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NEBRASKA DEPARTMENT OF  
HEALTH AND HUMAN SERVICES

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TITLE 475 SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

CHAPTER 3 ELIGIBILITY

001. NONFINANCIAL ELIGIBILITY STANDARDS. This section outlines the nonfinancial eligibility standards for Supplemental Nutrition Assistance Program. These include:

- (A) Identity;
- (B) Residency;
- (C) Citizenship/alien status;
- (D) Work requirement;
- (E) Student status;
- (F) Social Security number;
- (G) Drug felon status;
- (H) Striker status; and
- (I) Household composition

001.01 IDENTITY. To be eligible, the individual making application must prove the applicant's identity. The Department verifies the identity of the applicant. When an authorized representative applies on behalf of a household, the identity of both the authorized representative and the head of the household will be verified.

001.01(A) VERIFICATION OF IDENTITY. The Department:

- (i) Verifies identity through readily available documentary evidence or, if this is unavailable, through a collateral contact; and
- (ii) Accepts any documents which reasonably establish the applicant's identity.

001.02 RESIDENCY. Only Nebraska residents are eligible. An individual may participate in only one household in any one month, unless that individual is a resident of a shelter for battered persons and was a member of the household containing the abusive person.

001.02(A) DURATION. Residency does not require an intent to live in the state permanently. Persons in the state solely for vacation purposes are not eligible.

001.02(B) FIXED RESIDENCE. A fixed residence is not required.

001.02(C) VERIFICATION OF RESIDENCY. The Department verifies residency in conjunction with the verification of other information whenever possible. The Department may also verify residency through a home visit, collateral contact or other documentary evidence.

001.03 CITIZENSHIP OR ALIEN STATUS. When a non-citizen requests to participate in Supplemental Nutrition Assistance Program, the applicant's alien status will be determined. Citizenship or alien status of a new household member is determined at the time the individual is added to the household. If the individual does not meet the citizenship or alien provisions, the applicant is ineligible.

001.03(A) VERIFICATION VIA THE SYSTEMATIC ALIEN VERIFICATION FOR ENTITLEMENTS PROGRAM. The status of all aliens requesting benefits will be verified through the Systematic Alien Verification for Entitlements program. If a household or individual indicates inability or unwillingness to provide documentation of alien status for any household member, that member is considered an ineligible alien. If applicants do not wish to have Citizenship and Immigration Services contacted to verify their immigration status, the household has the option of participating without that member. The household may also choose to withdraw its entire application.

001.03(B) HOUSEHOLD MEMBERS MEETING CITIZENSHIP OR ALIEN REQUIREMENTS. To be eligible, a household member must meet the citizenship or alien status requirements of Title 7 of the Code of Federal Regulations (CFR) §273.4.

001.03(C) INELIGIBLE ALIENS. Aliens, other than those meeting citizenship or alien requirements outlined in this section, are ineligible for Supplemental Nutrition Assistance Program benefits. These include, but are not limited to, alien visitors, tourists, diplomats, and students who enter the United States with no intention of abandoning their residence in a foreign country.

001.03(C)(i) MICRONESIA AND MARSHALL ISLANDS. Citizens of the Federated States of Micronesia and the Marshall Islands may enter and leave the United States without providing documentation, but they are not United States citizens and are therefore ineligible for program benefits.

001.03(C)(ii) ATTESTING TO CITIZENSHIP OR ALIEN STATUS. At the time of initial certification, the individual making application must attest to the citizenship of all household members requesting benefits by checking the appropriate field and signing the application.

001.03(D) EXPEDITED SERVICES. If an individual is unable to verify alien status in time to meet expedited time frames and the individual has declared eligible citizenship or alien status, the verification will be postponed.

001.03(E) REPORTING UNDOCUMENTED ALIENS. The agency will immediately inform the local Citizenship and Immigration Services office whenever personnel responsible for the certification or recertification of households determine that an applicant or recipient is illegally in the United States in violation of the Immigration and Nationality Act. An alien is known to be "illegal" only when the unlawful presence in the United States is a Finding of Fact or conclusion of law that is made by the entity as part of a formal determination subject to administrative review. In addition, that finding or conclusion of unlawful presence must be supported by a determination by the Service or the Executive Office of Immigration Review, such as the Final Order of Deportation.

001.03(F) VERIFICATION OF CITIZENSHIP OR ALIEN STATUS. When the citizenship or alien status of any person applying for benefits is questionable, the household is required to provide verification of citizenship or alien status. The household member is ineligible until proof of United States citizenship or eligible alien immigration status is received.

001.03(G) PENDING VERIFICATION OF IMMIGRATION STATUS. Some applicants who declare eligible immigration status may not have documents issued by Citizenship and Immigration Services. Until acceptable documentation is provided, a non-citizen is ineligible for Supplemental Nutrition Assistance Program unless:

- (i) The Department has submitted a copy of a document provided by the household to Citizenship and Immigration Services for verification;
- (ii) The Lawful Permanent Resident or the Department has:
  - (1) Submitted a request to Social Security Administration for information regarding the number of quarters of work that can be credited to the individual;
  - (2) Social Security Administration has responded that the individual has fewer than 40 quarters; and
  - (3) The individual provides documentation from the Social Security Administration that the Social Security Administration is conducting an investigation to determine if more quarters can be credited; or
- (iii) The applicant or Department has submitted a request to a federal agency for verification of information which bears on the individual's eligible alien status.

01.03(H) APPLICATION PROCESSING PENDING VERIFICATION. During the period of time the alien's status is under review by the Citizenship and Immigration Services, Social Security Administration or another federal agency, the Department cannot delay, deny, reduce, or terminate the individual's eligibility on the basis of the individual's immigration status. Pending the outcome of the review, the alien may be certified for up to six months from the date of original request for verification. The alien's eligibility will be reviewed based on the results of the investigation when received from the federal agency. The alien may be determined eligible or ineligible.

001.04 WORK REQUIREMENTS. The work requirement provision is applied statewide. Exemptions from the work requirements and eligibility for meeting the work requirements are covered in this section. Each household member age 16 through 59 must meet or be exempt from the work participation requirements which are:

- (1) Work Registration;
- (2) Bona Fide Job Offer;
- (3) Voluntary Quit; or
- (4) Employment First work requirements.

001.04(A) ADDITIONAL WORK REQUIREMENT. Each household member age 18 through 49, in addition to the work requirements above, must also meet or be exempt from the Able Bodied Adult Without Dependents work requirements discussed later in this section.

001.04(B) WORK REQUIREMENT EXEMPTIONS. The following household members are exempt from meeting any work requirements:

- (1) A person age 15 or younger. If a household member's sixteenth birthday falls within a certification period, that member will register for work as part of the next scheduled recertification unless otherwise exempt;
- (2) A person age 16 or 17 who is not the head of household, or who is attending school, or enrolled in an employment and training program on at least a half-time basis;
- (3) High school students of any age who are attending classes at least half-time;
- (4) A student enrolled at least half time in any recognized school, training program, or post-secondary education when the individual is an exempt student. The following persons are not considered as students:
  - (a) Persons who experience a break in their enrollment due to graduation, expulsion, suspension; or
  - (b) Persons who drop out or do not intend to return to school.
- (5) A person age 60 or older. If a person who is age 59 will turn 60 during the application month, then that person is considered exempt;
- (6) A person who is physically or mentally unfit for employment. Verification may be required if a disability is claimed but is not evident to the Department. The individual is considered disabled if the individual receives one of the following:
  - (a) Retirement, Survivors and Disability Insurance or Supplemental Security Income based on disability;
  - (b) A statement from the Veteran's Administration indicating inability to work;
  - (c) Medical Assistance based on disability;
  - (d) A statement from the individual's physician or licensed certified psychologist indicating inability to work; or
  - (e) Temporary or permanent disability benefits from other government or private sources.
- (7) An employed or self-employed person if that person is working at least 30 hours per week or is receiving weekly earnings equal to or greater than the federal minimum wage or training wage multiplied by 30 hours. This includes migrant and seasonal farmworkers who are under contract or similar agreement with an employer or crew chief to begin employment within 30 days;
- (8) A parent or other household member responsible for the care of a dependent child age five or younger or an incapacitated person. If the child's sixth birthday falls within a certification period, the member responsible for that child's care must register for work as part of the next scheduled recertification unless otherwise exempt;
- (8) A person who receives unemployment compensation. A person who has applied for but has not yet received unemployment compensation is also exempt if that person was required to register for work with the Job Service Workforce Development as part of the unemployment compensation application. This is verified through wage match procedures;
- (10) A chemically dependent person participating in a chemical dependency treatment and rehabilitation program;

001.04(B)(i) CHANGE IN EXEMPTION STATUS. Household member(s) who lose their exempt status due to a change in circumstances that is required to be reported are screened for the work requirements at the time of report. Household member(s)

who lose their exemption due to a change in circumstances that is not required to be reported are screened for the work requirements at the household's next recertification.

001.04(B)(ii) UNEMPLOYMENT COMPENSATION NONCOMPLIANCE. Household members who fail to comply with the unemployment compensation requirements lose their work requirement exemption. Unless these individuals are otherwise exempt, they are required to comply with the work requirements as appropriate.

001.04(B)(iii) EMPLOYMENT FIRST NONCOMPLIANCE.

- (a) Household members who fail to comply with Employment First work requirements and who are otherwise exempt from work requirements are not disqualified for a work requirement. However, they are subject to a penalty under the Chapter 4 failure to comply with another program requirement;
- (b) Household members who fail to comply with Employment First work requirements and who are not otherwise exempt from work requirements are disqualified for noncompliance with a work requirement. The disqualification follows Supplemental Nutrition Assistance Program work requirement disqualification penalties.

001.04(B)(iii)(1) ACTION AFTER EMPLOYMENT FIRST NONCOMPLIANCE.

The appropriate work requirement disqualification is applied. In addition, the individuals are subject to the failure to comply with another program requirement penalty for noncompliance with Employment First.

001.04(C) WORK REGISTRATION. Household members who are not exempt from work registration are considered registered when an adult household member or an authorized representative signs the completed application form.

001.04(D) EMPLOYMENT AND TRAINING. Individuals residing in Nebraska are geographically exempt from mandatory Employment and Training participation. Individuals may volunteer to participate in Employment and Training in designated areas of the state.

001.04(D)(i) EMPLOYMENT AND TRAINING REIMBURSEMENT. Any household member voluntarily participating in the Employment and Training Program qualifies for a reimbursement for actual costs that are reasonably necessary for and directly related to participation.

001.04(E) REFUSAL TO ACCEPT A BONA FIDE JOB OFFER OR VOLUNTARY QUIT.

If an individual refuses to accept a bona fide job offer or voluntarily quits employment within 60 days before an application is filed, any time after the application is filed or after the household is certified, the individual or the entire household may become ineligible for the Supplement Nutrition Assistance Program, pursuant to the disqualifications timeframes referenced in this section, unless they are able to claim good cause. The household cannot claim good cause for refusing a bona fide job offer due to not meeting

the drug test requirement. The following conditions do not constitute a refusal to accept a bona fide offer or a voluntary quit:

- (i) Employer offered employment of less than 30 hours per week or less than an equivalent of 30 hours times the federal minimum wage;
- (ii) Program recipient initiated changes in employment status which do not result in reducing hours of employment to less than 30 hours per week for the same employer;
- (iii) Terminating a self-employment enterprise; or
- (iv) Resigning from a job at the employer's demand.

001.04(F) NON-COMPLIANCE WITH WORK REQUIREMENTS. In any of the following situations an individual is ineligible to participate in the Supplemental Nutrition Assistance Program when the individual:

- (1) Refuses without good cause to register for employment;
- (2) Voluntarily and without good cause quits a job or reduces employment to less than 30 hours per week;
- (3) Refuses without good cause to accept an offer of bona fide employment;
- (4) Is a non-exempt Able Bodied Adult Without Dependents who has used three months of time-limited benefits in the 36-month period and is not meeting an Able Bodied Adult Without Dependents work requirement; or
- (5) Is determined to be noncompliant with Employment First and is not otherwise exempt from work requirements.

001.04(F)(i) ONGOING COMPLIANCE. Household member who is exempt from work requirements is not subject to a disqualification at the time of non-compliance. If the individual is participating in the program at the time non-compliance is discovered, the household is treated as a certified household.

001.04(F)(ii) FAILURE TO COMPLY WITH WORK REQUIREMENT. If a household member who has work registered refuses or fails to comply with any of the work participation requirements, the Department will initiate the noncompliance process. The process includes the following steps:

- (1) Determine the reason(s) the noncompliance occurred;
- (2) Determining if good cause exists;
- (3) If good cause does not exist, determining if the individual who committed the violation is the head of household or another household member; and
- (4) Closing the individual or household, whichever is appropriate, and providing timely notice to the household.

001.04(F)(iii) GOOD CAUSE. Good cause for not meeting the work participation requirement may include, but is not limited to:

- (1) Illness of the employed household member;
- (2) Illness of another household member requiring the presence of the employed member;
- (3) A household emergency;
- (4) Unavailability of transportation;

- (5) Recognition of the fact that the employment does not meet the suitability of employment criteria;
- (6) Discrimination by an employer based on age, race, sex, color, disability, religious beliefs, national origin, or political beliefs;
- (7) Work demands or conditions that render continued employment unreasonable, such as working without being paid on schedule;
- (8) Acceptance of employment or enrollment of at least half-time in any recognized school, training program, or institution of higher education that requires the head of household to leave other employment;
- (9) Acceptance by any other household member of employment or enrollment at least half-time in any recognized school, training program, or institution of higher education which requires the household to relocate and requires other employed household members to leave their employment;
- (10) Resignations by persons under 60 which are recognized by the employer as retirement;
- (11) Employment which becomes unsuitable by not meeting the suitable employment criteria after the employment has been accepted;
- (12) Acceptance of a bona fide job offer which meets the criteria for employment but because of circumstances beyond the control of the head of household, subsequently either:
  - (a) Does not materialize;
  - (b) Results in employment of less than 30 hours per week; or
  - (c) Earnings of less than the federal minimum wage multiplied by 30 hours per week; or
- (13) Leaving a job in connection with patterns of employment in which workers frequently move from one employer to another, such as in migrant farm labor or construction work. There may be some cases where households will apply for Supplemental Nutrition Assistance Program benefits between jobs, particularly when work may not yet be available at the new job site. Even though employment at the new site has not actually begun, the quitting of the previous employment is considered as with good cause if it is part of the pattern of that type of employment.

001.04(F)(iv) ENGLISH AS A SECOND LANGUAGE. Problems caused by the individual's inability to speak, write, or read English could constitute good cause.

001.04(F)(v) LIMITATION OF GOOD CAUSE. The good cause provision is not applied to federal, state, or local governmental employees who strike against their employers and consequently lose their jobs.

001.04(G) HEAD OF HOUSEHOLD. Each applicant household must designate a head of household. The head of household's name will appear on the case record and all correspondence related to that case. The head of household will not have special requirements based on this designation. The head of household is not required to appear at the certification office to apply for benefits.

