

**DEPARTMENT
POLICY****All Programs**

This item discusses income for:

- Family Independence Program (FIP).
- State Disability Assistance (SDA).
- Refugee Assistance Program (RAP) which if policy differs is divided into:
 - Refugee Assistance Program Cash (RAPC).
 - Refugee Assistance Program Medical (RAPM).
- Child Development and Care (CDC).

Note: Applies to all CDC Income Eligible groups.

- Medicaid (MA) which, if policy differs, is divided into:
 - FIP-related MA.
 - SSI-related MA.
 - Specific MA categories.
- Adult Medical Program (AMP).
- TMA-Plus (TMAP).
- Food Assistance Program (FAP).

The phrase “All Programs” in this item means all the programs listed above.

The group composition and program budgeting items specify whose income to count. The program budgeting items also contain program-specific income deductions and disregards.

Income means benefits or payments received by an individual which is measured in money. It includes money an individual owns even if NOT paid directly such as income paid to a representative.

Earned income means income received from another person or organization or from self-employment for duties that were performed for remuneration or profit. Unearned income means all income that is NOT earned income. The item specifies whether the income is earned or unearned.

The amount of income counted may be more than the amount a person actually receives because it is the amount before any deductions

including deductions for taxes and garnishments. The amount before any deductions is called the **gross** amount.

Exception: The amount of self-employment income before any deductions is called **total proceeds**. The **gross** amount of self-employment income means the amount after deducting allowable expenses from total proceeds, but before any other deductions.

Income remaining after applying the policy in this item is called **countable**.

Count all income that is NOT specifically excluded.

ASSET EXCLUSION All Programs

This item identifies certain sources of funds that are excluded as assets as well as income. The conditions in PEM 400 under the heading ["Excluded Income Under PEM 500"](#) must be met for the asset exclusion to apply.

GARNISHMENT OR OTHER WITHHOLDING

All Programs

Income includes amounts withheld from income which are:

- Voluntary.
- To repay a debt.
- To meet a legal obligation.

Some examples of amounts which may be withheld, but are still considered income are:

- Income taxes.
- Health or life insurance premiums.
- Medicare premiums.
- Union dues.
- Loan payments.
- Garnishments.
- Court-ordered or voluntary child support payments.

LUMP SUMS AND ACCUMULATED BENEFITS

All Programs

Sometimes funds from a particular source are paid in a way that meets the definition of either [lump-sum](#) or [accumulated benefit](#) (see PRG for definitions). This section describes special treatment applicable to such payments.

FIP, SDA, RAP, CDC, AMP and FAP Only

Lump-sums and accumulated benefits are assets starting the month received.

A person might receive a single payment that includes both accumulated benefits and benefits intended as a payment for the current month. Treat the portion intended for the current month as income.

MA and TMAP

Lump-sums and accumulated benefits are income in the month received. Follow the appropriate policy in this item based on the source of the funds.

Exception: The following are assets starting the month received:

- Income tax refunds.
- Nonrecurring proceeds from the sale of an asset.
- Payments that are excluded assets.

PAYMENT TO REPRESENTATIVE**All Programs**

Income paid to a person acting as a representative for another person is NOT the representative's income. The income is the other person's income. Common representatives are:

- [Legal guardians](#) (see PRG, Glossary).
- Court-appointed conservators.
- Minor children's parents.
- Representative payees.

Example: Diane's RSDI check is sent to her representative payee. It is Diane's income.

A payment might include money intended for more than one person. Count each person's share as his own income.

Example: A farm owner issued one paycheck to Mr. G. that included the earnings of the entire family. Each person's share is his own income.

An organization's money that a person has access to as a member of the organization is the organization's money.

Example: John is a scout troop leader. Scout troop dues that John collects belong to the scout troop and are NOT considered John's money.

Income a person receives in his capacity as trustee of a trust is the trust's income.

**INCOME RECEIVED
JOINTLY****All Programs**

Income is received jointly if the payment is made in the name of more than one person other than a representative (see [“PAYMENT TO REPRESENTATIVE”](#) above).

Income received jointly is available. Absent evidence to the contrary, each person is considered to have an equal share. Divide joint income equally among the recipients of the income.

**GENERAL
EXCLUSIONS****All Programs**

This section describes exclusions that apply to more than one source of income.

Asset Conversion**All Programs**

Consider an asset converted from one type to another (example: an item sold for cash) as an asset.

