiary is disabled are also not deductible.
- 5) Medicare premiums related to coverage under Title XVIII of the Social Security Act and any cost-sharing or spend-down expenses incurred by Medicaid recipients.
 - If a Medicaid application is pending when the SNAP benefit application is approved, the Medicare premium is allowed as a medical expense.
 - If a Medicaid application has already been approved when the SNAP benefit application is approved, the Medicare premium is not allowed as a medical expense.
 - If the Medicaid information is not in ADAPT, upon the approval of the Medicaid application, the eligibility worker has no obligation to remove the Medicare premium from an ongoing SNAP benefit case.
- 6) Costs of dentures, hearing aids, and prosthetics.
- 7) Costs of securing and maintaining a Seeing Eye or hearing dog or other attendant animal as well as veterinarian bills and food for the animal.
- 8) Costs of eyeglasses prescribed by a physician skilled in eye disease or by an optometrist.
- 9) Reasonable costs of transportation and lodging to obtain medical treatment or services. Actual verified amounts may be used. If specific amounts cannot be verified, then the prevailing rate in the community or the state mileage allowance must be used.
- 10) Costs of maintaining an attendant, homemaker, home health aid, or child care services or housekeeper, necessary due to age, infirmity, or illness. In addition, an amount equal to the one-person benefit allotment must be deducted if the household furnishes more than half of the attendant's meals. The benefit allotment that is in effect at the time of initial certification will be used and the local agency is only required to update the allotment amount at the next recertification, if there has been an adjustment in coupon allotments.

If a household incurs attendant care costs, as defined above, that qualify as both a medical deduction and dependent care deduction, the local agency must treat the cost as a medical expense.

- 11) Telephone fees for amplifiers and warning signals for disabled persons and costs of typewriter equipment for the hearing impaired. (These costs may not be entered as shelter costs.)

The expenses listed above are also allowable when incurred by a household member who is now deceased and which now are the responsibility of the remaining household members.

b. Disallowed Expenses:

Only those costs listed above will be considered as a medical expense. Any portion of the cost that is reimbursable by insurance policies or covered by Medicaid will not be given as a deduction until the household verifies the portion of the cost that is its responsibility.

Example

A household consists of one member who is 64 years old. This 64 year old incurs allowable medical expenses of \$200 a month. Insurance policies reimburse the household \$100 a month for the expenses. Disallowing the first \$35 a month, the monthly medical deduction for this household is \$65.

6. Child Support Deduction

Child support payments paid by a household member to an individual or agency outside the household are deductible. Payments to a third party on behalf of a child, including payments to obtain health insurance for the child, in accordance with the support order, will also be included in the deduction. A deduction for amounts paid toward arrearages will be allowed.

The legal obligation to pay child support, the amount of support obligated, and the amount of support actually paid must be verified before the deduction is allowed. The allowable deduction may not exceed the monthly obligated amount unless the amount paid includes an amount in arrears.

Alimony or spousal support payments made to or for a nonhousehold member may not be included in the child support deduction.

7. Homeless Shelter Allowance

Households in which all members are homeless, as defined in Definitions, are allowed a deduction for incurred or estimated shelter expenses. The homeless shelter standard is \$143 per month. This standard is not calculated as part of the shelter expense deduction described in section 4 of this chapter.

To be eligible for the homeless shelter allowance, a household must incur or reasonably expect to incur shelter costs during a month. Homeless households that incur no shelter costs during the month and anticipate none are not be eligible for the shelter allowance.

If a household has difficulty in obtaining traditional types of verification of shelter costs, the EW must use prudent judgement in determining if verification is adequate.

Example

A homeless individual claims to have incurred shelter costs for several nights at a hotel. The costs reported are reasonable. The EW may accept this information as adequate and allow the household to use the shelter estimate.

No other shelter costs, including the utility standard or telephone standard, may be used if the homeless shelter allowance is used. The homeless shelter allowance also may not be used if the household claims shelter costs that exceed the allowance. Higher or other shelter costs must be handled as a part of the shelter expense deduction (Part X.A.4) in which case, the household may or may not receive an actual deduction.

B. VERIFICATION OF DEDUCTIONS (7 CFR 273.2(f)(3))

If a deductible expense must be verified and obtaining the verification may delay the household's certification, the local agency must advise the household that the household's eligibility and benefit level may be determined without providing a deduction for the unverified expenses being claimed. If the expense cannot be verified within 30 days of the date of application, the local agency must determine the household's eligibility and benefit level without providing a deduction for the unverified expense. If a household wants to claim actual utility costs but does not provide verification by the 30th day, the utility standard must be allowed if the household is entitled to it. The household is not entitled to restoration of lost benefits when expenses are not deducted because verification could not be obtained. If, however, the expense could not be verified within the thirty-day processing standard because the local agency failed to allow the household at least 10 days to provide the verification, lost benefits must be restored.

If a household would be ineligible without a deductible expense, on the 30th day from the date that the initial application or reapplication was filed, the worker must send the household the Notice of Action to extend the pending status of the case. If the lack of verification is the fault of the household, the household will have an additional 30 days to take the required action. If eligible, the household is entitled to benefits only from the day the household provides the last verification or takes the last required action. (See Part II.G.2.). If the lack of verification is the fault of the agency, and the household is eligible, the household is entitled to benefits retroactive to the month of application. (See Part II.G.3.). If a recertification application is filed, verification time frames at recertification (Part IV.C.4) will apply and the ability to extend the pending status of the application is not allowed.