001.04(G)(i) DESIGNATION OF HEAD OF HOUSEHOLD. The head of household designation determines how the disqualification penalties will be applied in situations

of failure to comply with the work related requirements. The head of household is determined as follows:

- (a) If there is only one adult parent of a child in the household, that individual is the head of household;
- (b) If there is more than one parent of a child in the household, then the household may select the head of household; or
- (c) For households that do not have children, the household chooses the head of household or if the household does not, the head of household must be the primary wage earner.
- (d) The primary wage earner must be the household member, including excluded members, who is the greatest source of earned income in the two months before the month of the violation.

001.04(G)(i)(1) DESIGNATION EXCEPTIONS. The designation of head of household for households consisting of parents must be made at the time of application and may be changed at the time of review or if the household composition changes. The household cannot designate a disqualified household member as the head of household. The head of household for work requirement compliance must be an eligible household member.

001.04(G)(ii) INELIGIBILITY OF AN APPLICANT HOUSEHOLD. If the individual who has been named the head of household on the application is ineligible to participate due to a work requirement noncompliance, the entire household is ineligible. The household is ineligible to participate for:

- (1) Thirty days from the application filing date for the first disqualification;
- (2) Ninety days from the application filing date for the second disqualification; and
- (3) One hundred eighty days from the application filing date for the third or subsequent disqualification.

001.04(G)(iii) INELIGIBILITY OF A CERTIFIED HOUSEHOLD. If the individual who is the head of household becomes ineligible to participate due to a work requirement noncompliance, the household is ineligible to participate for:

- (1) One calendar month for the first disqualification;
- (2) Three calendar months for the second disqualification; and
- (3) Six calendar months for the third and subsequent disqualification.

001.04(G)(iv) EXEMPTION OF HEAD OF HOUSEHOLD DURING DISQUALIFICATION PERIOD. If the head of household becomes exempt from the work requirements during the disqualification period, the household may reapply for benefits.

001.04(H) OTHER HOUSEHOLD MEMBER. The following disqualification information applies to members of the household who are not the head of household.

001.04(H)(i) INELIGIBILITY OF AN APPLICANT HOUSEHOLD MEMBER. If any household member, other than the head of household, becomes ineligible to participate due to work requirements, the household member is ineligible to participate for:

- (1) Thirty days from the application filing date for the first disqualification;
- (2) Ninety days from the application filing date for the second disqualification; and
- (3) One hundred eighty days from the application filing date for the third or subsequent disqualification.

001.04(H)(ii) INELIGIBILITY OF A CERTIFIED HOUSEHOLD MEMBER. If the individual in violation is not the head of household, the individual household member becomes ineligible to participate in the program due to a work requirement noncompliance. The individual is ineligible to participate in any household for:

- (a) One calendar month for the first violation;
- (b) Three calendar months for the second violation; and
- (c) Six calendar months for the third and subsequent violation.

001.04(H)(ii)(1) EXEMPTION OF OTHER HOUSEHOLD MEMBER DURING DISQUALIFICATION PERIOD. If an individual who is not the head of household becomes exempt from the work requirements during the disqualification period, the individual may again be included in the benefits. Otherwise, the individual must not be included in the household's allotment until the month following the last month of the disqualification period.

001.04(I) ACTION TAKEN AFTER DISQUALIFICATION. Within ten days of noncompliance or notification of noncompliance, the household will:

- (i) Be provided with a timely notice which describes:
  - (1) The specific reason or action of noncompliance;
  - (2) The penalty imposed for the noncompliance, including the period of disqualification; and
  - (3) That the household may apply at the end of the disqualification period or the household member would be added back to the unit at the end of the disqualification period.
- (ii) Begin the disqualification period with the first month after the expiration of the timely notice period, unless a fair hearing is requested. If a fair hearing is held and the Department action is upheld, the disqualification period begins the month after the decision is made.

001.04(J) FAIR HEARINGS. Each household has a right to a fair hearing to appeal a denial, reduction or termination of Supplemental Nutrition Assistance Program benefits because of a determination of non-exempt status or a determination of failure to comply with work participation requirements. Actions that may be appealed include:

- (1) Exemption status;
- (2) Type of requirement imposed; or
- (3) The Department's refusal to grant good cause.

001.04(J)(i) REVIEW OF CASE FILE. Household members are allowed to examine the documents in their case file at a reasonable time before the fair hearing except that confidential information such as test results may be withheld. Information not released to the household may not be used by either party at the hearing.

001.04(K) ENDING THE DISQUALIFICATION. A household's disqualification will be ended if:

- (1) The head of household:
  - (a) Becomes exempt from work requirements; or
  - (b) Leaves the household.
- (2) The disqualified non head of household:
  - (a) Becomes exempt from work requirements.

001.04(K)(i) DISQUALIFIED INDIVIDUALS LEAVING THE HOUSEHOLD. If the disqualified individual leaves the household and joins a different Supplemental Nutrition Assistance Program household, the disqualification period in the new Supplemental Nutrition Assistance Program household continues until served. If the individual becomes the head of household in the new household and is not exempt from work requirements, the entire household is ineligible for the remainder of the disqualification period. If the individual is not the head of household in the new household and not exempt from work requirements, the individual is ineligible for the remainder of the disqualification period.

001.04(L) REAPPLYING AFTER DISQUALIFICATION. In situations when the entire household is disqualified, the household may apply in the last month of the disqualification period. Eligibility can be reestablished no earlier than the date after the disqualification ends. If the household files an application before the end of the current disqualification period, the following will occur:

- (i) If the application is prior to the final month of the disqualification period, the application will be denied; or
- (ii) If the application is within the last month of the disqualification period, the application will be denied for the month of application but the household will be certified for subsequent months if all other eligibility factors are met.

001.04(M) OCCURRENCE OR DISCOVERY IN THE LAST MONTH OF CERTIFICATION. The following rules explain how a household will be affected by work requirement disqualifications in the last month of a certification period.

001.04(M)(i) HOUSEHOLD REAPPLIES. If a failure or refusal to comply with a work participation requirement occurs or is discovered in the last month of the certification period, the disqualification will be determined at the time of recertification. The appropriate disqualification period will begin the first day after the existing certification period ends.

001.04(M)(ii) NO REAPPLICATION. If a failure or refusal to comply with a work requirement occurs or is discovered in the last month of the certification period and the household does not reapply, the disqualification will be reviewed at the next certification. If the household reapplies during what would otherwise have been the disqualification period for the prior failure to comply violation, the remainder of the disqualification period will be applied. The disqualification period would begin the day after the certification period expires, which is:

- (a) One calendar month for the first violation;
- (b) Three calendar months for the second violation; and

(c) Six calendar months for the third and subsequent violation.

001.04(M)(ii)(1) APPLYING THE DISQUALIFICATION AT NEXT CERTIFICATION. If the individual in violation is the head of household, the household is not eligible for benefits until the disqualification period is served. If the disqualified individual is another household member, that individual will not be added to the household until the month following the month the disqualification period has been served.

001.04(N) ABLE BODIED ADULTS WITHOUT DEPENDENTS WORK REQUIREMENTS. Able Bodied Adults Without Dependents are eligible for only three full months of benefits during a 36-month period without meeting an Able Bodied Adults Without Dependents work requirement or qualifying for an Able Bodied Adult Without Dependents work requirement exemption. Months of prorated benefits do not count in the three months. An Able Bodied Adult Without Dependents 36-month period begins the first full month the individual does not meet an Able Bodied Adults Without Dependents work requirement or qualify for an Able Bodied Adults Without Dependents exemption.

001.04(N)(i) WORK REQUIREMENTS FOR ABLE BODIED ADULTS WITHOUT DEPENDENTS. Individual's age 18 through 49 are ineligible to receive benefits after three full months unless they meet one of the following criteria:

- (1) Working 20 or more hours per week, including in-kind or volunteer work, or a total of 80 hours per month;
- (2) Participating in and complying 20 or more hours per week or a total of 80 hours per month with the requirements of a work program. A work program means:
  - (a) A program under the Workforce Innovation and Opportunity Act;
  - (b) A program under section 236 of the Trade Act of 1974; or
  - (c) An employment and training program other than job search or job search training approved by the State; or
- (3) Any combination of working and participating in a work program for a total of 20 or more hours per week or a total of 80 hours per month.

001.04(N)(i)(a) ABLE BODIED ADULT WITHOUT DEPENDENTS WORK REQUIREMENT EXEMPTIONS. Individuals are exempt if they meet one of the following:

- (1) Under 18 or over 49 years of age;
- (2) Physically or mentally unfit for employment;
- (3) Residing in a Supplemental Nutrition Assistance Program household where a household member is age 17 or younger, even if the household member who is age 17 or younger is not receiving benefits;
- (4) Pregnant;
- (5) Exempt from work requirements; or
- (6) Resides in an area that has been granted an exemption by the Department.

001.05 STUDENT STATUS. A household member who is enrolled at least half time in an institution of higher education must meet one of the student eligibility exemptions to be eligible to participate. The program definition of a student is an individual enrolled at least half time in a regular curriculum at:

- (1) A college or university that offers degree programs, regardless of whether a high school diploma is required; or
- (2) A business, technical, trade, or vocational school that normally requires a high school diploma or equivalency certification for enrollment.

001.05(A) STUDENT EXEMPTIONS. A student by program definition who meets one of the following requirements is eligible to participate if the student is:

- (i) Age 17 or younger;
- (ii) Age 50 or older;
- (iii) Physically or mentally unfit;
- (iv) Included in an Aid to Dependent Children Program grant unit;
- (v) Enrolled in the Employment First Program;
- (vi) Working an average of 20 hours or more per week for pay or 80 hours or more per month for pay or, if self-employed, working an average of 20 hours or more per week or 80 hours or more per month and receiving weekly or monthly earnings at least equal to the federal minimum wage multiplied by 20 hours per week or 80 hours per month;
- (vii) Participating in a state or federally financed work study program during the regular school year. The following restrictions apply to work study:
  - (1) The student must be approved for work study at the time of application for Supplemental Nutrition Assistance Program benefits;
  - (2) The work study must be approved for the school term and the student must anticipate actually working during that time;
  - (3) The work study exemption begins the month the school term begins or the month the work study is approved, whichever is later; and
  - (4) The work study exemption does not continue between terms when there is a break of a full month or more, unless the student is participating in work study during the break.
- (viii) Participating in an on-the-job training program. An individual is considered participating only during the time the person is being trained by the employer. During the period of time the person is only attending classes, this exemption would not apply;
- (ix) Responsible for the care of a dependent household member who is age five or younger;
- (x) Responsible for the care of a dependent household member who is age 11 or younger when the Department has determined that adequate child care is not available to enable the student to attend class and comply with the work requirements of student eligibility;
- (xi) A single parent enrolled full time in an institution of higher education and responsible for the care of a dependent child age 11 or younger. This provision applies when only one biological, adoptive, or stepparent (regardless of marital status) is in the same Supplemental Nutrition Assistance Program household as the child. This provision may apply to another full-time student in the same Supplemental Nutrition Assistance Program household as the child when:
  - (1) No biological, adoptive, or stepparent is in the same Supplemental Nutrition Assistance Program household; and
  - (2) The student has parental control over the child and is not living with his or her spouse;

- (xii) Assigned to or placed in an institution of higher education through or in compliance with the requirements of one of the following programs:
  - (1) Workforce Innovation and Opportunity Act;
  - (2) State's Employment and Training Program, subject to the condition that the program of study:
    - (a) Is part of a program of career and technical education as defined in section three of the Carl D. Perks Career and Technical Education Act of 2006 designed to be completed in not more than four years at an institution of higher education as defined in section 102 of the Higher Education Act of 1965; or
    - (b) Is limited to remedial courses, basic adult education, literacy, or English as a second language;
  - (3) Section 236 of Trade Act of 1974; or
  - (4) Employment First program.

001.05(B) CONTINUED ENROLLMENT. Enrollment is considered as continued through normal periods of class attendance, vacation, and recess unless the student graduates, drops out, is suspended or expelled, or does not intend to register for the next normal school term.

001.05(C) VERIFICATION OF STUDENT STATUS. The following must be verified for students:

- (i) If students indicate they are employed an average of 20 hours or more per week or 80 hours or more per month, the number of hours worked must be verified;
- (ii) If students indicate they actively participate in a state or federal work study program during the regular school year, the participation must be verified;
- (iii) If students state they are physically or mentally unfit, the unfitness must be verified if the Department has determined the unfitness is not apparent;
- (iv) If students state they are receiving and are included in the Aid to Dependent Children Program grant, the inclusion must be verified if they Department does not already have the information;
- (v) If students state they are enrolled in the Employment First Program, the participation must be verified if the Department does not already have the information;
- (vi) If students state they are responsible for the physical care of a dependent child, declaration from the households is sufficient unless questionable; or
- (vii) If students are participating in training through the Workforce Innovation and Opportunity Act, a program under Section 236 of the Trade Act of 1974, or a state or local employment and training program, the participation must be verified if the Department does not already have the information.

001.05(D) NOT STUDENTS. The following individuals attending school are not required to meet the student status eligibility criteria:

- (i) Individuals enrolled less than half time;
- (ii) High school students of any age;
- (iii) Graduate Equivalency Degree students of any age;
- (iv) Individuals enrolled in English as Second Language courses only; and
- (v) Individuals enrolled in other classes not part of an institution's regular curriculum.

001.06 SOCIAL SECURITY NUMBER. All household members applying for participation in the Supplemental Nutrition Assistance Program must provide their Social Security number. If an applicant household member does not have a Social Security number, the individual must apply for one before certification unless the individual has good cause for failure to apply.

001.06(A) PROVIDING THE SOCIAL SECURITY NUMBER. Providing the Social Security number is voluntary, however failure to provide or apply for a Social Security number will result in the denial of benefits to each individual failing to provide a Social Security number. A household member with more than one Social Security number must provide all of them. The Social Security number of a non-participating household member will be used in computer matching and program reviews or audits in the same manner as the Social Security number of a participating household member.

001.06(B) ELIGIBILITY AFTER NOT PROVIDING A SOCIAL SECURITY NUMBER. To be eligible, a household member who previously has not provided a Social Security number must:

- (i) Provide the Department with that individual's Social Security number;
- (ii) Demonstrate that application has been made for a Social Security number; or
- (iii) Demonstrate that the individual has attempted to supply the documentation required for a Social Security number.

001.06(C) NEWBORN'S SOCIAL SECURITY NUMBERS. Parents of a newborn child may apply for a Social Security number for the child at the hospital when this service is available. A household must provide proof of application for a Social Security number for a newborn child or within six months following the month the baby is born or at its next recertification, whichever is later.

001.06(D) APPLICATION PROCESSING PENDING VERIFICATION OF SOCIAL SECURITY NUMBER. The application cannot be delayed pending the verification of a Social Security number.

001.06(E) APPLYING FOR A SOCIAL SECURITY NUMBER. Individuals who wish to participate in the Supplemental Nutrition Assistance Program but do not have a Social Security number are referred to their local Social Security Administration Office to apply for a Social Security number. Once an application for a Social Security number has been completed, the individual may participate during the period the Social Security number is being obtained from the Social Security Administration.