Exception: See [“SALE OF PROPERTY IN INSTALLMENTS”](#) in this item.

**Expenses of
Obtaining
Unearned Income****All Programs**

Exclude amounts withheld from unearned income which are essential expenses in obtaining the income.

Examples:

- Legal and medical expenses withheld from a lawsuit settlement.
- Disability insurance premiums which must be paid to continue current disability payments.

MA Only

There is a limit to the deduction of guardianship and conservator expenses. See PEM [536](#), [540](#), [541](#) or [546](#) depending on the type of budget being done.

**Inconsequential
Income****All Programs**

Inconsequential income means income that is unpredictable, irregular, and of no appreciable effect on continuing need. Examples: occasional cash gifts, yard sale proceeds.

Exclude inconsequential income as income if the amount received during a calendar quarter is \$30 or less.

**Plan to Achieve
Self-Support
(PASS)****FAP Only**

SSI allows an SSI recipient to divert income to the expenses of an approved plan to achieve self-support (PASS). SSI monitors compliance with the plan. Exclude income being diverted to a PASS as income and as an asset.

Reimbursements**All Programs**

Exclude compensation awarded for a particular use which carries a legal sanction if used for another purpose. Exclude as income and as an asset.

Exclude that portion of income received from another person, an agency or an organization that covers past, current or future expenses when all the following are met:

- The payment is NOT for normal household living expenses such as rent, mortgage, personal clothing and food eaten at home.
- The payment is for a specifically identified expense(s).
- The payment is used for its intended purpose.
- The payment is made or documented separately from other payments.

Note: Consider the payment to equal the expense unless the person who received the payment, or the person who made the payment, volunteers to DHS that the payment exceeded the expense.

Exclude as income and as an asset.

Examples of payments excludable as reimbursements are:

- Work First transitional support services payments.
- CDC payments for care billed by a day care aide issued in the client's name only.
- Payments for employment expenses such as travel expenses and the cost of military uniforms and other special clothing.
- Payments to volunteers for out-of-pocket expenses.
- Disaster-related grants.
- Insurance settlement for an identifiable loss.

Note: See "[LUMP SUMS AND ACCUMULATED BENEFITS](#)" if the settlement is a lump sum.

- Refund of Medicare premiums as a result of the Medicaid Buy-In program.
- Payments for medical expenses.

Note: See [“INSURANCE PAYMENTS”](#) below for information about which types of insurance payments are considered payments for medical expenses.

Expense money that is NOT excludable as a reimbursement is treated the same as other income from that source. For example, payments from an employer that are NOT excluded reimbursements are wages.

Note: Allowances in pension benefits for the Medicare Part B premium are not considered a reimbursement and should be budgeted as unearned income.

See [“Child Support Participation Payments, Refunds and Reimbursements”](#) in this item regarding such child support income.

Replacement Money

All Programs

Exclude a payment made to replace lost or stolen income if the original payment has already been considered.

Returned Benefits

All Programs

Exclude benefit checks returned to the issuing agency as income and as an asset.

Exclude amounts deducted by the issuing agency to recover a previous overpayment or ineligible payment.

Exceptions:

- Count any portion of an overpayment (that is normally countable) if the original payment was excluded when received.
- **For FIP, SDA, RAP and FAP**, count SSI recoupment amounts due to IPV (see below). **In FAP**, also count FIP, SDA and RAPC recoupment amounts due to IPV.

IPV means there was a finding of fraud or an agreement to repay in lieu of prosecution. Count recouped SSI only if IPV information is volunteered by the SSI recipient or other reliable source. You need NOT initiate any contacts.

Student Earnings All Programs

This disregard applies to all sources of **earned** income including wages and training income. It ends the month after the person stops meeting a requirement (example: month after reaching age 18).

Exception: There is a different disregard for Workforce Investment Act-funded training income. See [“TRAINING INCOME”](#) in this item.

Continue the exclusion during school breaks and vacations if the student plans to return to school when regular sessions resume.

See [“Student’s Saving Exclusion”](#) in PEM 400 for the asset exclusion policy.

FIP, SDA, RAP, CDC and FAP Only

Disregard the earnings of a person who is:

- Under age 18, and
- Attending elementary, middle or high school including attending classes to obtain a GED, and
- Living with someone who provides care or supervision.

LIF Only

Disregard the earnings of a dependent child in the LIF qualified group.

