

CRITERIA FOR DETERMINING HOUSEHOLD SIZE AND TYPE OF INCOME

To determine if a household meets income eligibility requirements for benefits, officials **must** compare the household size and the total household income to the Income Eligibility Guidelines (IEGs). Officials may be asked by households for guidance on whom to include as a household member or what to include as income on the application for benefits. Although officials may have to use their own discretion in some instances, the following guidelines are intended to help answer questions from households and make income eligibility determinations.

Determining Household Size

Household (Family)—A group of related or unrelated individuals who are not residents of an institution or boarding house but are living as one economic unit.

Economic Unit—A group of related or unrelated people who share housing and/or all significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. However, more than one economic unit may reside in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

Household of One—An emancipated child living alone or as a separate economic unit, a foster child, or an institutionalized child.

Special Situations

- *Adopted Child*—An adopted child for whom a household has accepted legal responsibility and is considered a member of that household.
- *Child Attending an Institution*—A child who attends but does not reside in an institution is considered a member of the household where he/she resides.
- *Child Away at School*—A child who is temporarily away at school (e.g., attending boarding school or college) should be considered a member of the household.
- *Child Living With One Parent, Relative, or Friends*—In cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives, or friends of the family, the child is considered a member of the household with whom he/she resides. Children of divorced or separated parents are generally part of the household that has custody.
- *Emancipated Child*—A child living alone or as a separate economic unit is considered to be a household of one. In some cases, an emancipated child may be living with relatives or friends, none of whom is an adult. If the household is one economic unit, all income and household members **must** be included to determine eligibility. Age is not a factor in defining an emancipated child.
- *Foreign Exchange Student*—A foreign exchange student is considered a member of the household in which he/she resides; i.e., the household hosting the student.
- *Foster Child*—A foster child is a child living with a household but remains the legal responsibility of the welfare agency or court. Such a child is considered a household of one.
- *Institutionalized Child*—An institutionalized child resides in a residential-type facility that the state has determined is not a boarding school. Such a child is considered a household of one.

- *Joint Custody*—In cases where joint custody has been awarded, and the child physically changes residence, the child is part of the household where he/she resides. Therefore, the child’s eligibility could change monthly, weekly, or even daily depending on the rotating time periods at each household. The school food authority must ensure the child receives the benefits to which the child is entitled during periods of eligibility.
- *Family Members Living Apart*—Family members living apart on a **temporary** basis are considered household members. Family members not living with the household for an **extended** period of time are not considered members of the household for purposes of determining eligibility, but any money made available by them or on their behalf for the household is included as income to the household.

Determining Household Income

Current Income—Current income should be reported on the Household Income Eligibility Application. Current income is income received by the household during the month prior to completing the application. If such income does not accurately reflect the household’s income, income will be based on the projected annual household income. If the prior year’s income provides an accurate reflection of the household’s current annual income, the prior year may be used as a base for projected annual income.

Reportable Income—Reportable income is any money received on a recurring basis including gross earned income. Specifically, gross income means all money earned before such deductions as income taxes, employee social security taxes, insurance premiums, charitable contributions, and bonds. Income includes the following:

- *Earnings From Work*—Wages/salaries/tips, commissions, unemployment compensation, worker’s compensation, strike benefits, and net income from self-owned business or farm
- *Welfare/Child Support/Alimony*—Public assistance payments, welfare payments, alimony payments, and child support payments
- *Pensions/Retirement/Social Security*—Pensions, retirement income, social security, veteran payments, and supplemental security income (SSI)
- *Other Income*—Net royalties/annuities/net rental income, any earnings from second job, disability benefits, interest/dividend, regular contributions from persons not living in household, cash withdrawn from savings, and income from estates/trusts/investments

Income Exclusions—Income not to be reported or counted includes any cash income or value of benefits a household receives from any federal program that excludes such income by *legislative prohibition*; for example, SNAP.

