CHAPTER 4-000 INCOME TREATMENT

4-001 Income Considered: In determining eligibility, any cash benefit received or available to the person is considered income, including money received from wages, businesses, property rentals, pensions, benefits, and contributions. Income does not include cash paid from one family to another toward a combined shelter obligation. Income considered must be received and actually available for use by the unit or individual.

4-001.01 Earned Income: Earned income is money received from wages, tips, salary, commissions, profits from activities in which an individual is engaged as a self-employed person or as an employee, or items of need received at no cost in lieu of wages.

Earned income also includes earnings over a period of time for which settlement is made at one given time, as in the instance of farm crops or poultry, etc. These earnings are prorated for the same number of ensuing months as was included in the earning period.

Picket pay and strike pay are considered earned income. Work study for a graduate student or a student working for a second degree is also considered earned income.

4-001.01A Self-Employment Income: A self-employed person is defined as one who is a sole proprietor, an independent contractor, a member of a partnership, or otherwise in business for him/herself (this includes farm income). Persons in self-employed households are allowed operating expenses as disregards.

4-001.01A1 Operating Expenses: Operating expenses related to, and necessary for, the production of goods or services are deducted from gross income. Operating expenses include~~–~~:

1. Cost of goods sold;
2. Advertising;
3. Bad debts from sales or services;
4. Bank service charges;
5. Car and truck expenses;
6. Commission;
7. Employee benefit programs;
8. Freight/shipping costs;
9. Insurance;
10. Interest on business indebtedness;
11. Laundry and cleaning;
12. Legal and professional services;
13. Office supplies and postage;
14. Rent on business property;
15. Repairs and maintenance;
16. Supplies;
17. Utilities and telephone; and
18. Wages.

4-001.01A2 Operating Expenses - Farm Income: The following expenses related to farm income are considered operating expenses:

1. Cost of goods sold;
2. Cost of labor;
3. Repairs and maintenance;
4. Interest;
5. Rent of farm, pasture;
6. Feed purchased;
7. Seeds, plants purchased;
8. Fertilizers, lime, and chemicals;
9. Cost of machines leased;
10. Supplies purchased;
11. Breeding fees;
12. Veterinary fees, medicine;
13. Gasoline, fuel, or oil;
14. Storage, warehousing;
15. Insurance;
16. Utilities;
17. Freight, trucking;
18. Conservation expenses;
19. Land clearing expenses;
20. Employee benefit programs;
21. Real estate and personal property taxes on farm business assets; and
22. Social Security taxes paid by a farmer to match what was required to be withheld from his/her employee's wages.

4-001.01A3 Operating Expenses Not Allowed: The following expenses are not allowed as operating expenses:

1. Amortization payments on the principal of loans;
2. Depreciation;
3. Dues and publications;
4. Pension and profit-sharing plans and retirement funds for the employer;
5. Personal business expenses, such as union dues, training courses, etc.
6. Personal transportation;
7. Purchase of capital equipment;
8. Business-related entertainment expenses;
9. Federal income taxes;
10. Estate and gift taxes;

11. Taxes assessed to pay for improvements such as paving and sewers;
12. Taxes on home or personal property;
13. Other taxes not related to a farm or business; and
14. Depletion.

4-001.01B Income From Boarder: Income received from a boarder is considered earned income for the household. The boarder is not counted in the household size.

4-001.01C Offset of Earnings: If a household has a combination of farm and regular earned income, the regular earnings may be offset with a loss from the self-employment or farm operation. See PAF 13-1 for completion of the Self-Employment and Farm Income Worksheet.

4-001.02 Unearned Income: Unearned income is any cash benefit that is not the direct result of labor or services performed by the individual as an employee or a self-employed person. Unearned income includes, but is not limited to–:

1. Retirement, Survivors,and Disability Insurance (RSDI);
2. Suplemental Security Income (SSI);
3. Railroad Retirement;
4. Public Assistance;
5. Veteran's or military service benefits;
6. Unemployment compensation or disability insurance benefits;
7. Disability benefits paid by the employer (this does not include sick leave);
8. Worker's compensation;
9. Child/spousal/cash medical support;
10. Voluntary contributions;
11. Gifts;
12. Lease income;
13. Annuities;
14. Pensions, or returns from investments or securities in which the individual is not actively engaged;
15. Civil service benefits;
16. Training stipends;
17. Income from a life estate in real property (determine the total cost of operation and deduct from gross income);
18. Income from securities and investments; and

~~19. Any portion of a grant, scholarship, or graduate assistantship not used for items such as tuition, books, fees, equipment, special clothing needs, transportation to and from school, child care services necessary for school attendance, etc. Transportation costs are allowed at 24 cents per mile if the client uses private transportation; and~~

~~20~~19. Income in excess of $10 per month per individual from estates and trusts, dividends, interest, and royalties.