G2P, G2U and Healthy Kids

Disregard the earnings of a person under age 19 who is living with someone who provides care or supervision.

ADOPTION SUBSIDIES

All Programs

An adoption subsidy is a payment to the adopting parent(s) of an adopted child who would remain in foster care without the subsidy incentive. There are two types of adoption subsidies:

- A **support subsidy** is a payment for ongoing care and support of the child.
- A **medical subsidy** is a payment for medical expenses due to a physical, mental or emotional condition of the child.

Exclude medical subsidies as income and as assets. They are reimbursements.

Exclude support subsidies as income.

**AGENT ORANGE
PAYMENTS****All Programs**

Exclude money received from Aetna Life and Casualty as a result of the agent orange lawsuit settlement and Public Law 101-201. Exclude as income and as an asset.

**ALIEN SPONSOR
INCOME****FIP, SDA, RAP, CDC, MA, AMP and TMAP**

Count actual contributions an alien receives from his sponsor as the alien's unearned income.

FAP Only

See [PEM 226](#) about whether to count as an alien's unearned income:

- The sponsor's actual contribution.
- An amount deemed from the sponsor by policy.

AMERICORP

AmeriCorp, a national community service program, encompasses AmeriCorp*USA and AmeriCorp*NCCC.

Note: See ["DOMESTIC VOLUNTEER SERVICES ACT PAYMENTS"](#) in this item regarding AmeriCorps*VISTA.

Participants in these programs may receive any or all of the following:

- Living allowance.
- Child care allowance.
- Health insurance.
- Services to individuals with disabilities.
- National service education award.

FIP, SDA, RAP, CDC and FAP

Exclude all allowances and benefits as income and as assets

MA, AMP and TMAP

Count the living allowance as ["Wages"](#). Exclude all other allowances and benefits as income and assets.

**CHILD CARE
NUTRITION
PAYMENTS****FIP, SDA, RAP, CDC, MA, AMP and TMAP**

Exclude payments received under the Child Nutrition Act of 1965 and the National School Lunch Act. Exclude as income and as assets.

FAP Only

Count the following result as self-employment income of the child care provider.

- Payment received under the Child Nutrition Act of 1965 (Child and Adult Food Care Program) or National School Lunch Act. **minus**
- The allowable cost of meals for the provider's own children during the child care hours.

Use actual costs or 25% of the total proceeds for allowable costs. See [Allowable Expenses under Self Employment](#) in this item.

Exclude any other income from the Child Nutrition Act of 1965 and the National School Lunch Act. Exclude as income and as an asset.

CHILD FOSTER CARE PAYMENTS**FIP, SDA, RAP, CDC, MA, AMP and TMAP**

Exclude government, court or private agency payments for child foster care or independent living as income.

Note: DHS Services Manual defines independent living as: The youth's own unlicensed residence or the unlicensed residence of an adult who has no supervisory responsibility for the youth.

FAP Only

Count all payments as the foster child's unearned income.

Reminder: A FAP group may choose to include or exclude a foster child whose foster parent is a group member. See [PEM 212](#) for details.

CHILD SUPPORT**All Programs****Definitions**

Child support is the money paid by an absent parent(s) for the living expenses of his/her child(ren). Medical, dental, child care and educational expenses may also be covered. Court-ordered child support may be either certified or direct.

Child support is income to the child for whom the support is paid.

Exception: FIP, SDA, RAP, CDC, FAP - Child support payments received by a custodial party for an adult child or a child no longer living in the home, are unearned income for the payee as long as the money is **not** forwarded to the child.

Exception: MA & AMP Only - Arrearage payments received by a parent for an adult child, or a child no longer living in the home, are considered unearned income for the parent.

All Programs

Certified support means the Friend of the Court sends court-ordered support payments to DHS. See PEM [255](#) and [518](#).

Child support participation payment means a payment issued to a client based on certified support collections.

Child support refund means a payment issued to the client when support was misdirected to DHS.

Child support reimbursement means a payment issued to the client when the state receives certified support exceeding the amount that may be retained to offset FIP paid.

Direct support means court-ordered child support payments a person receives directly from the absent parent or the Michigan State Disbursement Unit, MiSDU.

Voluntary support means child support payments that are NOT court ordered. The payments are received by the person directly from the absent parent.

