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212.1 Purpose

This section describes the allowable Food Supplement Program (FSP) deductions.

212.2 General Information

Certain deductions are allowed when determining net monthly income for FSP purposes. No other deductions from gross countable income are permitted. The deductions allowed for households with aged and/or disabled members differ from those for all other households.

212.3 Allowable Deductions for Households with Aged/Disabled Members

A. The allowable deductions for households with aged or disabled members include the following:

1. The standard deduction (See FSP Manual Section 600);
2. The earned income deduction (20% of gross earned income and 50% for self-employment income - See manual section 104 for more detailed information on self-employment income);

NOTE: The 50% self-employment deduction represents the cost-to-produce. The household also receives the 20% earned income deduction.

3. A dependent care deduction for children under 18 and people with disabilities of any age, with no limit, including transportation costs and activity fees;
4. An excess shelter deduction with no limit;
5. An excess medical expense deduction; and
6. A child support deduction for legally obligated child support payments paid by a FSP household member to or for a child outside the household.

B. A household qualifies for these deductions if it contains a member who is:

1. Age 60 or older; or
2. Receiving federal or state supplemental benefits under Section 1616 (a) of the Social Security Act (SSA) provided that the eligibility to receive the benefits is based upon the disability or blindness criteria under title XVI of the SSA; or

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212.3 Allowable Deductions for Households with Aged/Disabled Members (continued)

3. Receiving federally or state administered supplemental benefits under Section 212 (a) of Public Law 93-66; or
4. Receiving Social Security Disability Insurance (SSDI) benefits; or
5. Receiving Supplemental Security Income (SSI) benefits, including persons receiving SSI based on presumptive eligibility; or
6. Receiving disability payments from the Veteran's Administration (VA) equal to the full (100%) disability; or
7. A veteran with a service-connected or non-service connected disability rated by the Veteran's Administration as total or paid as total by the VA; or
8. A veteran considered by the VA to be in need of regular aid and attendance or permanently housebound; or
9. A surviving spouse of a veteran and considered by the VA to be in need of regular aid and attendance or permanently housebound, or a surviving child of a veteran and considered by the VA to be permanently incapable of self-support; or
10. A surviving spouse or surviving child of a veteran and considered by the VA to be entitled to compensation for a service-connected death or pension benefits for a non-service connected death, and has a disability considered permanent under Section 221 (l) of the Social Security Act.

NOTE: Entitled refers to those veterans' surviving spouses and surviving children who are receiving the stated payments, or are approved to receive such payments but are not yet receiving them.

11. State agency disability benefits which are at least as stringent as those under Title XVI of the Social Security Act.
12. Receiving disability retirement benefits from a governmental agency because of a disability considered permanent under the Social Security Act; or
13. Receiving an annuity payment under the Railroad Retirement Act of 1974 and is determined eligible to receive Medicare by the Railroad Retirement Board.

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212.4 Allowable Deductions for All Other Households

The allowable deductions for all other households are the following:

- A. The standard deduction (FSP Manual Section 600);
- B. The earned income deduction (20% of gross earned income and 50% for self-employment income; the 50% deduction represents the cost- to-produce);
- C. The dependent care deduction for children under 18 and people with disabilities of any age, with no limit, including transportation costs and activity fees;
- D. An excess shelter deduction, up to the maximum (See Section 600); and
- E. A child support deduction for legally obligated child support payments paid by a FSP household member to or for a child outside the household.

212.5 Standard Deduction

Allow the standard deduction for each household according to the amounts listed in section 600, regardless of the household type or the source of the household's income.

212.6 Earned Income Deduction

The earned income deduction is intended to cover work-related expenses such as, but not limited to, taxes, social security, union dues, and uniforms.

212.7 Dependent Care Deduction

- A. Allow the actual cost for the care of a child or incapacitated adult when the care is necessary to enable another member of the household to work. This includes seeking, accepting or continuing employment or training or education preparatory to employment.

NOTE: A dependent-care deduction is allowed when necessary for a household member to accept or continue employment. Allow a dependent care deduction when a customer has a temporary leave of absence from employment for a short period of time and the person plans to return to the same job.

- B. Verification of Dependent Care Expenses. Dependent care expenses do not have to be verified unless questionable. Acceptable verification includes a bill or written statement from the provider or collateral contact with the provider.