4-001.03 Income Considered Exempt: Certain income items are excluded from household income for any household applying for benefits under the Low Income Energy Assistance Program. All other income not described in 476 NAC 4-001.03 ff. is considered in establishing total gross income for the non-public assistance household.

4-001.03A Cash Over Which the Household Has No Control: The following cash payments are excluded from household income:

1. Reimbursement for expenses incurred in connection with employment. This exclusion refers only to reimbursement, such as mileage for job-related travel expenses, etc., and is not to be interpreted to allow for expenses of producing income as income exclusions; and
2. Reimbursements for medical expenses, such as Medicare.

4-001.03B Supplemental Medical Insurance Premium (SMI Premium): The SMI premium is an allowable income exclusion for those M~~m~~edicare recipients who have the payment deducted from their monthly benefit checks.

4-001.03C Unpredictable Income: Unpredictable income received by a client is disregarded. Income is considered "unpredictable" when its receipt does not conform to any pattern or when it is on an incidental basis. As a result, its continuity cannot be predicted and therefore cannot be relied upon for any future period.

4-001.03D Garnishment of Wages and Overpayments for Social Security and/or Supplemental Security Income (SSI): The amount of legally garnished wages withheld from the income of any household member will be excluded.

Overpayments which have occurred for Social Security or SSI recipients which have been, or are currently being, deducted from the recipient's eligible benefit amount are excluded. Only the income actually being received by the recipient is included as income.

4-001.03E Bankruptcy: If bankruptcy papers have been filed with the court, the household has no income or resources as it is all controlled by the court from that time on.

4-001.03G Excluded Income or Benefits: The following income is exempt:

1. Value of food coupons under the Food Stamp Act;
2. Value of federally donated foods;
3. Bona fide loans from any source;
4. Payment from ~~JTPA~~ Title I WIA for classroom training;
5. Earnings received from the employer or compensation in lieu of wages under a ~~JTPA~~ Title I WIA program;
6. ~~JTPA~~Title I WIA program allowance paid to the client or vendor payments made to the provider for supportive services, such as transportation, meals, special tools, and clothing. This includes temporary Welfare to Work payments and work experience payments made ~~by JTPA~~ through Workforce Development;
7. Any benefit under Title VII, Nutrition Program for the Elderly, of the Older American Act of 1965, as amended;
8. Payments distributed pursuant to any judgment of the Indian Claims Commission of the Court of Claims in favor of any Indian Tribe;

9. Value of supplemental food assistance received ~~under the~~ from a Child Nutrition Act ~~of 1966 and the~~ or National School Lunch ~~Act~~ Program;
10. Payments received from the Nebraska Low Income Energy Assistance Program;
11. Any payment received under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
12. HUD rental and/or utility subsides under Section 8 of the Housing Act (lump sum or monthly payments);
13. Any student financial assistance;
14. Payments to AmeriCorps volunteers;
15. Earnings of a child 18 years of age and younger and in school;
16. Income received from another client for board and room or foster care payments;
17. Payments to a client participating in training or school attendance subsidized by the Division of Vocational Rehabilitation;
18. Payments for services or reimbursement of expenses to volunteers serving as foster grandparents, senior health aides, or senior companions, Service Corps of Retired Executives (SCORE), Active Corps of Executives (ACE) and any other programs under Title II and III (P.L. 93-113);
19. Federal and state income tax refunds;
20. Indian Land Lease;
21. Indian judgment funds distributed as per capita payments to members of Indian tribes or held in trust by the Secretary of the Interior, interest and investment income accrued on Indian judgment funds while held in trust, and purchases made with the funds;
22. $10 or less per month per individual for each income type from interest and dividends (may be prorated on a monthly basis) and declared cash winnings, small insignificant children's cash allowances and small irregular earnings not computable or predictable;
23. Payments received from University in Action;
24. Benefits received under Title V of the Older American's Act, including~~–~~:
    a. Green Thumb;
    b. Forest Service;
    c. Senior Community Service Employment Program; and
    d. National Retired Teachers Association/American Association of Retired Persons;
25. Any disaster payments;
26. Home produce from a garden, livestock, and poultry used by the household for its own consumption;
27. Income from a terminated source;
28. Court-ordered child/spousal/medical support paid by a household member;
29. Agent Orange settlement payments;
30. Health insurance premium paid by any household member for any household member;
31. The value of any child care assistance provided by the Department;
32. Payments made under the Radiation Exposure Compensation Act relied upon for any future period;

