

## **Special Situations for Reporting Income:**

### **Projected Income for Seasonal Workers**

Seasonal workers and others whose income fluctuates usually earn more money in some months than in other months. Consequently, the previous month's income may distort the household's actual circumstances. In these situations, the household may project its annual rate of income and report this amount as its current income. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected annual rate of income.

The LEA must determine the period of time any earnings are received for seasonal workers as well as the amounts and sources. Seasonal workers include those with annual employment contracts but who may choose to have their salaries paid over a shorter period of time. This includes school employees. The LEA must determine the full amount of income available to such workers contractually on an annual basis and convert all income sources to annual amounts. This treats these employees in the same manner as employees who choose to have their salaries paid over the full year.

### **Income for the Self-Employed**

Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. Self-employed persons are credited with net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts.

- Gross receipts include the total income from goods sold or services rendered by the business.
- Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal, Federal, State, or local income taxes).
- Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.
- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts.
- Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others, and incidental receipts from the sale of items such as wood, sand, or gravel.
- Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farmhands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (but not local, State, and Federal income taxes).

### **Income from Wages and Self-Employment**

For a household with income from wages and self-employment, each amount must be listed separately. When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero.

### **Military Benefits**

Benefits paid directly to the service person such as housing allowances and food or clothing allowances, are considered income.

### **Deployed Service Members**

Only that portion of a deployed service member's income made available by them or on their behalf to the household will be counted as income to the household. Combat Pay is excluded as discussed below under *Income Exclusions - Military Benefits - Combat Pay*.

### **Foster Child's Income**

If the household where the foster child resides applies for benefits for their non-foster children, then the foster child's personal income is considered when making an eligibility determination. The foster child's income can be from a part-time job or any funds provided to the child for his/her personal use. ((It is optional for the household to list foster children residing in their care)).

### **Income for a Child Residing in an RCCI or Institutions**

Only the income earned by a child from full-time or regular part-time employment and/or personally receives while in residence at the RCCI or institution is considered income.

### **Child's Income**

The earnings of a child who is a full-time or regular part-time employee must be listed on the application as income.

### **Alimony and Child Support**

Any money *received* by a household in the form of alimony or child support is considered income to the receiving household. Any money *paid* by a household in the form of alimony or child support is not excluded from income for that household.

### **Garnished Wages and Bankruptcy**

Income is the gross income received by a household before deductions. In the case of garnished wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnished or used to pay creditors.

### **Income Exclusions**

#### **General**

Income *not to be reported* or counted as income in the determination of a household's eligibility for free and reduced price benefits includes:

- Any cash income or value of benefits excluded by statute (see Question and Answer 2 in this part for statutory exclusions); common exclusions are the value of benefits under the SNAP or FDPIR and some Federal educational benefits;
- Payments received from the Foster Care agency or court for the care of foster children;
- Student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals;
- Loans, such as bank loans, since these funds are only temporarily available and must be repaid;
- Value of in-kind compensation, such as housing for clergy and similar non-cash benefits; and
- Occasional earnings received on an irregular basis (not recurring, such as payment for occasional baby-sitting or mowing lawns).

#### **Military Benefits**

An in-kind benefit is excluded, such as non-privatized on-base housing, where no cash is provided to the household. Other sources of excluded income related to the military:

- Family Subsistence Supplemental Allowance (FSSA) - By law, the FSSA is not counted as income in determining eligibility for free and reduced price meals;
- Privatized housing allowances received under the Military Housing Privatization Initiative are not counted as income. Under this privatization initiative, a housing

allowance appears on the leave and earnings statement of service members living in privatized housing. The exclusion only applies to service members living in housing covered under the Military Housing Privatization Initiative. Housing allowances for households living off-base in the general commercial/private real estate market are counted as income. Additional information about DOD's Military Housing Privatization Initiative, including a list of affected installations, may be found at <http://www.acq.osd.mil/housing>;

- Combat Pay is excluded if it is
  - Received in addition to the service member's basic pay;
  - Received as a result of the service member's deployment to or service in an area that has been designated as a combat zone; and
  - Not received by the service member prior to his/her deployment to or service in the designated combat zone.
- Combat pay as described is extended to Deployment Extension Incentive Pay (DEIP). DEIP is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting
- This exemption applies only until the service members return to their home station. DEIP payments provided to service members that are not considered deployed are not exempt.

### **Institutionalized Child's Income**

Payments from any source directly received by the RCCI or institution on a child's behalf are not considered as income to the child.

### **Child's Income**

Infrequent earnings, such as income from occasional baby-sitting or mowing lawns, are not counted as income and should not be listed on the application.

### **Lump Sum Payments**

Lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as payment from an insurance company for fire damage to a house. However, when lump sum payments are put into a savings account and the household regularly draws from that account for living expenses, the amount withdrawn is counted as income.