Certified Support

FIP and CDC

Exclude as income:

- The amount of collections retained by DHS, and
- Support payments the group receives after the certification effective date **and** returns to DHS.

See PEM 518 for budgeting instructions for certified support on FIP cases.

FAP Only

Exclude collections retained by DHS and support payments the group receives after the certification effective date.

Child Support Participation Payments, Refunds and Reimbursements

All Programs

Exclude as income.

Direct and Voluntary Support

All Programs

Count the total amount as unearned income.

Exclude any portion of a payment that a **court order** or **other legally binding agreement** requires sending directly to a creditor or service supplier.

CONTRIBUTION FROM FAMILY AND FRIENDS

All Programs

Money given to a person by family or friends is the person's unearned income. Count the gross amount actually received.

Money diverted by an L/H patient to their community spouse or dependents at home per PEM 546 is a contribution. Count the gross amount actually received as the community spouse's or dependent's unearned income.

Sometimes policy deems someone's income (or a portion of someone's income) available to another person. Count deemed income whether or not it is actually contributed.

DISABILITY BENEFITS-OTHER

All Programs

Refer to the specific sections in this item for policies regarding:

- Railroad Retirement Board Benefits.
- Rehabilitation Services Payments.
- Retirement, Survivors, and Disability Insurance (RSDI).
- Supplemental Security Income (SSI).
- Workers' Compensation.
- U.S. Civil Service and Federal Employee Retirement System.

Payments a person receives when absent from work due to illness or injury might be earned or unearned income.

- Consider regular wages received while on sick leave as earned income. See [“Wages”](#) below.
- Consider the gross amount of other disability payments as unearned income.

DOMESTIC VOLUNTEER SERVICES ACT PAYMENTS

All Programs

Exclude payments made to volunteers in programs under Titles I and II of Public Law 93-113 as income and as assets.

Title I programs include:

- University Year for Action.
- Urban Crime Prevention Program.
- Volunteers in Service to America (VISTA is now called Ameri-Corps*VISTA).

Title II programs include:

- Foster Grandparents.
- Senior Companion.
- Retired Senior Volunteer Program (RSVP).
- Older American Volunteer Program.
- Service Corps of Retired Executives (SCORE).
- Active Corps of Executives (ACE).

DONATIONS

All Programs

Donation means money received from a private, nonprofit organization based on need as determined by the contributing organization.

Exclude the first \$300 in donations received during a calendar quarter. Exclude as income and as an asset. Count any additional donations as unearned income.

EDUCATIONAL INCOME

All Programs

Exclude as income and as an asset educational income such as grants, loans, workstudy, scholarships, assistanceships, stipends and fellowships for education.

Operation Graduation

All Programs

The Operation Graduation School Dropout Prevention Program is funded by the Michigan Department of Education and operated by local school districts. Participants are secondary school students age 12 through 18.

Exclude Operation Graduation payments as income and as assets.

EMPLOYMENT INCOME

All Programs

Self-Employment

A person who runs his own business is self-employed. This includes selling goods, farming, direct services (e.g., child care or personal care services), and operating a facility that provides services (e.g., adult foster care home, room and board).

A person who provides child care in his/her home is self-employed.

Note: A person who provides child care in the child's home (e.g., day

care aide) is an employee of the child's parent/substitute parent. He/she is not self-employed.

Rental income is also considered self-employment for income budgeting purposes. See "[RENTAL INCOME](#)" in this item for determining countable income and allowable expenses for rental income.

Self-Employed or an Employee?

It can be difficult to determine if someone is self-employed or is an employee of someone else. The guidelines below are provided to help you decide. These are usually indicators that someone is self-employed:

- The person sets his/her own hours.
- The person provides his/her own tools used on the job.
- The person is responsible for the service being provided and for the methods used to provide the service.
- The person collects payment for the services provided from the person paying for it.

Example 1: Joe has a contract with the local hospital to provide snow removal services. He drives his own snow removal vehicle and pays for his own gas. The hospital pays him directly based on the number of times his services are used. Joe is self-employed.

Example 2: Jane is a hair dresser at a salon. The salon supplies all the products she uses on the job. Jane's clients pay the salon for the services Jane provides. Jane receives a paycheck from the salon each week for 50% of the income from her clients. The salon takes out no taxes or FICA. For income budgeting purposes, Jane is an employee of the salon and her income should be budgeted as earned income, not self-employment.