33. Living allowance issued to Job Corps recipients or the readjustment allowance that is issued when Job Corps participants leave the program;
34. In-kind income received by Job Corps participants for food, shelter, etc.,
35. Benefits under Public Law 104-204 for children of Vietnam veterans who were born with spina bifida;
36. Payments made from any fund established as a result of the case of Susan Walker v. Bayer Corporation, et. al. to hemophilia patients who are infected with human immunodeficiency virus;
37. Income from the sale of blood or plasma;
38. Christmas bonus/work related bonus; and
39. Payments to individuals due to their status as victims of Nazi persecution.

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4-001.04 Income Eligibility Test: The total countable income, earned and unearned, of all members of the non-public assistance household may not exceed the income guidelines according to household size as indicated in 476 NAC 3-001.03B. The following disregards are allowed in the determination of the eligibility test.

4-001.04A Income Exclusions: All income that is listed as excluded income in 476 NAC 4-001.03 is disregarded.

If verification of the amount paid for a health insurance premium is not readily available, e.g., on the paycheck stub or already verified for another assistance program, the client's statement of the amount of the premium is sufficient.

4-001.04B Self-Employment Disregards: Operating expenses are deducted from gross earnings to determine net income. Net income only is used for determining income eligibility for self-employed individuals.

4-001.05 Income Computation Procedures: All countable earned and unearned income for a household must be converted to yearly income. The following procedures are used to determine countable yearly income:

1. If the household has regular monthly income, only one month's income needs to be verified; the worker ~~shall~~ must multiply this figure by 12 to determine yearly income;
2. If the household has irregular income, three month's income must be verified; the worker ~~shall~~ must multiply this figure by four to arrive at yearly income. Irregular income is income, earned or unearned, which varies in amount from month to month or which is received at irregular intervals. This may be due to irregular employment, but even when an individual works regularly, the income may be irregular because of factors such as seasonal increases or decreases in employment and earnings, e.g., day labor, sales work on a commission basis, child care, etc. Small, irregular earnings which are not computable or predictable are not considered.

3. If the household has zero income at the time of application and that situation will continue, the worker may determine the household eligible based on zero income.
4. If the household is without income due to a recent layoff or has zero income (does not include seasonal workers) and expects unemployment compensation within the next 60 days, the worker ~~shall~~ must project the Total Benefit Amount ~~from the IUC2 screen~~.
5. If the household is without income (does not include seasonal workers) but anticipates a job starting during the month of application, the worker ~~shall~~ must project the expected earnings.

4-001.05A Eligibility Determination: The worker shall compare the yearly income, after allowable deductions, to the income guidelines chart (see 476 NAC 3-001.03) to determine eligibility for energy assistance.

4-001.05B Payment Amount Determination: After eligibility has been determined, 20 percent of the gross countable earned income is disregarded before determining the payment amount. This is not applicable to self-employment income.

4-001.06 Significant Change: When there has been a significant change in income, the worker may verify and use the last full 12-month period preceding the date of application, if it is to the client's advantage. The following are examples of significant changes in income:

1. A job change which affects amount of income;
2. Commencement of employment;
3. Termination of employment;
4. Promotion;
5. A change in the number of hours worked; or
6. Any change in unearned income.

4-001.07 Verification of Income: The worker ~~shall~~ must verify and document all earned and unearned income in the case record. Eligibility may not be established until all income is verified. Information necessary to verify income includes the ~~–~~:

1. Source of the income;
2. Gross amount of payment;

3. The number of check or pay slip (or other identifying information);
4. Date paid;
5. Period covered by the payment; and
6. Period covered by the average monthly income.

For seasonal workers, strikers, migrant workers, and self-employed workers, the worker ~~shall~~ must use the income tax record for the verification period to determine eligibility.

If income has already been verified for another assistance program such as ADC, AABD, Social Services, or Food Stamps, reverification of the same income is not necessary.