001.06(F) GOOD CAUSE. The Department considers the following when determining whether good cause exists for failure to provide a Social Security number;

- (1) Information received from the household member;
- (2) Information received from the Social Security Administration; and
- (3) Information received by the Department.

001.06(F)(i) GOOD CAUSE AFTER SOCIAL SECURITY NUMBER APPLICATION. Documentary evidence or other information that indicates the household has applied for or made every effort to supply the necessary information for a Social Security number is considered as proof of good cause.

001.06(F)(ii) SITUATIONS NOT CONSIDERED GOOD CAUSE. Good cause does not include delays caused by illness, lack of transportation, or temporary absences from the home because Social Security Administration makes provisions for mail in applications in lieu of applying in person.

001.06(F)(iii) CONTINUED PARTICIPATION. If a household member can show good cause for why the household member has been unable to provide verification in order to complete the Social Security number application process, the household member may participate for the month of application and one additional month. After this, the household must show good cause monthly in order to continue participating.

001.06(G) ENDING DISQUALIFICATION. An ineligible household member may become eligible by:

- (i) Providing the Department with the household member's Social Security number;
- (ii) Demonstrating that application has been made for a Social Security number; or
- (iii) Demonstrating that the household member has attempted to supply the documentation required for a Social Security number application.

001.06(H) USE OF THE SOCIAL SECURITY NUMBER. The Department uses the household member's Social Security number to:

- (i) Prevent duplicate participation;
- (ii) Facilitate mass changes in federal benefits;
- (iii) Determine the accuracy or reliability of information given by households; and
- (iv) Initiate computer matches through the automated system.

001.06(I) VERIFICATION OF SOCIAL SECURITY NUMBERS. Social Security numbers for all household members are verified through the interface in the automated system.

001.07 DRUG FELON STATUS. Drug felon participants are only eligible in accordance with Nebraska Revised Statute § 68-1017.02. Drug felonies that occurred on or before August 22, 1996 do not affect eligibility.

001.08 DISQUALIFICATION OF INDIVIDUALS CONVICTED OF CERTAIN FELONIES. An individual is disqualified from Supplemental Nutrition Assistance Program if the individual has, both, been convicted of the following crimes on or after February 8, 2014 and is violation of the terms of their sentence:

- (1) Aggravated sexual abuse under Title 18 United States Code section 2241;
- (2) Murder under Title 18 United States Code section 1111;
- (3) Sexual exploitation and abuse of children defined in Title 18 United States Code chapter 110;
- (4) Sexual assault as defined in section 40002(a) of the Violence Against Women Act of 1994 which is codified at Title 42 United States Code section 13925(a);
- (5) An offense under state law determined by the Attorney General to be substantially similar to an offense described in subsections (A), (B), and (C) of this section.

001.08(A) REGAINING ELIGIBILITY. Individuals are ineligible until they are back in compliance with the terms of their sentence. If they are a fleeing felon or in violation of probation or parole then they are eligible once they are no longer fleeing or in violation.

The following applies to when individuals can receive benefits after the disqualification ends:

- (i) If an individual would otherwise be part of a certified household, they become eligible for the first month after:
  - (1) The month in which the individual becomes compliant; and
  - (2) The household reports the individual has become compliant.
- (ii) If an individual is not able to be added to an already certified household and their compliance did not occur in the month for which previous benefit had closed, then they are eligible for benefits as of the day of compliance;
- (iii) If an individual is not able to be added to an already certified household but the compliance occurred within 30 days of the date of closure, the benefits can be reinstated as long as the following criteria are met:
  - (1) The compliance occurs on or before the 30<sup>th</sup> day after the date of closure;
  - (2) The compliance is reported on or before the 30<sup>th</sup> day after the date of closure; and
  - (3) The compliance is verified within 10 days of the date of report.

001.08(B) VERIFICATION OF FELONY. If households declare that there is an individual not in compliance with the terms of the sentence of a felony defined in this section then they must provide verification of the felony. Households must also provide verification that they are now within compliance after they were previously non-compliant.

001.08(B)(i) APPLICATION PROCESS PENDING VERIFICATION. Applications will not be delayed beyond the time standard set forth in sections 001.02C and 007 of chapter two when the only remaining verification is for proof of the non-compliance with a felony of this section. If verification is not provided by the date the application must be processed in order to meet the timeliness standards, the application will be processed without consideration of the felony and compliance status.

001.09 STRIKERS. Strikers are only eligible for Supplemental Nutrition Assistance Program pursuant to Title 7 CFR §273.1(e) and §273.7.

001.10 HOUSEHOLD COMPOSITION. Before eligibility can be determined, the household must meet certain criteria and the Department will determine the number of people that can and must participate in the program. The following guidelines apply:

- (1) Individuals participating in the program titled, "Food Distribution Program for Households on Indian Reservations" are not eligible to receive Supplemental Nutrition Assistance Program benefits in the same calendar month;
- (2) Household members may only participate in one household during the month unless the members live in a shelter for battered persons and were members of the household containing the person who allegedly abused them;
- (3) Persons who reside in institutions are not included in the same household with persons who do not;
- (4) Unborns are not considered household members;
- (5) Persons who live with the household but also maintain separate residence because of work, school, or other reasons are not considered household members if they are apart from the household for a majority of their meals;

- (6) Persons who receive Supplemental Security Income from California or State Supplementary payments from California are not eligible for Supplemental Nutrition Assistance Program benefits. Once these individuals begin receiving Supplemental Security Income through Nebraska, they would be eligible for Supplemental Nutrition Assistance Program benefits in Nebraska.

001.10(A) HOUSEHOLD CONCEPT. A household may be composed of any of the following individuals or groups of individuals:

- (i) An individual living alone;
- (ii) An individual living with others, but customarily purchasing food and preparing meals for home consumption separate and apart from the others;
- (iii) A group of individuals who live together and customarily purchase food and prepare meals together for home consumption;
- (iv) An individual who is 60 years of age or older and who is unable to purchase and prepare meals separate from other household members because:
  - (1) The individual suffers from a disability considered permanent by Social Security Administration; or
  - (2) The individual suffers from a non-disease-related, severe, permanent disability. An individual meeting the above criteria may be a separate household provided that the income of the others with whom the individual resides, excluding the income of the spouse of the elderly and disabled member, does not exceed the 165 percent poverty guidelines. The individual's spouse would be included in the household with the disabled individual.
- (v) Children age 22 or older and their parent(s) may be separate households if they purchase and prepare their meals separately;
- (vi) A foster child in the Independent Living Program under the supervision of the Department; or
- (vii) Eligible resident of an institution.

001.10(B) DETERMINING HOUSEHOLD STATUS. Some individuals or groups of individuals who meet the definition of a household by customarily purchasing and preparing food apart from others will not be granted separate household status. The following individuals are not eligible for separate household status:

- (1) A spouse of a household member when the two live together;
- (2) A boarder;
- (3) A person age 21 or younger who is living with the person's natural or adoptive parent(s) or step-parent(s); or
- (4) Children who are age 17 or younger and under the parental control of an adult household member. A child is considered to be under parental control for purposes of this provision if the individual is financially or otherwise dependent on a member of the household.

001.10(B)(i) SEPARATE HOUSEHOLD STATUS VERIFICATION. Individuals who claim separate household status are responsible for proving the separate status.

001.10(C) NON-HOUSEHOLD MEMBERS. The following individuals residing with a household will not be considered household members in determining the household's eligibility or benefit:

- (1) A roomer or an individual to whom a household furnishes lodging, but not meals, for compensation;
- (2) A live-in attendant who resides with a household to provide medical, housekeeping, child care, or other similar personal services;
- (3) Other individuals who share quarters with the household but who do not customarily purchase food and prepare meals with the household;
- (4) Students who are enrolled in an institution of higher education and who are ineligible because they failed to meet the student eligibility exemption criteria; and
- 5) Individuals receiving Supplemental Security Income or State Supplemental payments from California.

001.10(C)(i) ELIGIBLE AS A SEPARATE HOUSEHOLD. The following non-household members may be separate households, provided they file an application and are otherwise eligible:

- (1) Roomers;
- (2) Live-in attendants; and
- (3) Other individuals who live with the household but who do not customarily purchase food and prepare food with the household.

001.10(C)(ii) NOT ELIGIBLE AS SEPARATE HOUSEHOLD. The following non-household members are not eligible as separate households:

- (1) Ineligible students;
- (2) Individuals receiving Supplemental Security Income or State Supplemental payments from California;
- (3) Foster child(ren); and
- (4) Ineligible aliens.

001.10(D) EXCLUDED FROM BENEFIT. The following household members are excluded from the household when determining benefit level and may not participate as separate households:

- (i) Individuals who do not apply for or provide their Social Security numbers;
- (ii) Ineligible Able Bodied Adults Without Dependents;
- (iii) Ineligible aliens or individuals who do not provide information regarding their citizenship or alien status;
- (iv) Individuals disqualified for failure to comply with the work requirements; and
- (v) Individuals disqualified for the following reasons:
  - (1) Intentional Program Violation;
  - (2) Conviction for the use of Supplemental Nutrition Assistance Program benefits in the sale of a controlled substance;
  - (3) Conviction for trafficking Supplemental Nutrition Assistance Program benefits totaling \$500 or more;
  - (4) Drug-related felony violation as pursuant to section 001.07 of this chapter;
  - (5) Convicted of certain felonies pursuant to section 001.08 of this chapter;
  - (6) Fleeing from prosecution or custody for a felony, parole or probation violation;

- (7) Found guilty by a court or state agency of having made fraudulent representation of identity or residency to receive Supplemental Nutrition Assistance Program benefits in more than one household in the same month; and
- (8) Conviction for the use of Supplemental Nutrition Assistance Program benefits in the sale of firearms, ammunition, or explosives.

001.10(E) VERIFICATION OF HOUSEHOLD COMPOSITION. Due to the difficulty in verifying whether a group of individuals customarily purchases or prepares meals together and therefore constitutes a household, the household's statement is generally taken regarding preparation and purchasing of food.

002. FINANCIAL ELIGIBILITY. This section discusses financial eligibility criteria including how to treat resources and income in determining eligibility for Supplemental Nutrition Assistance Program.

002.01 RESOURCES. All households must comply with the resource eligibility standard to establish or continue eligibility. The household's available resources at the time the household is interviewed are used to determine eligibility. If the Department discovers a resource that was not reported at the time of the interview, then the resource will be counted in the application month. Resources acquired after the interview date are considered in subsequent months.

002.01(A) RESOURCE ELIGIBILITY STANDARD. All resources which are not specifically excluded or exempt are considered in determining eligibility. This includes nonrecurring lump sum payments in the month received. If a household exceeds the maximum resource limit, its application will be denied or its participation terminated. To be eligible, the value of a household's resources cannot exceed:

- (1) \$2,250; or
- (2) \$3,500 for a household which consists of or includes a member who is disabled or elderly.

002.01(A)(i) RESOURCES OF PUBLIC ASSISTANCE PROGRAM RECIPIENTS. The resources of any household member who receives an Aid to Dependent Children Program, Supplemental Security Income, State Disability Program, or Assistance to the Aged, Blind, or Disabled Program payment are excluded. All resources are excluded for categorically eligible households.

002.01(A)(ii) EXPANDED RESOURCE PROGRAM RESOURCES. Total liquid resources of \$25,000 or less are excluded for Expanded Resource Program households. Liquid resources include cash on hand and funds in personal checking and savings accounts, money market accounts and share accounts. All non-liquid resources are excluded for Expanded Resource Program households.

002.01(B) TYPE OF RESOURCES. There are two types of resources: liquid and nonliquid.

002.01(B)(i) LIQUID RESOURCES. Liquid resources include cash on hand, money in checking and savings accounts, savings certificates, stocks or bonds, credit card company gift card balances, and nonrecurring lump sum payments.

002.01(B)(ii) NONLIQUID RESOURCES. Nonliquid resources include personal property, licensed and unlicensed vehicles, buildings, land, recreational properties, and any other property, provided none of these are specifically excluded.

002.01(C) EXCLUDED RESOURCES. The following resources are excluded in determining eligibility:

- (1) All resources excluded pursuant to Title 7 CFR §273.8(e);
- (2) Liquid resources of \$25,000 or less and all non-liquid resources for households eligible for the Expanded Resource Program; and
- (3) Vehicles as defined in this chapter.

002.01(C)(i) HANDLING EXCLUDED LIQUID RESOURCES. Excluded liquid resources remain excluded for an unlimited period of time if the liquid resources are kept in a separate account and not combined in an account with non-excludable funds. Funds, other than assistantships, fellowships and stipends, received for educational financial assistance, are excluded resources during the period the funds are intended to cover. When excluded liquid resources are combined in an account with non-excludable funds, the excluded liquid resources remain excluded for six months from the date they were combined with non-excluded funds. After the six months have elapsed, all funds in the combined account are counted as resources.

002.01(D) VALUATION OF RESOURCES. The value of any non-excluded resource is its equity value with the exception of some licensed vehicles.

002.01(D)(i) EQUITY VALUE. Equity value equals the fair market value minus all encumbrances.

002.01(D)(ii) ENCUMBRANCES. An encumbrance is the balance due on a mortgage, sales agreement, or contract.

002.01(E) JOINTLY OWNED RESOURCES. Resources owned jointly by separate households will be considered entirely available to each household, unless the applicant household can demonstrate that these resources are inaccessible to the household's member(s). Ineligible household members and disqualified household members are considered household members for purposes of this section.

002.01(E)(i) PORTIONS OF A RESOURCE. If a household can demonstrate that it has access to only a portion of a jointly owned resource, the value of that portion is counted toward the resource limit.

002.01(E)(ii) TOTALLY INACCESSIBLE RESOURCES. A jointly owned resource is considered totally inaccessible to a household when both of the following conditions are met:

- (1) The resource cannot realistically be subdivided; and

- (2) The household's access to the value of the resource depends on the agreement of a joint owner who refuses to cooperate.

002.01(E)(iii) RESIDENTS OF SHELTERS FOR BATTERED PERSONS. Resources are considered inaccessible to residents in shelters for battered persons if:

- (1) The resources are jointly owned by these persons and by members of their previous households which included the persons who subjected them to abuse; and
- (2) The shelter resident's access to the value of the resources is dependent on the agreement of a joint owner who still lives in the previous household which included the person who subjected them to abuse.

002.01(F) TRANSFER OF RESOURCES. The transfer of resources for the purpose of qualifying for or attempting to qualify for Supplemental Nutrition Assistance Program benefits is prohibited.

002.01(F)(i) ALLOWABLE TRANSFERS. Eligibility is not affected by the transfer of the following:

- (1) Resources which would not otherwise affect eligibility;
- (2) Resources which are sold or traded at or near fair market value;
- (3) Resources which are transferred between members of the same household including aliens or disqualified household members whose resources are being considered available to the household;
- (4) Resources which are transferred for reasons other than qualifying for or attempting to qualify for Supplemental Nutrition Assistance Program benefits;
- (5) Resources transferred by categorically eligible households; or
- (6) Transfer of nonliquid resources for Expanded Resource Program households.