Example 3: Rich provides home help care for his elderly neighbor, Sam. Sam receives assistance through DHS' Adult Home Help program to pay for Rich's services. Sam is Rich's employer. Rich's income should be budgeted as earned income.

Example 4: Mary Jo is a massage therapist at a local chiropractor's office. She uses a room in the office and uses their table. She provides her own oils and linens used for the massages and sets her own hours. She collects payment directly from the clients and pays the chiropractor's office \$10 for each massage provided. Mary Jo is self-employed.

Countable Self-Employment Income

Countable income from self-employment equals the total proceeds **minus** allowable expenses of producing the income. If allowable expenses exceed the total proceeds, the amount of the loss cannot off-

set any other income **except** for Farm Loss amounts. See “Farming Expenses” below.

Allowable expenses are the **higher** of:

- 25% of the total proceeds, **or**
- Actual expenses if the client chooses to claim and verify the expenses.

Example: A person operates a retail store. Total proceeds for the month are \$3,200. Allowable expenses total \$3,800. The \$600 deficit **CANNOT** be used to offset any other income.

Allowable Self-Employment Expenses

Allowable expenses include: (also see [“Room and Board”](#)):

- Identifiable expenses of labor, stock, raw material, seed, fertilizer, etc.
- Interest and principal on loans for equipment, real estate or income-producing property.
- Insurance premiums on loans for equipment, real estate and other income-producing property.
- Taxes paid on income-producing property.
- Transportation costs while on the job (example: fuel).
- Purchase of capital equipment.
- A child care provider’s cost of meals for children. Do **NOT** allow costs for the provider’s own children.
- Any other identifiable expense of producing self-employment income **except** those listed below.

Do **NOT** deduct the following from self-employment income:

- Depreciation on equipment, real estate or other capital investments.
- A net loss from a previous period.
- Federal, state and local income taxes.
- Personal entertainment or other personal business expenses.
- Money set aside for retirement.

Room and Board Expenses**All Programs**

Allowable expenses for room and board (or board only) are the **higher** of:

- Allowable expenses of self-employment from above.
- The maximum monthly FAP benefit for the number of boarders.

Farming Expenses**FIP, SDA, RAP, CDC, FAP**

Allowable expenses of farming can exceed the proceeds if the actual or anticipated proceeds are \$1,000 or more for the year. This farm loss can then be deducted from other budgetable income of the group to determine the benefit amount, as follows:

- Deduct the net farm loss from any other budgetable earned income of the group.
- If a net farming loss remains, deduct it from any other budgetable unearned income of the group.

The previous year's tax return is the usual basis to calculate the farming income. Prorate the loss over the year to determine a monthly amount to apply to the other income sources.

Wages**All Programs**

Wages are the pay an employee receives from another person or organization. Wages include salaries, tips, commissions, bonuses, severance pay and flexible benefits plan funds.

Count an employee's regular wages paid during a vacation or illness as earned income.

Count a wage advance as earnings when the employer actually pays it. Do NOT count the money withheld to offset the advance.

Count wages held by the employer at the request of the employee. However, wages held as a general practice by the employer are NOT income until actually paid.

Exception: Income received in one month that is intended to cover several months (e.g., contractual income) is considered available in each of the months covered by the income.

Count gross wages except as explained in this item for:

- [“EIC”](#)
- [“Flexible Benefits”](#)
- [“Strikers”](#)
- [“Student’s Earnings”](#)

Census Workers FIP, SDA, RAP, CDC, MA, AMP & TMAP

Exclude wages for Temporary Census Workers

FAP Only

Count wages for temporary census workers as earned income.

EIC**All Programs**

Exclude advance payments of the Earned Income Credit as income and as assets.

Flexible Benefits**All Programs**

Do NOT count money from a flexible benefit plan used to purchase health insurance. Count other money used for a flexible benefit plan as wages if the employee can choose to have the money paid to him.

Do NOT count money or credits made available for a flexible benefit plan that the employee CANNOT choose to have paid to him.

Strikers**FAP Only**

If a person is on strike, count the higher of:

- His earnings when he was NOT on strike.
- His current earnings.

See PEM [227](#) and [550](#) for details.

**FACTOR
CONCENTRATE
LITIGATION
SETTLEMENT**

Four manufacturers of blood plasma have settled a lawsuit involving HIV-infected hemophilia patients. Each patient may receive a settlement worth \$100,000. Payment may be a one-time payment or periodic payments.