- *Loans*, such as bank loans, are not considered as income since these funds are only temporarily available and must be repaid.
- The value of *in-kind compensation allowances* means the person does not receive cash, but receives benefits/services such as military-based housing or payments made directly to a mortgage holder, property owner, utility company, etc., provided by another individual outside of the household.
- *Student financial assistance* consists of funds such as grants or scholarships awarded to meet educational expenses to cover the cost of attending an educational institution.
- *Occasional earnings* are incomes received on an irregular basis for babysitting, mowing grass, etc.

Projected Income for Seasonal Workers and Others—Although *current income* is usually the income received during the month prior to the application, if such income does not accurately reflect the household's annual income, income should be based on the household's projected annual income. For example, since the income reported by a seasonal worker employed during the month prior to application may not accurately reflect the household's annual income, seasonal workers may report their projected annual income as their current income. If the prior year's income provides an accurate reflection of the household's current annual income, the prior year may be used as a base for the projected annual income.

Self-Employment Income—Self-employed persons may use last year's income as a base 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 as described here. Net income for self-employment is figured by subtracting business expenses from gross receipts.

- Gross receipts include the total value of goods sold or services rendered by the business.
- Deductible business expenses include cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal federal, state, or local income taxes).

The value of salable merchandise consumed by the proprietors of retail stores is not included as part of net income.

Income Losses From Self-Employment—In a household where there are wage earners and self-employed members, the wage earners' incomes may not be reduced by the business losses of self-employed members. If self-employed persons' income is negative, it should be listed as zero income.

Farm Income

- 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.
- A farmer's operating expenses include cost of feed, fertilizer, seed, and other farming supplies; cash wages paid to farm employees; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (but not state and federal income taxes).

Military Income/Benefits—Military benefits received in cash, such as housing allowances for military households living off base and food allowances, must be considered as income. However, the value of in-kind benefits other than cash such as on-base housing is not considered as income.

Student Income—The earnings of a student who is a full-time or regular part-time employee and who contributes to the household must be listed on the application. However, occasional earnings such as paper routes or baby-sitting should not be listed on the application.

Alimony and Child Support—Any monies received by a household in the form of alimony or child support are counted as income. However, any monies paid out for alimony or child support may not be deducted from a household's reported gross income.

Farmers, Self-Employed, and Seasonal Workers—If the household received higher or lower than usual income the month before this application was completed, list its expected average monthly income on the front side.

Temporary Loss of Income—If a household suffers a temporary loss of income and the resultant income is within the income guidelines, you may grant temporary approval for meal benefits. The sponsor should base eligibility on the household's present rate of income rather than the household's regular annual income. However, the application must be completed as usual. In cases where eligibility is based on a temporary reduction in income, the sponsor may issue temporary approval for the receipt meal benefits for 45 days.

Eligible children should receive temporary approval in the following types of economic situations:

- Unemployment, especially ending seasonal employment
- Temporary layoffs
- Strikes (voluntary work stoppage)
- Temporary public assistance

If the household's situation at the end of the temporary approval remains the same, the sponsor may make the approval valid the duration of the current year.

Zero Income—If a household reports zero income on the application, the eligibility determination must be made based on the information provided on a complete application. The application would be considered temporarily approved by the sponsor if the household has indicated zero income and contains all other required items. This application is approved on a temporary basis. It is the responsibility of the sponsor to contact the household within 45 calendar days to determine if household income has changed.

Income for Foster Children—In determining income for the foster child, only the following should be considered:

- Funds provided by the welfare agency which are specifically identified by category for the child's personal use such as clothing, school fees, and allowances. Welfare funds identified by category for shelter and care and those identified as special needs funds, such as those for medical and therapeutic needs, are not considered as income. **When welfare funds cannot be identified by category, no portion of the provided funds is considered as income.**
- Other funds received by the child include, but are not limited to, monies provided by the child's family for personal use and earnings from employment other than occasional or part-time jobs.

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. 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.

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.

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