002.01(F)(ii) DISQUALIFICATION. Households which have transferred resources deliberately for the purpose of qualifying for or attempting to qualify for Supplemental Nutrition Assistance Program benefits will be disqualified from participation for up to one year from the date the transfer is discovered as follows:

- (1) The resources are transferred in the three-month period before eligibility determination; or
- (2) The resources are transferred after the household is determined eligible in order to maintain eligibility. This would apply to resources acquired after the eligibility determination.

002.01(F)(iii) DISQUALIFICATION NOTICE. When the agency has established that a household has transferred resources in order to qualify for benefits or to maintain eligibility, the household will be sent a notice of denial or a timely notice whichever is appropriate. This notice will explain the reason for and the length of the disqualification.

002.01(F)(iv) DISQUALIFICATION PERIOD. The disqualification period begins in the application month for applicants. For households participating at the time of the discovery, the disqualification period begins with the first allotment after the timely notice period expires, unless a fair hearing and continued benefits are requested. The

length of the disqualification period is based on the value of the excess resources at the time of the transfer. This amount is determined by:

- (1) Establishing the value of any non-excluded transferred resources;
- (2) Adding this amount to the value of other countable resources; and
- (3) Subtracting the maximum allowable resources from the result of step 2.

002.01(F)(v) DISQUALIFICATION PERIOD BASED ON AMOUNTS. The length of the disqualification based on the amount in excess of the resource limit is:

- (1) \$0 to \$249.99 in excess is a disqualification of 1 month;
- (2) \$250 to \$999.99 in excess is a disqualification of 3 months;
- (3) \$1,000 to \$2,999.99 in excess is a disqualification of 6 months;
- (4) \$3,000 to \$4,999.99 in excess is a disqualification of 9 months; and
- (5) \$5,000 or more in excess is a disqualification of 12 months.

002.01(G) LICENSED VEHICLE AS A RESOURCE. The following sections regarding determining the value of licensed vehicles do not apply when the household is categorically eligible. The resources of any individual household member who receives a public assistance payment, as defined in chapter two, are excluded.

002.01(G)(i) ACCESS TO VEHICLES. The following is used to determine if a vehicle is accessible to all persons whose names appear on the title:

- (1) "And/or" indicates that the vehicle is available to all parties.
- (2) "Or" indicates that the vehicle is available to all parties.
- (3) "And" indicates that the vehicle is available to all parties unless the applicant household can demonstrate that the resource is totally inaccessible.

002.01(G)(ii) EXCLUDED LICENSED VEHICLES. Any licensed vehicle is an excluded resource if the vehicle meets one of the following conditions:

- (1) The vehicle is used for income-producing purposes such as taxi, vehicle used for deliveries, to call on clients or customers, or required by the terms of employment;
- (2) The vehicle is annually producing income consistent with its fair market value, even if it is used only seasonally;
- (3) The vehicle is necessary for long distance travel that is essential to the employment of a household member or household member(s) whose resources are being considered as available to the household, such as a vehicle belonging to a traveling salesperson or a migrant farm worker following the work stream. This exemption does not include vehicles used for daily commuting;
  - (a) Exclusions one through three continue to apply when the vehicle is not in use because of temporary unemployment, e.g., when a taxi driver is ill and cannot work;
- (4) The vehicle is used as the household's home;
- (5) The vehicle is needed to transport a physically disabled household member or household member(s) whose resources are being considered as available to the household, for any reason. The vehicle does not have to be specially equipped for this purpose. This exclusion is limited to one vehicle for each physically disabled household member;

- (6) The vehicle is necessary to carry the primary source of fuel for heating or water for home use;
- (7) The vehicle has been used in self-employed farming by a household member for a period of one year after the household member ceases to be self-employed in farming;
- (8) The sale of the vehicle and all related sale costs would return to the household \$1500 or less;
- (9) After vehicle exclusions numbers one through eight have been processed for each household vehicle, one licensed or unlicensed vehicle per household may be excluded using the following policy. If the vehicle has a fair market value of:
  - (a) \$12,000 or less, the total value of the vehicle is excluded;
  - (b) More than \$12,000, the amount over \$12,000 is counted toward the household's resource limit; or
  - (c) The vehicle with the greatest fair market value is processed through the \$12,000 rule. The \$12,000 rule is limited to one vehicle per household.

002.01(G)(iii) DETERMINING THE VALUE OF NON-EXCLUDED LICENSED VEHICLES. Each vehicle which cannot be excluded will be assigned a fair market value. The fair market value of a vehicle is the average trade-in value as determined by Kelley Blue book. The basic value of a vehicle will not be increased by adding value for low mileage, optional equipment, or special equipment for people with disabilities, etc. For vehicles which are in less than average condition, as indicated by the household, the household will be given the opportunity to get verification of the true value from a reliable source. For vehicles not listed in the Kelley Blue Book, the Department accepts the household's estimate of the fair market value unless:

- (a) The declared value is questionable; and
- (b) The estimate will affect the household's eligibility.
  - (i) In these cases, the household must obtain an appraisal or produce other evidence of the vehicle's value, such as a tax assessment or newspaper advertisement listing the price of similar vehicles.

002.01(G)(iii)(1) CLASSIC AND CUSTOM CARS. For licensed antique, custom-made, or classic vehicles, the worker asks the household to provide verification of the value if the worker is unable to make an accurate appraisal.

002.01(G)(iii)(2) EQUITY VALUE. Either the equity value of the vehicle or the fair market value of the vehicle minus \$4,650 is counted against the household's resource limit. The equity value is the fair market value of the vehicle minus encumbrances.

002.01(G)(iii)(3) LICENSED VEHICLES VALUED AT FAIR MARKET VALUE MINUS \$4,650. The following vehicles are evaluated only for their fair market value minus \$4,650:

- (a) One licensed vehicle per household member age 18 or older, or household member(s) whose resources are being considered available to the household, regardless of use of the vehicle; and
- (b) The following, which continues to be applied during periods such as summer vacation or temporary unemployment

- (i) Any other vehicle a household member age 17 or younger drives, or a household member(s) age 17 or younger whose resources are being considered as available to the household;
  - (1) To and from employment;
  - (2) To and from training or education which is preparing a household member for employment; or
  - (3) To seek employment in compliance with job search criteria.

002.01(G)(iii)(3)(a) REMAINING LICENSED VEHICLES. If a household has any other licensed vehicles, they will be evaluated for both equity and fair market value minus \$4,650. The greater of these two amounts is applied toward the household's countable resources.

002.01(H) UNLICENSED VEHICLES AS A RESOURCE. The following valuation procedures apply to unlicensed vehicles.

002.01(H)(i) EXCLUDED UNLICENSED VEHICLES. An unlicensed vehicle is excluded if:

- (1) Used as the household's home;
- (2) Annually produces income consistent with its fair market value;
- (3) Essential to a household member's employment such as farm equipment;
- (4) On an Indian reservation which does not require vehicles driven by tribal members to be licensed; or
- (5) One licensed or unlicensed vehicle per household may be excluded using the following policy. This exclusion is limited to only one vehicle per household. If the vehicle has a fair market value of:
  - (a) \$12,000 or less, the total value of the vehicle is excluded; or
  - (b) More than \$12,000, the amount over \$12,000 is counted toward the household's resource limit; and
  - (c) The vehicle with the greatest fair market value is processed through the \$12,000 rule. The \$12,000 rule is limited to one vehicle per household.

002.01(H)(ii) NON-EXCLUDED UNLICENSED VEHICLES. The equity value of non-excluded unlicensed vehicles is applied to the household's resource limit. The equity value is the fair market value of the vehicle minus encumbrances.

002.01(I) DISQUALIFICATION FOR SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS. Any household certified to receive benefits shall lose eligibility for benefits when any individual in the household receives substantial lottery or gambling winnings. The disqualification will begin the first month after report or verification, allowing for timely notice.

002.01(I)(i) REGAINING ELIGIBILITY. Disqualified households will remain ineligible until they meet the allowable resources and income eligibility requirements for their household.

002.01(I)(ii) SUBSTANTIAL WINNINGS. Substantial lottery or gambling winnings are defined as a cash prize equal to or greater than the maximum allowable financial

resource limit for elderly or disabled households, defined in this chapter, won in a single game before taxes or other withholdings. For the purpose of this section, the resource limit applies to all households, including non-elderly or disabled households, with substantial winnings. If multiple individuals shared in the purchase of a ticket, hand, or similar bet, then only the portion of the winnings allocated to the member of the household would be counted in the eligibility determination.

002.01(J) VERIFICATION OF RESOURCES. The Department will verify the value of non-excluded resources and loans at the time of application and recertification if the total amount of countable resources indicated on the application is \$1500 or more. Household declaration is accepted when the total amount of resources indicated on the application is less than \$1500. The Department will not verify the value of liquid resources of \$25,000 or less or verify the value of nonliquid resources for Expanded Resource Program households. During a certification period, resources only need to be verified when:

- (1) The Department receives information which makes the information given by the household at application appear questionable;
- (2) The Simplified Reporting household reports the receipt of a resource which may put the household over the resource limit; or
- (3) The Simplified Reporting household loses its categorical eligibility and has resources which may put the household over the resource limit.

002.01(J)(i) VERIFICATION OF LOANS. Loans are considered a resource in the month received. To verify that money coming to the household is a loan, and is therefore considered a resource rather than income, the Department:

- (1) Accepts as loan verification a simple statement signed by the household member receiving the loan and the party providing the loan indicating that the payment is a loan and must be repaid; and
- (2) Requires a statement from the provider indicating that payments are being made or will be made in accordance with an established schedule when a household claims that payments from the same source received on a recurrent or regular basis are loans.

002.01(J)(ii) VERIFICATION OF QUESTIONABLE RESOURCES FOR CATEGORICALLY ELIGIBLE, EXPANDED RESOURCE PROGRAM, OR REGULAR PROGRAM HOUSEHOLDS. Households must provide verification of resources if questionable in order to receive Supplemental Nutrition Assistance Program benefits. If resources are questionable and the household fails or refuses to provide verification, the household is not eligible for Supplemental Nutrition Assistance Program.

002.02 TYPES OF INCOME. Household income is all income, regardless of source, that is not specifically excluded. The two types of income are earned and unearned.

002.02(A) EARNED INCOME. Earned income includes all the following:

- (i) All gross wages and salaries of an employee including wages earned by a household member that are garnished or transferred by an employer and paid to a third party for household expenses, such as rent;
- (ii) Income from self-employment. This includes payments from a roomer or boarder and income from rental property if a household member actually manages the

property for at least an average of 20 hours per week. For additional information regarding the determination of self-employment income, see section 002.04(B) of this chapter;

- (iii) Training allowances from vocational or rehabilitative programs recognized by federal, state, or local governments, as long as these allowances are not reimbursements or are not excluded for another reason;
- (iv) Payments to a volunteer under Title I, referred to as Volunteers in Service to America, of the Domestic Volunteer Services Act of 1973 if the volunteer was not receiving Supplemental Nutrition Assistance Program or public assistance at the time the individual joined Volunteers in Service to America;
- (v) Agricultural program payments in the year received;
- (vi) Fellowships, stipends, and assistantships with a work requirement; and
- (vii) On-the-job training wages under Title I of the Workforce Innovation and Opportunity Act except for dependents 18 years or younger.

002.02(B) UNEARNED INCOME. Unearned income includes all the following:

- (i) Assistance payments from federal, federally aided or state funded public assistance programs such as Supplemental Security Income, State Disability Program, Assistance to the Aged, Blind, or Disabled Program, or Aid to Dependent Children Program;
- (ii) All or part of a public assistance or general assistance grant, including general assistance vendor payments for shelter when the household received no other assistance payments, that would normally be a money payment to the household but which is diverted to a third party or a protective payee unless the vendor payment is specifically excluded. No portion of benefits provided under Title IV-A of the Social Security Act except for Transitional Child Care used as an adjustment for work-related or child care expenses is considered excludable under this provision;
- (iii) Assistance payments from programs which require, as a condition of eligibility, the actual performance of work without compensation other than the assistance payments themselves;
- (iv) Foster care payments;
  - (1) Foster care payments from grant programs Child and Family Services, Juvenile Court, and Subsidized Guardianship. Households have the option to include or exclude the children. If the children are included the payment is counted; or
  - (2) Foster care payments from the grant program Subsidized Adoption. Households are required to include these children and their payments in the Supplemental Nutrition Assistance Program budget;
- (v) State and local energy payments made directly to the household or as a vendor payment to the provider;
- (vi) Retirement benefits, veterans' benefits, disability benefits, Retirement, Survivors and Disability Insurance benefits, strike benefits, workmen's compensation, the gross amount of unemployment compensation, annuities, and pensions;
- (vii) Gross rental property income minus the cost of doing business if a household member is not actively engaged in managing the property for an average of at least 20 hours per week;
- (viii) Portions of reimbursements if both the following conditions are met;

- (1) The reimbursement exceeds the actual incurred expense it is intended to cover; and
- (2) The household or the provider of the reimbursement indicates that the reimbursement exceeds the expense;
- (ix) Alimony payments made directly to the ex-spouse or money deducted or diverted from a court-ordered support to a third party for a household expense;
- (x) Child support payments made directly to the household from non-household members. This includes:
  - (1) All child support payments returned to the individual by the Child Support Payment Center; and
  - (2) Money deducted or diverted from a court-ordered support payment or other binding written support agreement to a third party for a household expense;
- (xi) All other direct money payments which can be construed as a gain or benefit to the household, such as cash gifts which can be anticipated, credit card company gift cards which can be anticipated, dividends, interest, or royalties, are unearned income, regardless of source;
- (xii) The portion of charitable donations that exceed \$300 in a federal fiscal quarter;
- (xiii) Two types of income from irrevocable trust funds as follows:
  - (1) Monies withdrawn from the trust fund are considered unearned income in the month they are received unless they are otherwise excluded; and
  - (2) Dividends which the household has the option of either receiving as income or reinvesting in the trust are considered unearned income in the month they become available to the household unless the dividends are otherwise excluded; and
- (xiv) Fellowships, stipends, and assistantships without a work requirement.

002.03 HANDLING INCOME. The following explains how income is handled.

002.03(A) INCOME EXCLUSIONS. Income exclusions are not counted as income for the household. Exclusions apply to both earned and unearned income.

002.03(A)(i) IN-KIND INCOME. In-kind income is excluded pursuant to Title 7 CFR §273.9(c)(1).

002.03(A)(ii) VENDOR PAYMENT. Certain vendor payments are excluded. A vendor payment is a money payment which meets all the following conditions. It is:

- (a) Made on behalf of a household;
- (b) Paid by a person or organization outside the household with that person's or that organization's own funds; and
- (c) Paid directly to either the household's creditors or a person or organization providing a service to the household.

002.03(A)(ii)(1) INCOME LEGALLY OBLIGATED TO AN INDIVIDUAL. Income which is legally obligated and otherwise payable to the household but which is diverted by the provider of the payment to a third party for a household expense is counted as income and not excluded as a vendor payment.