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212.8 Excess Medical Expense Deduction

- A. Allow a deduction for the portion of allowable medical expenses that exceed \$35 per household per month when incurred by aged or disabled household members.
- B. Do not count medical expenses incurred by household members who are not aged or disabled toward this deduction.
- C. Do not count medical expenses paid by insurance or another party who is not a household member toward this deduction.
- D. Allowable medical expenses are limited to the following:
 1. Medical and dental care including psychotherapy and rehabilitation services when provided by a State-licensed practitioner;
 2. Hospitalization or outpatient treatment, nursing care and nursing home care including payments made by the household for an individual who was a household member immediately prior to entering a hospital or nursing home;
 3. Prescription drugs when prescribed by a health professional licensed under State law to prescribe drugs, including the charge for postage and handling of mail-order prescription drugs;
 4. Eyeglasses when prescribed by an ophthalmologist or optometrist;
 5. Over-the-counter medication (including insulin) and other health-related supplies when approved by a licensed health professional;
 6. Premiums for health and hospitalization insurance policies and long term care insurance policies (excluding the cost of income maintenance type health policies and accidental policies);
 7. Medicare premiums;
 8. Any cost-sharing or spend down amounts incurred by Medicaid recipients;
 9. Dentures, hearing aids and prosthetics;
 10. Cost of securing and maintaining a service animal;
 - (a) This includes Seeing Eye or hearing guide dogs, housekeeper monkeys and any other animal specially trained to serve persons with disabilities.
 - (b) Allowable costs include, but are not limited to, the costs of obtaining and training the animal and food and veterinary care.

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212.8 Excess Medical Expense Deduction (continued)

11. Actual costs, or when these cannot be determined, the cents per mile figure established by the State, of transportation and lodging necessary to secure medical treatment or services; and
12. The costs of employing an attendant, homemaker, home health aide, housekeeper, or child care provider due to age, infirmity or illness. Include in this cost an amount equal to the FSP allotment for one person if the household provides the majority of the attendant's meals. Treat these costs as a medical expense if the attendant care cost could qualify under both the medical and dependent care deductions.

E. Verification of Medical Expenses

1. Verify medical expenses, including the amount of reimbursement, at initial application and at recertification if the source or the amount changes by more than \$25. If a household voluntarily reports a change in medical expenses during a certification period, it must be verified if the change would increase the household's allotment.
2. Acceptable verification of medical expenses includes, but is not limited to the following:
 - (a) Current bill or written statement from the provider that shows all amounts paid by insurance, Medicare or Medicaid;
 - (b) Insurance, Medicare or Medicaid statements that show charges incurred and the amount paid by the insurer;
 - (c) BENDEX for Medicare premium;
 - (d) Written statement from licensed health care professionals;
 - (e) Collateral contact with the provider. (May be used to determine costs of over-the-counter medication, health-related supplies and ongoing medical transportation.)

- F. Medical expenses are the exception to the policy that allowable expenses can only be deducted when they are due. The household may report and verify at recertification medical bills incurred in the prior certification period.

REMINDER: Past due bills on which there has been no current payment are not included.

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212.9 Excess Shelter Deduction

- A. Allow a deduction, up to the cap noted in Section 600, for monthly billed shelter costs that exceed 50% of the household's income after the deductions described above have been made.
- B. Note that the excess shelter deduction cap does not apply to households with an aged or disabled member. Those households receive an uncapped shelter deduction.
- C. The expenses do not have to be paid to allow the expense.
- D. Shelter costs are limited to the following:
 - 1. Rent, mortgage, a second mortgage, or other payments, including interest, leading to ownership of the shelter occupied by the household. The expense must be a continuing one.
 - 2. Payments that exceed the normal monthly payment are not deductible as a shelter expense.

Note: Meal charges paid by households that reside in a home for the elderly and disabled are not a shelter cost.

- 3. Properties taxes, State and local assessment and insurance on the structure itself, but not separate charges on the contents (e.g. furniture, clothing, and personal belongings). If the cost of insurance includes coverage on both the structure and contents, the entire cost is deducted.
- 4. Heat and utilities.
 - (a) This includes the costs of:
 - (i) Heating and cooking fuel;
 - (ii) Cooling and electricity;
 - (iii) Water and sewerage;
 - (iv) Garbage and trash collection fees;
 - (v) Well and Septic installation and maintenance; and
 - (vi) Fees charged by the utility provider for utility installation, excluding deposits.
 - (b) Any household that has an obligation for heating and/or cooling separate from its rent or mortgage payment **must** use the appropriate utility allowance as its total utility cost.