002.03(A)(ii)(2) EXCLUDED VENDOR PAYMENTS. Excluded vendor payments include:

- (a) Support payments which are not required by a court order or other legally binding agreement, including payments exceeding the amount specified in a court order or agreement, which are paid directly to a third party rather than the household;
- (b) Rent paid directly to the landlord by a household member's employer in addition to the member's regular wages;
- (c) Rent or mortgage payments made to landlords or mortgagees by Department of Housing and Urban Development or a state or local housing authority;
- (d) A public assistance or general assistance payment which is paid directly to a third party for:
  - (i) Medical assistance;
  - (ii) Child care assistance;
  - (iii) Burial expenses;
  - (iv) Expenses incurred by migrant and seasonal farm workers while in the job stream;
  - (v) Expenses over and above the normal assistance payment; and
  - (vi) Shelter expenses, if the household received an additional assistance payment and a general assistance payment for shelter.
- (e) Low-Income Home Energy Assistance Program and weatherization payments.

002.03(A)(iii) IRREGULAR INCOME. Irregular income is excluded pursuant to Title 7 CFR §273.9(c)(2).

002.03(A)(iv) STUDENT FINANCIAL ASSISTANCE. Student financial assistance is excluded pursuant to Title 7 CFR §273.9(c)(3).

002.03(A)(v) LOANS. Loans are excluded pursuant to Title 7 CFR §273.9(c)(4).

002.03(A)(vi) REIMBURSEMENTS. Reimbursements are excluded pursuant to Title 7 CFR §273.9(c)(5).

002.03(A)(vii) THIRD-PARTY MAINTENANCE PAYMENTS. Third-party maintenance payments are excluded pursuant to Title 7 CFR §273.9(c)(6).

002.03(A)(viii) INCOME OF CHILDREN. Income of children is excluded pursuant to Title 7 CFR §273.9(c)(7).

002.03(A)(ix) NONRECURRING LUMP SUM PAYMENTS. Nonrecurring lump sums are excluded pursuant to Title 7 CFR §273.9(c)(8).

002.03(A)(x) INCOME WITHHELD FOR REPAYMENT. Income withheld for repayment is excluded pursuant to Title 7 CFR §273.9(b)(5)(i).

002.03(A)(xi) TRANSFERRED CHILD SUPPORT PAYMENTS. Child support payments which meet the following conditions are excluded:

- (1) The payments are received by Aid to Dependent Children program recipients; and
- (2) The payments are transferred to the IV-D agency to maintain eligibility.

002.03(A)(xii) INCOME EXCLUDED BY FEDERAL STATUTES. The following types of income are excluded by federal statute:

- (1) Income derived from land held in trust for certain Indian tribes;
- (2) Payments from designated Energy Assistance Programs;
- (3) Payments received under the Americorps Program;
- (4) Payments received from the youth incentive entitlement pilot projects and the youth community conservation and improvement projects of 1978, but not payments from the Adult Conservation Corps (Public Law 95-524);
- (5) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Public Law 94-540);
- (6) Payments received from the Workforce Innovation and Opportunity Act;
- (7) Payments received under the Alaska Native Claims Act including those to Nana Indians;
- (8) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (Public Law 95-433);
- (9) Payments to the Passamaquoddy Tribe and Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980 ( Public Law 96-420, Section 5);
- (10) Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970;
- (11) Payments of relocation assistance to members of the Navajo and Hopi tribes;
- (12) Payments received under Title V of the Older Americans Act Amendments of 1987 including projects involving Experience Works, American Association of Retired Persons, United States Department of Agriculture Forest Service, and Area Aging Agencies;
- (13) Per capita payments to Indian tribal members up to \$2,000 per person per payment. Gambling operation payments are not considered per capita payments;
- (14) The portion of a military retirement payment which goes to an ex-spouse under a divorce decree property settlement;
- (15) Mandatory deductions from military pay for educational purposes while the individual is enlisted;
- (16) Payments made under the Disaster Relief and Emergency Assistance Amendments of 1988;
- (17) Payments to United States citizens of Japanese ancestry and resident Japanese aliens or their survivors and payments to eligible Aleuts per Public Law 100-383, Wartime Relocation of Civilians;
- (18) Payments to individuals due to their status as victims of Nazi persecution;
- (19) Per capita payments made under Public Law 98-124, distributions to the Assiniboine Tribe of the Fort Belknap Indian Community, Montana, and the Assiniboine Tribe of the Fort Peck Indian Reservation, Montana;

- (20) Per capita payments made to Chippewa's of Mississippi under Public Law 99-377, August 8, 1986, and the payments made to the Red Lake Band of Chippewa Indians under Public Law 98-123;
- (21) Payments made from the Agent Orange Settlement Fund or any fund established by the settlement of the Agent Orange liability litigation under Public Law 101-201 and Public Law 101-239;
  - (a) Public Law 102-4, Agent Orange Act of 1991, authorized veteran's benefits to some veterans with service connected disabilities resulting from exposure to Agent Orange. These Veteran's Administration payments are not excluded by law;
- (22) Veteran's Administration annual adjustment in disability pension;
- (23) Earned Income Tax Credits and Advanced Earned Income Tax Credits;
- (24) Assistance to children under Public Law 89-642, Section 11(b) of the Child Nutrition Act of 1966;
- (25) Supplemental Nutrition Assistance Program benefits under Women, Infants, and Children Program demonstration projects, exchanged for food at farmers' markets under Public Law 100-435, Section 501;
- (26) Payments to specific Indian tribes;
- (27) Payments under Public Law 98-500, the Old Age Assistance Claims Settlement Act except for per capita shares in excess of \$2,000;
- (28) Payments under Public Law 101-426, Section 6(h)(2), the Radiation Exposure Compensation Act of 1990;
- (29) Payments under Public Law 104-204, dated September 26, 1996, to any child of a Vietnam veteran who was born with spina bifida. The term "child" means a biological child of any age or marital status who was conceived after the date on which the veteran first served in the Republic of Vietnam during the Vietnam era;
- (30) Any income, regardless of the source, which is deposited in a Program to Achieve Self-Sufficiency account;
- (31) Payments received under Title II (Retired Senior Volunteer Program, Foster Grandparents, and Senior Companion Program) and Title III (Service Corps of Retired Executives and Active Corps of Executives) of the Domestic Volunteer Services Act of 1973 (Public Law 93-113, as amended). Payments under Title I, including Volunteers in Service to America, University Year for Action, and the Urban Crime Prevention Program to volunteers are excluded for those persons receiving Supplemental Nutrition Assistance Program or public assistance at the time they joined the Title I program;
  - (a) The exception is Households which were receiving an income exclusion for a Volunteers in Service to America or other Title I subsistence allowance at the time of conversion to the Food Stamp Act of 1977 continue to receive an income exclusion for Volunteers in Service to America for the length of their volunteer contract in effect at the time of conversion;
- (32) Subsidy received by a household through the Medicare Drug Discount Program under the Medicare Prescription Drug Improvement and Modernization Act;
- (33) Any education loans on which payment is deferred, grants, scholarships, fellowships, and veteran's educational benefits and similar assistance;

- (34) Rent or mortgage payments made by Department of Housing and Urban Development or a state or local housing authority and payments for the purpose of providing energy assistance including utility reimbursements by Department of Housing and Urban Development or Farmers Home Administration;
- (35) Funds in Department of Housing and Urban Development Family Self-Sufficiency Program escrow accounts; and
- (36) Combat related military pay if the additional pay is the result of deployment to or service in a combat zone and was not received immediately prior to serving in a combat zone. This is authorized under United States Code, Title 37, Section 5.

002.03(A)(xiii) CHARITABLE CONTRIBUTIONS. Charitable contributions are excluded pursuant to Title 7 CFR §273.9(c)(12).

002.03(A)(xiv) EMPLOYMENT AND TRAINING PAYMENTS. Employment and training payments are excluded pursuant to Title 7 CFR §273.9(c)(14).

002.03(A)(xv) PAYMENTS MADE BETWEEN HOUSEHOLD MEMBERS. Payments between household members are excluded. This includes payments for child care or other services provided for other household members as long as the source of the payment is from an individual within the household and not an outside source.

002.03(B) ANTICIPATING INCOME. Anticipating income is the process of projecting the income that the Department is reasonably certain a household will receive each month during the certification period. All forms of non-excluded income will be prospectively anticipated at the time of application, recertification, and when any change is reported to the Department. This makes it possible for the Department to determine eligibility and benefit level based on monthly income. If the amount of income or when it will be received is uncertain, the income will not be counted in the Supplemental Nutrition Assistance Program budget. However, any portion of the income that can be anticipated with reasonable certainty and verified will be counted.

002.03(B)(i) APPLICATION MONTH INCOME. When the Department computes application month income and the actual income for that month is known, the Department will use the following procedures:

- (1) If the income is for less than a full month, actual application month income is used;
- (2) If the income is for a full month and paid either weekly or bi-weekly, the income is converted to a monthly amount; or
- (3) If the income is for a full month and is not paid weekly or biweekly, actual income is used.

002.03(B)(ii) INCOME IN THE MONTH RECEIVED. Income anticipated during the certification period is considered only in the month it is expected to be received. Income counted in the budget is never counted as a resource for the same month.

002.03(B)(ii)(1) WAGES WITHHELD BY EMPLOYERS. Wages held back at the employee's request are considered income in the month the wages would otherwise have been received. Wages held back by the employer as a general practice, even if in violation of law, are not counted as income unless:

- (a) The household anticipates that it will ask for and receive an advance; or
- (b) The household anticipates that it will receive income from wages that were previously held by the employer and therefore not counted as income.

002.03(B)(ii)(2) INCOME ADVANCES. Advances on income are counted in the month received only when they can be reasonably anticipated.

002.03(B)(ii)(3) INCOME VARIATION BASED ON MAILING. Anticipated income received monthly or twice a month will not be varied solely because mailing cycles cause more than the normal number of payments in a one month period. Examples of this type of income are public assistance benefits, Supplemental Security Income benefits, Retirement, Survivors and Disability Insurance payments or an employer issuing checks early because the normal payday falls on a weekend or holiday.

002.03(B)(iii) USING PAST INCOME. The following explains how past income is used to prospectively budget future income in the budget.

002.03(B)(iii)(1) PAST 30 DAYS AS AN INDICATOR. The Department will use income from any consecutive 30-day period within three months before the application date to project future income unless changes have occurred or are anticipated. For households with seasonal income, the Department will compare the income of the most recent season to the certification period. In the case of a substantial change in the household's business, income is determined prospectively. This method is not used for migrant and seasonal farm workers.

002.03(B)(iii)(2) PAST 30 DAYS NOT REFLECTIVE. When income from any consecutive 30-day period within three months before the application date does not reflect household circumstances, the Department will use the employer's verified best estimate to project future income. This criteria applies when income is from a new source, or the pay rate or the number of hours worked per week has increased or decreased.

002.03(B)(iii)(3) USING MORE THAN 30 DAYS. If income fluctuates to the extent that the past 30 days does not provide a reasonable basis of anticipation of future income, more than 30 days' income may be used to project the household's monthly income. Fluctuating income is that which varies from month to month due to:

- (i) Work hours fluctuating;
- (ii) Variances in the amount of work when paid other than hourly; or
- (iii) The irregular nature of the income.

002.03(B)(iii)(3)(a) INCOME NOT CONSIDERED FLUCTUATING. Income which varies from pay period to pay period because of an increase or decrease

in the pay rate or because the number of hours have permanently changed would not be considered fluctuating income.

002.03(B)(iii)(4) INCOME PAID MONTHLY OR SEMI-MONTHLY. If paid monthly or semi-monthly and the past 30 days of income are not representative because of fluctuating income, the Department may use a period of longer than 30 days to compute the monthly income amount. If monthly income is used, one month's verification will be considered acceptable unless one month is not reflective, in which case a reflective number of months will be used. The months used must be representative of the anticipated fluctuation.

002.03(C) INCOME AVERAGING. The following applies to how income is averaged.

002.03(C)(i) INCOME RECEIVED IN LESS THAN ONE YEAR. Some households receive their annual income in a period of less than one year by contract or through self-employment. The income for these households is averaged over a 12-month period, provided the contract income is not received on an hourly or piecework basis. Self-employment income or contract income that is not received on an hourly or piecework basis and that is intended to meet the household's needs for only part of the year will be averaged over the period of time the income is intended to cover. Examples of households of this type are those containing school employees, share croppers, and farmers. These averaging provisions do not apply to:

- (1) Households whose income is received on an hourly or piece work basis; and
- (2) Migrant or seasonal farm workers.

002.03(D) VERIFICATION OF INCOME. Before initial certification, the Department will verify gross non-excluded income. At the time of recertification, earned income will be verified again. Additionally, unearned income will be verified if the amount or the source has changed. However, under certain conditions, the Department determines an income amount based on the best available information. These conditions are as follows:

- (i) All attempts to verify the income have failed because the source has failed to cooperate with the household and the Department; and
- (ii) No other source of verification is available.

002.04 POLICIES FOR SELF-EMPLOYMENT INCOME. The following policies apply to all households receiving self-employment income including households that own and operate a commercial boarding house.

002.04(A) ANNUALIZING SELF-EMPLOYMENT INCOME. Annualizing income is averaging income over a 12-month period. Self-employment income is annualized even if the household receives additional income from sources other than self-employment. Self-employment income which is intended to meet the household's needs for only part of the year will be averaged over the period of time it is intended to cover. Self-employment income which represents a household's annual income will be annualized when:

- (1) The income is received within a short period of time during the 12 months; or
- (2) The income is received on a monthly basis but represents a household's annual support.

002.04(A)(i) SUBSTANTIAL CHANGE IN CIRCUMSTANCES. Self-employment income is computed based on anticipated earnings when:

- (1) The household has experienced a substantial increase or decrease in business; and
- (2) The averaged amount does not reflect the household's actual monthly income.

002.04(A)(ii) NEW ENTERPRISES. If a household's self-employment enterprise has been in existence for less than one year, the income from that enterprise will be averaged over the period of operation. The monthly income will be projected for the coming year.

002.04(B) DETERMINING SELF-EMPLOYMENT INCOME. The following regulations apply to determining self-employment income.

002.04(B)(i) AVERAGED SELF-EMPLOYMENT INCOME. The Department will determine the gross income, including capital gains, from self-employment for each source of self-employment of the household.

002.04(B)(i)(1) INCOME CALCULATION WITH TAX RETURNS. For individuals who incur allowable operating expenses and provide a tax return to document such expenses and income, the actual allowable operating expenses are deducted from gross income. A tax return is only usable when the business was operated for the entire prior calendar year.

002.04(B)(i)(2) INCOME CALCULATION WITH LEDGERS OR HOUSEHOLD RECORDS. For individuals who incur but provide no tax return to document such expenses, the department applies a standard disregard of 49% to the gross income and does not calculate actual expenses.

002.04(B)(i)(3) HOUSEHOLDS WITH NO EXPENSES. If the household reports no expense(s) from a source of self-employment income, the gross income from that source is used to calculate Supplemental Nutrition Assistance Program eligibility.

002.04(B)(i)(4) SPECIAL PROCEDURES FOR FARMING SELF-EMPLOYMENT INCOME. If the allowable costs of producing self-employment farm income are verified with a tax return and exceed the gross farm income, the losses are offset against other countable income. To qualify for this offset, the person must receive or anticipate receiving annual gross proceeds of \$1,000 or more from the farming enterprise. If a tax return is not provided to document the costs of producing self-employment farm income, a standard disregard of 49% is applied to the gross income. A loss is not allowed.

002.04(B)(ii) CAPITAL GAINS. The full amount of any capital gain is counted as income for Supplemental Nutrition Assistance Program purposes. The proceeds from the sale of capital goods or equipment are computed in the same way as a capital gain is computed for federal income tax purposes. Even if only 50% of the proceeds from the sale of capital goods or equipment is taxed for federal income tax purposes, the

full amount of the capital gain is counted as income in computing the Supplemental Nutrition Assistance Program budget.

002.04(B)(iii) ALLOWABLE SELF-EMPLOYMENT EXPENSES. Allowable self-employment operating expenses include, but are not limited to:

- (1) Identifiable costs of labor;
- (2) Stock;
- (3) Raw material;
- (4) Seed and fertilizer;
- (5) Payments on the principal of the purchase price of income-producing real estate and capital assets;
- (6) Equipment;
- (7) Machinery;
- (8) Other durable goods;
- (9) Interest paid to purchase income-producing property;
- (10) Insurance premiums;
- (11) Taxes paid on income-producing property; and
- (12) Reimbursement from the USDA United States Department of Agriculture Child and Adult Care Food Program.

002.04(B)(iv) EXPENSES NOT ALLOWED. When a tax return is utilized to verify self-employment, the following expenses are not allowable as self-employment operating expenses:

- (1) Net losses from previous tax years;
- (2) Federal, state, and local income taxes. However, any taxes paid by the business for employees are allowed as an expense;
- (3) Money set aside for retirement purposes;
- (4) Other work-related personal expenses, such as transportation to and from work;
- (5) Depreciation;
- (6) Depletion;
- (7) Any amount that exceeds the payment a household receives from a boarder for lodging and meals; and
- (8) Any other expense that cannot be reasonably considered an expense for the business or is allowed as a deduction elsewhere in the budget.

002.04(C) INCOME FROM BOARDERS. These provisions apply to households that receive income from boarders but do not operate a commercial boarding house.

002.04(C)(i) PAYMENTS. Payments from boarders are treated as self-employment income. Income from boarders includes all direct payments to the household for room and meals, including contributions to the household's shelter expenses. However, shelter expenses paid directly by boarders to someone outside the household are not counted as income to the household.

002.04(C)(ii) COST OF DOING BUSINESS. When a tax return is provided to document the expenses, the cost of doing business equals either of the following

amounts provided that the amount allowed as a cost of business does not exceed the payment the household receives from the boarder for lodging and meals:

- (a) The value of the maximum allotment for a household size equal to the number of boarders; or
- (b) The actual documented cost of providing room and meals, if this cost exceeds the amount of item one above. Only separate and identifiable costs of providing room and meals to boarders are included as actual documented costs.

002.04(C)(ii)(1) CALCULATION WITHOUT TAX RETURN. If there are costs of doing business but no tax return is provided to document such expenses, a standard disregard of 49% is applied to the gross income.

002.05 TREATMENT OF RESOURCES, INCOME AND DEDUCTIONS OF INELIGIBLE STUDENTS OR OTHER NON-HOUSEHOLD MEMBERS. The resources of ineligible students or other non-household members are excluded. The income of ineligible students or other non-household members is excluded unless the ineligible student or other non-household member makes a cash contribution to the household. These cash contributions or payments are considered countable unearned income to the household. Vendor payments by the ineligible student or other non-household member on behalf of the household are excluded. If a household shares deductible expenses with an ineligible student or non-household member, the ineligible student's or non-household member's prorated share is not deductible as a household expense.

002.05(A) COMBINED WAGE. When the earned income of one or more household members and the earned income of a non-household member are combined into one wage, the income of the household members is determined as follows:

- (i) If the household's share can be identified, that portion due to the household as earned income is counted; or
- (ii) If the household's share cannot be identified, the income is prorated among all those who earned it.

002.06 TREATMENT OF RESOURCES, INCOME, AND DEDUCTIONS OF HOUSEHOLD MEMBERS INELIGIBLE DUE TO FAILURE TO PROVIDE A SOCIAL SECURITY NUMBER, INELIGIBLE ABLE BODIED ADULT WITHOUT DEPENDENTS, AND INELIGIBLE ALIEN STATUS. This section describes procedures for determining the eligibility of remaining household members when a household member(s) is ineligible due to:

- (1) Failure to provide a Social Security number;
- (2) Noncompliance with Able Bodied Adults Without Dependents work requirements after three months of time-limited benefits;
- (3) Alien status; or
- (4) Food Distribution Program on Indian Reservations-Intentional Program Violation.

002.06(A) PRORATION METHOD. All resources of an ineligible household member in this section are counted to the remaining household members. A pro rata share of the income of the ineligible individual will be counted as income to the remaining household members. The pro rata share is calculated by dividing the countable income evenly among the household members, including the ineligible member. All but the ineligible

member's share is counted as income for the remaining household members. When considering deductible expenses for a household with an ineligible household member:

- (i) The earned income deduction applies only to the prorated income which is attributed to the household. The earned income deduction is subtracted from the ineligible member's earned income and divided evenly among all household members including the ineligible member(s);
- (ii) Those portions of the household's allowable expenses for dependent care, child support and shelter costs, aside from utilities, which are either paid by or billed to the ineligible member will be divided evenly among the household members, including the ineligible member; and
- (iii) All but the ineligible member's share is counted as a deductible expense for the remaining household members.

002.06(B) ELIGIBILITY AND BENEFIT LEVEL. The ineligible member will not be included in determining the household's size for the purpose of assigning a benefit level to the household, comparing the household's monthly income to the income eligibility standards, or comparing the household's resources with the resource limits. The income and deductions are prorated between the ineligible household member and the remaining eligible household members.

002.06(C) REDUCTION OR TERMINATION OF BENEFITS WITHIN THE CERTIFICATION PERIOD. When an individual becomes an ineligible household member during the household's certification period, the ineligible household member is removed when determining the benefit level and allotment for the remaining members of the household.

002.07 TREATMENT OF RESOURCES, INCOME AND DEDUCTIONS OF DISQUALIFIED HOUSEHOLD MEMBERS. This section describes procedures for determining the eligibility of remaining household members when a household member has been disqualified for:

- (1) A work requirement violation;
- (2) An intentional program violation;
- (3) Conviction for the use of Supplemental Nutrition Assistance Program benefits in the sale of a controlled substance;
- (4) Conviction for trafficking of Supplemental Nutrition Assistance Program benefits of \$500 or more;
- (5) A drug felony violation described in this chapter;
- (6) Fleeing from prosecution or custody for a felony, parole, or probation violation;
- (7) Found guilty by a court or state agency of having made a fraudulent representation of identity or residency to receive Supplemental Nutrition Assistance Program benefits in more than one household for the same month;
- (8) Conviction for the use of Supplemental Nutrition Assistance Program benefits in the sale of firearms, ammunition, or explosives; and
- (9) Convicted of certain felonies described in this chapter.

002.07(A) PRORATION METHOD. The resources of the disqualified individual are counted in their entirety to the remaining household members. The earned or unearned income of the disqualified individual is counted in its entirety to the remaining eligible household members. The household's entire allowable earned income, standard,

medical, dependent care, child support, and excess shelter deductions continue to apply to the remaining eligible household members.

002.07(B) ELIGIBILITY AND BENEFIT LEVEL. The disqualified member will not be included in determining the household's size for the purpose of assigning a benefit level to the household, comparing the household's monthly income with the income eligibility standards, comparing the household's resources with the resource limits or determining the household's standard deduction.

002.07(C) REDUCTION OR TERMINATION OF BENEFITS WITHIN THE CERTIFICATION PERIOD. When an individual is disqualified during the household's certification period, the eligibility or ineligibility of the remaining household members will be determined.

002.07(C)(i) INTENTIONAL PROGRAM VIOLATION NOTICE TO THE HOUSEHOLD. Adequate notice only is required to reduce the household's allotment. The household may request a fair hearing to contest the reduction or termination of benefits unless the household has already had a fair hearing on the claim amount as a result of consolidation of the disqualification hearing with the fair hearing.

002.08 TREATMENT OF INCOME OF STRIKERS. When determining eligibility for households containing a striker, the Department will:

- (A) Compare the striker's income as it stood the day before the strike to the striker's current income;
- (B) Add the higher of the two amounts to the current income of non-striking members during the month of application; and
- (C) Determine eligibility by considering the day before the strike as the day of the application and assume the strike did not occur.

002.09 DEEMING OF IMMIGRANT SPONSOR'S RESOURCES AND INCOME. People lawfully admitted to the United States as actual or prospective permanent residents or persons with the right to eventually obtain citizenship may be immigrants. For immigrants who are sponsored by individuals, deeming is the process of counting a sponsor's income and resources as accessible to an immigrant. The income and resources of an individual sponsor are counted when determining the eligibility of an immigrant. The individual sponsor signs an affidavit of support as required by the Immigration and Nationality Act. The resources and income of the sponsor's spouse are used in the deeming process only if the spouse has also signed the affidavit of support. The sponsor's resources and income are considered available until the immigrant:

- (1) Becomes a United States citizen; or
- (2) Obtains 40 qualifying work quarters of coverage as defined in Title II of the Social Security Act and the immigrant did not receive any federal means-tested public benefit during a countable quarter after December 31, 1996:
  - (i) Qualified work quarters earned after December 31, 1996, cannot be counted if the noncitizen, parent, or spouse received certain federal means-tested public benefits during the quarter the earnings were credited. Individuals who believe they should be credited with more quarters of work may request that Social Security Administration investigate their work history to determine if more quarters can be

credited. The applicant may participate pending the results of the investigation for up to six months from the date of Social Security Administration's original finding of insufficient quarters.

002.09(A) REPORT OF SPONSOR'S CHANGES. During the certification period, the immigrant is not required to report changes regarding the sponsor. At recertification, the immigrant must report if the sponsor:

- (i) Changes employment;
- (ii) Loses employment; or
- (iii) Dies.

002.09(B) EXEMPT FROM DEEMING. Individuals are exempt from deeming requirements if they are:

- (i) Not required to have a sponsor under the Immigration and Nationality Act, such as refugees, parolees, asylees, Cuban or Haitian entrants, Amerasians, or deportees;
- (ii) Sponsored by an organization or employer;
- (iii) Participating in the sponsor's household;
- (iv) Children age 17 or younger;
- (v) Indigent aliens;
- (vi) Battered spouse or child; or
- (vii) Ineligible and disqualified household members.

002.09(C) BATTERED IMMIGRANTS. Deeming is exempted for 12 months if:

- (i) The immigrant, the immigrants' child, or both were battered;
- (ii) The battery was committed by a spouse, a parent, or a member of the spouse's or parent's family while they are residing together; and
- (iii) The battered immigrant, child, or parent must no longer reside in the same household as the abuser.

002.09(D) INDIGENT IMMIGRANTS. If an immigrant is unable to obtain food and shelter, taking into account the immigrant's own income plus any cash, food, housing, or other assistance provided by other individuals including the sponsor(s), the amount deemed will be the amount actually provided to the immigrant by the sponsor.

002.09(D)(i) DEEMED INCOME FOR INDIGENT IMMIGRANTS. The Department will determine the amount of income and other assistance provided in the month of application. This income is the sum of the eligible sponsored alien household's own income, the cash contributions of the sponsors and others, and the value of any in-kind assistance of the sponsor or others. If the alien is indigent, the amount that will be deemed will be the amount actually provided for a period beginning on the date of determination and ending 12 months after the determination date. Each instance of indigence is renewable for an additional 12-month period.

002.09(D)(ii) REPORTING INDIGENT IMMIGRANTS. When an immigrant is determined indigent, the Department will notify the United States Attorney General and the United States Citizenship and Immigration Services of each determination, including the names of the sponsor and the sponsored immigrant involved.

002.09(E) IMMIGRANT RESPONSIBILITIES. As an eligibility requirement, an immigrant is responsible for:

- (1) Obtaining the necessary cooperation from the sponsor; and
- (2) Providing income and resource information and verification from the sponsor.

002.09(E)(i) SPONSOR VERIFICATION. If an immigrant does not provide the necessary information or verification, the immigrant is not eligible for assistance. If the sponsor or required documents related to the sponsor cannot be located, the eligibility of any remaining household members is determined by including the income and resources of the ineligible immigrant and excluding the deemed income and resources of the sponsor.

003. ELIGIBILITY COMPUTATIONS. After the household's resource eligibility and determination regarding how to treat the household's income has been established, the net monthly income is determined for households which either passed the gross income standards or who are exempt from meeting the gross income standards. This section discusses the process of finding the net monthly Supplemental Nutrition Assistance Program income by outlining deductions, and applying monthly income standards.

003.01 POLICIES FOR HANDLING DEDUCTIONS. The following applies to how deductions are used when budgeting.

003.01(A) DEDUCTIONS. Deductions are taken after the household's earned and unearned income are determined.

003.01(A)(i) ITEMS NOT ALLOWED. The following expenses will not be allowed as deductions:

- (1) An expense covered by an excluded reimbursement;
- (2) An expense is not deductible if:
  - (a) The expense is for a service provided by a household member; or
  - (b) The household does not make a money payment for the service.

003.01(A)(ii) EXPENSES AS BILLED. A deduction is allowed only in the month the expense is billed regardless of when the household intends to pay the bill. Amounts carried forward from past billing periods are not deductible with the exception of medical expenses. A particular expense may be deducted only once.

003.01(A)(iii) AVERAGING EXPENSES. For fluctuating expenses, the household chooses one of the following methods to determine the monthly deduction:

- (1) Expenses which are billed less often than monthly may be averaged over the period the expense is intended to cover;
- (2) "One time only" expenses may be averaged over the entire certification period in which they are billed; or
- (3) An expense may be deducted entirely in the month in which it is billed.

003.01(A)(iv) ANTICIPATING EXPENSES. A household's expenses are computed based on expenses the household expects to be billed for during the certification

period. The anticipation of expenses is based on the most recent month's bills unless the household is reasonably certain a change will occur.

003.01(A)(v) VERIFICATION OF DEDUCTIONS. If the household claims an expense it must be verified before it can be allowed as a deduction. The client's declaration of shelter and utilities is accepted as verification unless questionable. If the household claims an expense but does not provide verification, the household may be certified; however, the deduction will not be allowed.

003.01(B) EARNED INCOME DEDUCTION. A percentage of a household's gross earned income will be deducted pursuant to Title 7 CFR §273.9(d)(2).

003.01(B)(i) EARNED INCOME DEDUCTION FOR OVERISSUANCES. Households in the Simplified Reporting category are not allowed the earned income deduction when an overissuance was caused by the household's failure to meet a reporting requirement for a new source or change in earned income timely.

003.01(C) STANDARD DEDUCTION. Each household will be allowed a monthly standard deduction pursuant to Title 7 CFR §273.9(d)(1)(i).