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212.9 Excess Shelter Deduction (continued)

- (c) Households not eligible for the utility allowance may claim actual utility expenses for those utilities for which they have an obligation (See Section 214 for further details on the utility allowances).
5. A household that incurs a separate telephone expense but is not entitled to claim a utility allowance must use the mandatory telephone allowance as listed in Section 600, even if the actual expense is higher.
 6. **Condominium and Association Fees.** The household is entitled to a shelter deduction for a condominium and association fee. The household is not entitled to a separate deduction for utilities included in the fee.

If the condo fee includes payment for heat, the household is not entitled to the SUA, but if billed separately for electric, may receive the LUA. If the condo fee includes electric, but the household is billed separately for heat, it is entitled to the SUA.

7. **Shelter costs for a temporarily unoccupied home** due to employment or training away from home, illness, or abandonment caused by a natural disaster or casualty loss. The shelter costs for a temporarily unoccupied home can be included provided:
 - (a) the household intends to return to the home;
 - (b) the current occupants of the home, if any, are not claiming shelter costs on that home for FSP purposes; and
 - (c) the home is not being leased or rented to others during the household's absence;

NOTE: Do not use the utility allowance for unoccupied homes. Use only the actual utility costs.

E. Verification of Shelter Expenses

1. Shelter expenses do not have to be verified unless they are questionable
2. Verify utility expenses if the household is entitled to only actual expenses instead of the utility standard.
3. Verify utility expenses for an unoccupied home. Do not use the utility standard.

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212.9 Excess Shelter Deduction (continued)

4. Acceptable shelter expense verification includes, but is not limited to the following:
 - (a) Mortgage or rental contracts, or a statement from the mortgage company, bank or landlord;
 - (b) Copy of tax, insurance, assessment bills, or a collateral contact with the appropriate government or insurance agency;
 - (c) Current bills or a written statement from the provider for heat/utility expenses;
 - (d) Collateral contact with the heat/utility provider.

212.10 Homeless Shelter Allowance

- A. Households in which all members are homeless but are not receiving free shelter are entitled to the standard homeless shelter allowance of \$143. Allow actual shelter expenses, instead of the homeless shelter allowance, if the actual shelter costs would result in a higher deduction under the excess shelter calculation.
- B. The determination that a household is homeless is important when deciding if a household is eligible for the homeless shelter allowance. The \$143 allowance cannot be claimed unless the household meets the definition of homeless.
- C. A homeless individual is one who:
 1. Lacks a fixed and regular nighttime address; or
 2. Has a primary nighttime address that is:
 - (a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or
 - (b) an institution that provides a temporary residence for individuals intended to be institutionalized; or
 - (c) a temporary accommodation in the residence of another individual for no longer than 90 days; or
 - (d) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation.

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212.11 Child Support Deduction

- A. Allow a deduction for legally obligated child support payments paid by a household member to or for a non-household member.
- B. To be entitled to the deduction the household member must:
 - 1. Have a legal obligation to pay; and
 - 2. Make payments.
- C. The child support deduction includes the following:
 - 1. The anticipated payments that the household member will pay over the certification period.
 - 2. Payments to a third party on behalf of the non-household member in accordance with a support order.
 - 3. Payments to obtain health insurance, if legally obligated.
 - 4. Arrearages if the payments are anticipated to continue during the certification period. Do not include arrearages during the certification period if there is no basis for expecting future payments.
- D. Do not include the following in the child support deduction:
 - 1. Alimony payments;
 - 2. Amounts paid over the obligated amount, except for allowable arrearages.
- F. Verification
 - 1. Verification of child support payments must be requested from households that claim this deduction.
 - 2. Acceptable forms of verification include the following:
 - (a) Court Order
 - (b) Separation Agreement
 - (c) Divorce Decree
 - (d) Information from Child Support Enforcement (IV-D)

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212.12 Action While Awaiting Verification

- A. Do not allow any questionable expense as a deduction until verification is provided.
- B. Determine eligibility and FSP benefit level without providing a deduction for the unverified expense if the expense cannot be verified within 30 days of the date of application. This includes medical expenses that may be covered by a reimbursement if the amount of the reimbursement cannot be verified.
- C. When a household fails or refuses to provide verification of the legal obligation or of the actual child support payments, calculate eligibility and benefit level without the deduction.

EXCEPTION: Allow the utility standard for households entitled to use it if they wish to claim actual expenses but cannot provide verification within 30 days.

- D. Treat as a reported change any verification an eligible household provides after the 30th day.
- E. Do not restore lost FSP benefits to the household if verification is provided after the 30th day.