003.01(D) MEDICAL EXPENSE DEDUCTION. The medical expense deduction is allowed only for the eligible individuals in households with one or more elderly or disabled members. Only the amount of the expense incurred or reasonably anticipated by the elderly or disabled household member(s) may be considered. To qualify for the deduction, the medical expenses must be:

- (1) Verified as non-reimbursable; and
- (2) In excess of the monthly threshold amount.

003.01(D)(i) SUPPLEMENTAL SECURITY INCOME ELIGIBILITY FOR MEDICAL EXPENSE DEDUCTION. Persons receiving Supplemental Security Income presumptive disability payments are considered eligible for the medical expense deduction. Presumptive disability payments are regular benefits for a three-month period paid to persons most likely to meet Supplemental Security Income disability criteria. These persons are considered Supplemental Security Income eligible by the Social Security Administration and receive a federal Supplemental Security Income check for the amount of entitlement.

003.01(D)(i)(1) RECEIPT OF SUPPLEMENTAL SECURITY INCOME ON BEHALF OF SOMEONE ELSE. Spouses or other persons receiving benefits as a dependent of a Supplemental Security Income or disability recipient are not eligible to receive this deduction unless they are elderly or otherwise meet the definition of a disabled person.

003.01(D)(ii) ALLOWABLE MEDICAL EXPENSES. Any non-reimbursable costs over the monthly amount for allowable items are deducted from the household's income if the cost was incurred by an eligible household member. These items are:

- (a) Medical care including psychotherapy and rehabilitative costs provided by a licensed medical practitioner;

- (b) Dental care provided by a licensed medical practitioner;
- (c) Hospitalization or nursing home care which is paid on behalf of a person who was a household member immediately before entering the hospital or nursing home;
- (d) Health and hospitalization insurance premiums which cover medical costs;
- (e) Ambulance insurance premiums;
- (f) Medicare premiums and any cost sharing copay or spend down expenses incurred by a Medicaid recipient;
- (g) Animals providing service to disabled persons such as seeing eye dogs, their veterinary fees, food, and other maintenance costs;
- (h) Prosthetic devices;
- (i) Dentures;
- (j) Hearing aids;
- (k) Transportation to obtain medical treatment, services, or prescriptions. To be deductible, costs for this transportation must be reasonable;
- (l) The cost of a medic-alert system above the basic telephone rate;
- (m) The principal, but not the interest, on a loan to cover medical expenses;
- (n) Corrective footwear, wheelchairs, and other items prescribed by a licensed medical practitioner;
- (o) Drugs, including over-the-counter, prescribed by a licensed medical practitioner;
- (p) Eyeglasses prescribed by a physician skilled in eye diseases or by an optometrist;
- (q) Attendant, housekeeper, or home health aide if the care is needed because of age, infirmity, or illness. When the household supplies a majority, 51%, of an attendant's meals, the maximum allowable one-person allotment is deducted in addition to the attendant's wages;
- (r) Adult day care expenses for the elderly or disabled;
- (s) Telephone amplifiers, warning signals for handicapped, and costs of typewriter equipment for the deaf, etc.; and
- (t) Annual enrollment fee for Medicare prescription drug card.

003.01(D)(ii)(1) MEDICAL VENDOR PAYMENTS. If a vendor payment for any allowable medical expense is excluded as income, this expense will not be allowed as a medical deduction.

003.01(D)(ii)(2) NON-ALLOWABLE MEDICAL COSTS. The following medical costs are not allowed:

- (a) Premiums for life or dismemberment insurance;
- (b) Premiums for income producing policies;
- (c) Special diets;
- (d) Interest on a loan to pay medical expenses;
- (e) The basic telephone rate for a medic-alert system;
- (f) Overdue or past due expenses;
- (g) Medical expenses previously deducted in the Supplemental Nutrition Assistance Program budget;
- (h) Prescriptions received at no cost through the prescription drug discount program; and

- (i) Automobile medical liability insurance.

003.01(D)(iii) ONE TIME ONLY MEDICAL EXPENSES. A one-time only medical expense is the cost of a medical occurrence which is not ongoing or routine. The following procedures apply solely to one time only medical expenses:

- (1) If a household reports a one time only medical expense at certification or recertification, the household will have the choice of having the expense:
  - (a) Budgeted as a lump sum; or
  - (b) Averaged and budgeted over the certification period;
- (2) If a household reports they anticipate a medical expense during the certification period and at the time of certification they can provide adequate verification of the anticipated expense, the expense can be prorated over the entire certification period;
- (3) If a household reports a one time only medical expense during the certification period, the household will have the choice of having the expense:
  - (a) Budgeted as a lump sum; or
  - (b) Averaged and budgeted over the remaining months in the certification period;
- (4) If a household reports they anticipate a medical expense during the certification period but are unable to provide the verification at the time of certification, the expense will be allowed if the verification is provided during the certification period and the expense will be prorated over the balance of the certification period; or
- (5) If a one-time medical expense was averaged over the certification period and the certification period is extended, the one-time medical expense will be recalculated. The medical expense will be averaged over the months in the extended certification period.

003.01(D)(iv) VERIFICATION OF MEDICAL EXPENSES. Before initial certification, the household must verify the following:

- (a) The amount of medical expenses, including the amount of reimbursement if any; and
- (b) The type of medical expense, whether allowable or non-allowable.

003.01(D)(iv)(1) RECERTIFICATION. At the time of recertification the household must verify medical expenses it has claimed if changes have occurred since last verified.

003.01(E) DEPENDENT CARE COST DEDUCTION. Dependent Care costs allowable pursuant to Title 7 CFR §273.9(d)(4).

003.01(E)(i) VERIFICATION OF DEPENDENT CARE COSTS. The household must verify dependent care costs that it claims as an expense:

- (a) If questionable; or
- (b) If allowing the expense could potentially result in a deduction.

003.01(E)(i)(1) AFTER INITIAL VERIFICATION. Subsequent verification is not required unless the household reports a change in the provider or in the amount of the deduction or unless the information is questionable.

003.01(F) CHILD SUPPORT DEDUCTIONS. Child support paid by a household member is an allowable expense when it meets all of the following conditions:

- (1) Child support is paid to or for a non-household member;
- (2) The household member has a legal obligation to pay child support; and
- (3) The amount of child support paid is verified.

003.01(F)(i) PAYMENT TO THIRD PARTY. If the noncustodial parent makes a payment to a third party in accordance with the court order, these payments are allowable as child support expenses.

003.01(F)(ii) ALLOWABLE CHILD SUPPORT COSTS. In computing the child support deduction, the Department considers the following as long as the expense is court-ordered and verifies any of the following as paid:

- (a) Payments to the court;
- (b) Payments to the custodial parent in accordance with a court order;
- (c) Payments to the custodial parent's mortgage company or landlord;
- (d) Payments to the custodial parent's utility company;
- (e) Payments to obtain health insurance for the child(ren); or
- (f) Payments for child care per court order.

003.01(F)(ii)(1) ALIMONY AND SPOUSAL SUPPORT. Alimony or spousal payments made to or for a non-household member are not an allowable child support deduction.

003.01(F)(iii) ARREARAGES. Households which have a three-month record of current child support payments and are also paying arrearages will have the arrearage amount also included as part of the child support deduction. The three-month record of payment is the current three-month period.

003.01(F)(iv) VERIFICATION OF CHILD SUPPORT COSTS. The household has the responsibility to provide verification of:

- (a) The legal obligation;
- (b) The obligated amount; and
- (c) The amount paid.

003.01(F)(iv)(1) VERIFICATION WITH SAME DOCUMENTS. The same document cannot be used to verify the household's legal obligation to pay child support and to verify the household's actual monthly child support payments.

003.01(F)(iv)(2) VERIFICATION AT RECERTIFICATION. The amount of legally obligated child support a household member pays to a non-household member will be verified at initial certification and at each recertification.

003.01(F)(iv)(3) PAYMENTS MADE TO THE CLERK OF THE DISTRICT COURT.

If the child support payments are made to the Clerk of the District Court, the Department is responsible for obtaining verification of the household's child support payments. The Department will give the household an opportunity to resolve any discrepancy between the household verification and the Clerk of the District Court records.

003.01(F)(v) BUDGETING THE CHILD SUPPORT PAYMENT. The amount of the child support deduction is determined by the amount of child support paid by the household. Child support must actually be paid before it can be allowed as a deduction.

003.01(F)(v)(1) IRREGULAR AND NEW PAYMENTS. If a household has an irregular pattern of paying child support, the Department may use the past payment history in determining the monthly amount used as a child support deduction. If a household has no record of paying child support or a payment record of less than three months, the Department will budget the child support deduction using the best information available.

003.01(G) SHELTER DEDUCTIONS. Each household is allowed to deduct shelter expenses in excess of 50% of the household's net income after allowable deductions. This is automatically calculated by the automated system. The following procedures apply:

- (1) The household's excess shelter deduction cannot exceed the maximum allowable amount for households with no elderly or disabled members; or
- (2) If the household contains a member who is elderly or disabled the household is entitled to an unlimited excess shelter deduction.

003.01(G)(i) ALLOWABLE SHELTER COSTS. The following shelter costs are allowable deductible expenses:

- (1) Rent or mortgage payments (whether or not the household receives a general assistance payment for shelter);
- (2) Property taxes;
- (3) Homeowner's insurance;
- (4) Special assessments;
- (5) Home repair costs associated with substantial damage or destruction from a natural disaster;
- (6) Temporarily unoccupied homes. Costs of a home temporarily not occupied by the household because of employment or training away from the home, illness, or abandonment caused by a natural disaster or casualty loss are allowed only if all of the following conditions are met:
  - (a) The household intends to return to the home;
  - (b) The home is not leased or rented during the household's absence;
  - (c) The current occupants, if any, are not claiming shelter costs for this home for Supplemental Nutrition Assistance Program purposes; and
  - (d) The shelter costs are verified;
- (7) Utility allowances; and
- (8) Standard homeless shelter deduction.

003.01(G)(ii) COMPUTING THE SHELTER DEDUCTION. In computing the shelter deduction, the following is considered as a deductible expense if declared by the household:

- (1) Continuing charges for the shelter occupied by the household, including rent payments, condominium fees, mortgage payments and other continuing charges leading to the ownership of the shelter:
  - (a) Payments on second mortgages and home equity loans are allowable shelter costs regardless of how the money was used. If a second mortgage is obtained for medical expenses, repayment is treated as a shelter expense and not as a medical expense;
  - (b) If a household moves in the middle of the month and is billed for shelter expenses for two residences, the costs of both residences are allowable for one month;
  - (c) If Department of Housing and Urban Development is involved in partial payment of rent costs, only the amount the household actually owes to the landlord may be allowed as a shelter expense;
- (2) Real estate taxes may be allowed as a shelter cost in the month billed or taxes may be prorated forward over the period between billings. The household chooses the option;
- (3) Homeowner's insurance premiums covering the structure are allowable shelter costs;
  - (a) If this expense is billed less often than monthly, the household may elect to have the expense used when billed or prorated forward over the period between billings. The household chooses the option;
  - (b) If the household has a homeowner's insurance policy that lists the structure and contents separately on the premium notice, only the amount on the structure and any associated administrative costs may be allowed;
  - (c) If the household has a homeowner's insurance policy that includes insurance both on the structure, contents and additional costs, but the costs cannot be separately identified, the entire premium may be allowed;
- (4) Only assessments related to the home and lot are allowable. Allowable assessments include special payments for civic improvements such as curb, storm sewer, sidewalks, streetlights, sewage treatment, etc.; and
- (5) Non-reimbursable charges for the repair of a home which has been substantially damaged or destroyed due to a natural disaster, such as a flood or fire.

003.01(G)(iii) NONALLOWABLE SHELTER COSTS. The following are not allowable as shelter costs:

- (1) Costs to insure shelter contents such as furniture and personal belongings;
- (2) One-time deposits required by landlords;
- (3) Any cost to repair damage caused by a natural disaster that has been or will be reimbursed by any source;
- (4) Down Payments;
- (5) Closing costs as a whole. However, if the closing costs can be itemized to identify allowable costs such as taxes and insurance, these costs can be allowed;

- (6) Repairs and improvements in exchange for rent (no income is counted and no deduction for rent is allowed);
- (7) Any cost to repair wear and tear, incidental damages, and improvements;
- (8) Late fees or charges for late shelter payments, and shelter payment amounts carried forward from past billing periods;
- (9) Shelter expenses being paid by an insurance company;
- (10) Any amount of housing costs, including utilities, covered by the Department of Housing and Urban Development or other vendor payments to the landlord; and
- (11) Mortgage payments on unsecured or personal loans. A loan is considered secured only when a lien is placed on the property by the lender. Continuing charges leading to ownership of a property are not considered an unsecured loan and are allowable shelter costs.

003.01(G)(iv) VERIFICATION OF SHELTER COSTS. At initial certification, the Department accepts the household's declaration of rent, mortgage payments and related expenses such as lot rental, taxes, and insurance unless the information is questionable. Shelter expenses are allowed in the month the expense is billed, regardless of when the household intends to pay the expense. When a household occupies a residence that has a monthly rent structure and the rent has been paid in advance, the monthly amount of rent should be taken into consideration each month when the shelter deduction is determined without regard to when it is actually paid. Expenses which are billed less often than monthly such as taxes or insurance may be prorated forward over the period between billings.

003.01(G)(v) STANDARD SHELTER DEDUCTION FOR HOMELESS INDIVIDUALS. Homeless households which incur or anticipate they will have shelter costs for any portion of the month are eligible for a homeless standard shelter allowance. The homeless standard shelter allowance is updated annually. Utilities are considered a part of the homeless standard shelter allowance, therefore, households receiving the standard homeless deduction do not qualify for any utility expenses. Homeless households which have free shelter do not qualify for the homeless standard shelter allowance.

003.01(G)(v)(1) VERIFICATION OF SHELTER COSTS FOR HOMELESS INDIVIDUALS. If the shelter costs seem questionable and there is no other documentation to support the household's shelter costs, verification may be required, including collateral contacts.

003.01(G)(v)(1)(a) SHELTER COSTS GREATER THAN HOMELESS DEDUCTION. If the household claims to have shelter costs that allow a shelter deduction in excess of the homeless shelter standard for homeless individuals, verification will be obtained to allow the higher costs. The same type of verification may be used for homeless households claiming actual costs that are used for homeless people using the standard shelter allowance.

003.01(G)(vi) SHELTER SHARED WITH OTHERS. Shared shelter is when multiple households are living in one physical residence and more than one household is being

billed for or is contributing to the shelter costs. This type of shared shelter is for convenience of the households and is not a self-employment enterprise. Any payments made from one household to another for rent/mortgage expenses when they reside together are excluded income as a pass through payment up to the full amount of the rent/mortgage payment billed. If the payment is more than the total rent/mortgage payment billed, the excess payments are considered unearned income to the household receiving the payment. A shelter deduction for each household is allowed based on the amount each household contributes toward the total rent/mortgage billed.

003.01(H) UTILITY ALLOWANCE. Actual utility costs cannot be allowed as a deduction. To qualify for a utility allowance, the household must be billed for utilities on a recurring basis apart from the rent or mortgage. If the household does not qualify for one of the allowances, the household is not eligible for any utility deduction. The household may receive one of the following:

- (1) Standard Utility Allowance;
- (2) Limited Utility Allowance;
- (3) One Utility Allowance; or
- (4) Telephone Standard Allowance.

003.01(H)(i) UTILITY ALLOWANCE DETERMINATION AFTER A MOVE. If a Simplified Reporting household reports a move the entitlement to a utility allowance will be re-determined.

003.01(H)(ii) UTILITY ALLOWANCE FOR UNOCCUPIED HOMES. If a household owns a home that is temporarily unoccupied because of employment or training away from home, illness, or abandonment due to a casualty or natural disaster, the household is entitled to only one utility allowance. If the household is paying different utility types at the two residences, the household has the choice of using the temporarily unoccupied structure or their current residence in the Supplemental Nutrition Assistance Program budget.

003.01(H)(iii) STANDARD UTILITY ALLOWANCE. To qualify for the Standard Utility Allowance, the Supplemental Nutrition Assistance Program household must have a member who:

- (a) Is billed for a recurring heating or cooling expense separately and apart from its rent or mortgage; or
- (b) Has received one or more Low-Income Home Energy Assistance Program payment(s) that exceed \$20 annually in the current or preceding 12 months.

003.01(H)(iii)(1) COSTS INCLUDED IN THE STANDARD UTILITY ALLOWANCE. The Standard Utility Allowance includes:

- (a) Costs of heating and cooking fuel, such as oil, gas (including the rental fee for the propane tank), wood when the primary heating source, or electricity;
- (b) Costs of air conditioning;
- (c) Costs of septic tank installation and maintenance;
- (d) Fees for water;
- (e) Sewage costs;

- (f) Garbage and/or trash collection fees;
- (g) Basic telephone rate; and
- (h) Initial fees, other than the deposit, charged by the utility provider.

003.01(H)(iii)(2) ELIGIBILITY FOR STANDARD UTILITY ALLOWANCE. Any household which is billed for a heating or cooling expense on a recurring basis separately and apart from its rent or mortgage or has a member who has received one or more Low Income Home Energy Assistance Program payment(s) in the current or preceding 12 months that exceed \$20 annually is entitled to the Standard Utility Allowance. Eligibility for Standard Utility Allowance based on receipt of the Low Income Home Energy Assistance Program is not affected by a change in household residence after the household has received the Low Income Home Energy Assistance Program payment(s).

003.01(H)(iii)(2)(a) RECURRING PAYMENTS. Recurring means the household is billed on a regular basis or the expense is incurred on a regular basis. A household that only incurs cooling costs for two weeks out of the year is not entitled to the Standard Utility Allowance. A household that incurs heating or cooling costs several months out of the year is entitled to the Standard Utility Allowance. A household which incurs recurring cooling or heating fuel costs on an irregular basis but is otherwise eligible to use the Standard Utility Allowance may continue to use the Standard Utility Allowance between billings. A household only needs to have a member who has received one or more Low Income Home Energy Assistance Program payment(s) totaling more than \$20.00 within the current or preceding twelve months to be eligible for Standard Utility Allowance.

003.01(H)(iii)(2)(b) COOLING COST ENTITLEMENT. Cooling costs that entitle the household to the Standard Utility Allowance are those costs related to the operation of an air conditioning system, evaporative cooler, swamp box, or room air conditioner(s). The use of a fan does not qualify the household for the Standard Utility Allowance.

003.01(H)(iii)(2)(c) NONALLOWABLE HEATING SOURCES. Utility costs for the operation of a space heater, electric blanket, heat lamp, cooking stove, or other similar heating source when used as a supplemental heating source do not qualify a household for the Standard Utility Allowance. The cost of operating an electric blower for an oil or gas furnace does not qualify a household for the Standard Utility Allowance.

003.01(H)(iv) LIMITED UTILITY ALLOWANCE. To qualify for the Limited Utility Allowance, the household must be billed on a recurring basis separately and apart from its rent or mortgage for at least two utilities other than heating or cooling. The Limited Utility Allowance covers the basic telephone rate, water, sewer, garbage or trash collection, maintenance of wells and septic tank systems. Gas, propane, and electricity are included when only non-heating or cooling costs are incurred.

003.01(H)(v) ONE UTILITY ALLOWANCE. To qualify for the One Utility Allowance, the household must be billed for no more than one utility. The household cannot be eligible for the One Utility Allowance and be billed for heating or cooling costs, the telephone or have received a Low Income Home Energy Assistance Program payment. A household which is billed for one utility on a recurring basis separately and apart from its rent or mortgage payment is entitled to the One Utility Allowance.

003.01(H)(vi) TELEPHONE ALLOWANCE. To qualify for the Telephone Allowance, the household must be billed for the basic service fee for a telephone. The Telephone Allowance may be allowed for a cell phone if there is no house phone available and the cell phone is the household's primary phone.

003.01(H)(vii) UTILITIES SHARED WITH OTHERS. When multiple households are living in one physical residence and more than one household is being billed for or contributing to the utility costs, this agreement is considered shared utilities. This type of shared utilities is for convenience and is not a self-employment enterprise. The Standard Utility Allowance, Limited Utility Allowance, One Utility Allowance, or Telephone Allowance is not prorated for households that share utility expenses. These households are eligible for the appropriate utility allowance.

003.01(H)(viii) RENTAL HOUSING. The following applies to individuals in rental housing.

003.01(H)(viii)(1) PRIVATE HOUSING. The following households are also eligible for one of the utility deductions:

- (a) Private rental housing units which are billed by the landlord on the basis of individual usage;
- (b) Private rental housing units which are charged a flat fee separately from their rent; or
- (c) Households receiving direct or indirect energy assistance which is excluded from income consideration, other than Low-Income Home Energy Assistance Program, if their expenses exceed the amount of assistance.

003.01(H)(viii)(2) PUBLIC HOUSING. The following households are eligible for one of the utility deductions:

- (a) Public housing units which determine the amount of usage separately for each household through a metering system; and
- (b) Public housing units which have central meters and which charge the household only for excess cost.

003.01(H)(ix) VERIFICATION OF UTILITY EXPENSES. The household must report a utility expense(s) if the Standard Utility Allowance, Limited Utility Allowance, One Utility Allowance, or Telephone Allowance is to be used.

003.01(H)(ix)(1) MOVES DURING CERTIFICATION PERIOD. When a Simplified Reporting household reports a move or a change in the source of utilities during the certification period, the utility allowance must be re-determined based on the current physical address and household circumstances. When a Transitional

Benefit Reporting household reports a move or change in the source of utilities during the certification period, the information is acted on at the next recertification.

003.02 INCOME ELIGIBILITY STANDARDS. Applicant households must meet the income eligibility standards of the Supplemental Nutrition Assistance Program as follows:

- (1) Households containing a member who is elderly or disabled must meet the net monthly income eligibility standards. Gross and net income eligibility tables are included in a guidance document;
- (2) Households which do not contain an elderly or disabled member must meet both the gross and net monthly income eligibility standards;
- (3) Households which are categorically eligible are not required to meet either the gross or net monthly income standard. Eligible one or two-person households whose income exceeds the net income limits are entitled to the minimum monthly benefit, listed in a guidance document, except during an initial month if the benefit prorates to less than the minimum monthly benefit. If the initial month's benefit is prorated to \$10, \$11, \$12, or \$13, the prorated amount is issued; and
- (4) Households which are Expanded Resource Program eligible must meet both the Expanded Resource Program gross and net income standards. One or two person households who contain an elderly or disabled member and are over the gross income levels must go through the regular Supplemental Nutrition Assistance Program eligibility criteria. If eligible, the household will then receive the minimum monthly benefit listed in a guidance document.

003.02(A) MINIMUM ALLOTMENT EXCEPTION. There is no minimum allotment for a one or two person household that is eligible for Expanded Resource Program only. Households may meet the net income level but not be entitled to benefits because their income is above the income level for which Supplemental Nutrition Assistance Program benefits are issued. These households will be denied.

003.02(B) GROSS MONTHLY INCOME ELIGIBILITY STANDARDS. Gross income refers to income after any allowable income exclusions have been applied. Households which do not include an elderly or disabled member and are not categorically eligible must be under the gross monthly income standard for their household size. Households which are determined to be eligible under gross monthly income standards must also pass the net monthly income standards. Households which include one or more elderly or disabled household members are exempt from the gross monthly income standard. If the household income exceeds the gross income limits, the automated system will deny or close the case when a final budget is processed.

003.02(C) NET MONTHLY INCOME ELIGIBILITY STANDARDS. Net income refers to income after all deductions have been applied. These standards are used for all households in determining benefit amounts. Eligible one or two-person households which are categorically eligible qualify for a minimum monthly benefit listed in a guidance document even if their income exceeds the net monthly income limits.

003.03 BENEFIT LEVEL. The household's monthly allotment will be equal to the maximum SNAP allotment for the household size reduced by 30% of the household's net monthly

income. If 30% of the household's net income ends in cents, the value is rounded up to the nearest dollar.

004. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM COOPERATION. A natural or adoptive parent must cooperate in good faith with child support enforcement if such parent is receiving Supplemental Nutrition Assistance Program (SNAP) benefits, is living with and exercising parental control over a child under the age of 18, and there is an absent parent. The recipient may claim good cause as an exception to cooperation as set forth in this chapter. Individuals will be notified of this requirement in writing at the time of application and reapplication for continued Supplemental Nutrition Assistance Program (SNAP) benefits.

004.01 DEEMED COOPERATION. If the individual is receiving Temporary Assistance for Needy Families (TANF) or Medicaid, or assistance from Nebraska Child Support Enforcement, and has already been determined to be cooperating, or has been determined to have good cause for not cooperating, the individual is considered to be cooperating for Supplemental Nutrition Assistance Program (SNAP) purposes.

004.02 REQUIREMENTS AND RESPONSIBILITIES. The individual must cooperate with the State Child Support Agency in establishing paternity of the child, and in establishing, modifying, or enforcing a support order with respect to the child and the individual.

004.03 FEES FOR SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) RECIPIENTS. Supplemental Nutrition Assistance Program (SNAP) recipients subject to the cooperation provisions of this Chapter shall not be required to pay a fee or other cost for services provided under Part D of Title IV of the Social Security Act.

005. NON-CUSTODIAL PARENT COOPERATION. A putative or identified parent who does not live with his or her child who is under the age of 18 must cooperate in good faith with child support enforcement if such parent is receiving Supplemental Nutrition Assistance Program (SNAP) benefits. Individuals will be notified of this requirement in writing at the time of application and reapplication for continued Supplemental Nutrition Assistance Program (SNAP) benefits.

005.01 INDIVIDUAL DISQUALIFICATION. If the Department determines that the non-custodial parent has refused to cooperate, then that individual shall be ineligible to participate in the Supplemental Nutrition Assistance Program (SNAP). Refusal to cooperate is when an individual has demonstrated an unwillingness to cooperate as opposed to an inability to cooperate.

005.02 DEEMED COOPERATION. If the individual is receiving Temporary Assistance for Needy Families (TANF) or Medicaid, or assistance from Nebraska Child Support Enforcement, and has already been determined to be cooperating, or the Department has determined an exception applies under 7 CFR 273.11 for not cooperating, the individual is considered to be cooperating for Supplemental Nutrition Assistance Program (SNAP) purposes.

005.03 REQUIREMENTS AND RESPONSIBILITIES. The individual must cooperate with the State Child Support Agency in establishing paternity of the child, and in establishing, modifying, or enforcing a support order with respect to the child and the individual.

005.04 FEES FOR SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) RECIPIENTS. Supplemental Nutrition Assistance Program (SNAP) recipients subject to the cooperation provisions of this Chapter shall not be required to pay a fee or other cost for services provided under Part D of Title IV of the Social Security Act.

006. GOOD CAUSE. In order to show good cause for failing or refusing to cooperate, a recipient must demonstrate that:

- (A) Cooperation is likely to result in physical or emotional harm to the child;
- (B) Cooperation is likely to result in physical or emotional harm to the custodial party with whom the child is living which reduces the capacity to care for the child adequately;
- (C) The child was conceived as a result of incest or forcible rape;
- (D) Court proceedings are pending for the adoption of the child except in the case of stepparent adoption; or
- (E) The custodial party is contemplating placing the child for adoption and has been working with an agency for this purpose not more than three months.

006.01 NOTICE OF GOOD CAUSE. Upon receiving notice of a claim of good cause for failure to cooperate, all activities to establish paternity or secure support will be suspended until the Department makes a final determination whether good cause exists. Assistance will not be denied, delayed, or discontinued pending a determination of good cause for refusal to cooperate if the applicant or recipient has complied with the requirements to furnish corroborative evidence and information.

007. CORROBORATING EVIDENCE. Within 20 days of claiming good cause for failing or refusing to cooperate, a recipient must provide corroborating evidence. Additional time may be granted in the sole discretion of the Department. Corroborating evidence includes, but is not limited to:

- (A) Birth certificates, medical records, or law enforcement records that indicate that the child was conceived as the result of incest or forcible rape;
- (B) Court documents or other records that indicate that legal proceedings for adoption are pending;
- (C) Court, medical, criminal, child protective services, social services, psychological, or law enforcement records that indicate that the alleged father or noncustodial party might inflict physical or emotional harm upon the custodial party or the child;
- (D) Medical records that indicate emotional health history and present emotional health status of the custodial party or the child, or written statements from a mental health professional indicating a diagnosis or prognosis concerning the emotional health of the custodial party or the child;
- (E) A written statement from a public or private agency confirming that the custodial party is being assisted in resolving the issue of whether to give up the child for adoption; or
- (F) Sworn statements from individuals, including but not limited to, friends, neighbors, relatives, clergy, social workers, and medical professionals who might have knowledge of the circumstances providing the basis of the good cause claim.

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008. DETERMINATION OF GOOD CAUSE. The recipient will be notified in writing whether the Department has determined good cause exists. As long as good cause exists, no actions will be taken to establish paternity or secure support unless the Department determines that support enforcement may proceed without the participation of the recipient, caretaker, or other relative. If such a determination is made, the recipient, caretaker, or other relative will not be required to be involved with any undertaking to establish paternity or secure support.

009. EFFECT OF GOOD CAUSE DETERMINATION. The good cause determination extends to all parties involved in the case. If the Department determines that good cause exists, IV-D services will not be provided to any party to the case unless the Department determines that support enforcement may proceed without the participation of the recipient, caretaker, or other relative who showed good cause.

010. SANCTIONS FOR FAILURE TO COOPERATE. Failure to cooperate in good faith can result in sanctions being imposed by the Department relating to receiving public assistance, discontinuation of IV-D services, or both.

011. ENTIRE HOUSEHOLD NOT DISQUALIFIED. Any disqualification related to child support cooperation shall not apply to the entire household. The income and resources of the disqualified individual shall be handled in accordance with 7 CFR 273.11.

012. RIGHTS AND OBLIGATIONS UNDER FEDERAL LAW. All requirements for cooperation with child support enforcement by custodial parents and non-custodial parents shall be in accordance with 7 CFR 273.11.