The court case may be referred to as *Susan Walker v. Bayer Corporation*. The patient will probably have documents from The Settlement Law Group regarding "Factor Concentrate Litigation Settlement".

FIP, SDA, RAP, CDC, AMP and FAP Only

See "[LUMP SUMS AND ACCUMULATED BENEFITS](#)" if the payment is a one-time payment.

Count the amount of periodic payments as unearned income.

MA and TMAP

The settlement payment is excluded as both income and assets by section 4735 of P.L. 105-33.

FIP/SDA/RAPC BENEFITS**FIP, SDA, RAPC, CDC, MA, AMP and TMAP**

Exclude as income.

FAP Only

FIP, SDA and RAPC benefits are considered the unearned income of the FIP, SDA or RAPC grantee. Count as unearned income the amount of FIP, SDA or RAPC benefits minus any excludable portion.

The following portions of FIP, SDA or RAPC benefits are excluded:

- The amount of **non-IPV** administrative recoupment.
- The amount of an initial FIP, SDA or RAPC benefit intended to cover a previous month.

Use LOA2 FIP/SDA or PEM 520 to determine countable FIP/SDA/RAPC benefits.

FIP/SDA/RAPC SUPPLEMENTS**FIP, SDA, RAPC, CDC, MA, AMP and TMAP**

Exclude as income.

FAP Only

Count FIP/SDA/RAPC supplemental benefits issued as a result of reinstatement. These supplements are countable unearned income. Allow the exclusions described in [“FIP/SDA BENEFITS”](#) above.

Reinstatement Supplement. Count the supplement portion covering the FAP benefit month as unearned income. Use LOA2 FIP/SDA or PEM 520 to determine the countable amount of that portion.

Note: Supplements that cover or restore retroactive FIP/SDA/RAPC benefits are lump sums. Lump sums are assets.

GOVERNMENT AID All Programs

Exclude payments made through the following as income and as assets.

- DHS Child Development and Care program (CDC).
- Home Help Services under Medicaid.

Note: Count the payments above as earned income of the person providing the care or service.

- Department of Community Health Family Support Subsidy to families with impaired or autistic children under age 18 and living in the home. It is for needs NOT covered by the state standard of assistance.
- State Emergency Relief (SER).
- Robert T. Stafford Disaster Relief and Emergency Assistance Act (formerly the Disaster Relief Act of 1974).

Exception: For FAP, if money received from the Federal Emergency Management Assistance (FEMA) program for temporary housing exceeds the actual cost, count the difference as unearned income unless it is returned to the FEMA program.

- Women, Infants and Children supplemental food program (WIC).
- Nutrition Program for the Elderly, Title VII of the Older Americans Act of 1965.
- Food Assistance Program.
- National School Lunch Act.

Exception: In FAP, exclude payments for a person's own children. See [“CHILD CARE NUTRITION PAYMENTS”](#) in this item when a child care provider receives payments for someone else's children.

- Child Nutrition Act of 1965

Exception: In FAP, exclude payments for a person's own children. See [“CHILD CARE NUTRITION PAYMENTS”](#) in this item when a child care provider receives payments for someone else's children.

**GREEN THUMB/
SENIOR
COMMUNITY
SERVICE
EMPLOYMENT**

All Programs

Exclude income earned under the senior community service employment program (example: Green Thumb) established by Title V of Public Law 100-175 (Older Americans Act). Exclude as income and as an asset.

**HEATING FUEL
SUPPLIER
ASSISTANCE****All Programs**

Exclude as income money given by a home heating fuel supplier to someone for food, clothing, shelter or home energy.

**HOME EQUITY
CONVERSION
PLAN****FIP, SDA, RAP, CDC and FAP****Reverse Mortgage**

Reverse mortgages allow a homeowner to borrow, via a mortgage contract, some percentage of the value of his home. The homeowner receives periodic payments (or a line of credit) that does NOT have to be repaid while the homeowner lives in the home.

Some reverse mortgages involve the purchase of an annuity and are called reverse annuity mortgages.

Payments the homeowner receives from a reverse **annuity** mortgage are unearned income. Count the gross amount.

Money the homeowner receives from a reverse mortgage is a loan and is NOT countable as an asset or income.

**Sale-Leaseback
Income****All Programs**

The homeowner sells his home on an installment note and receives monthly payments from the buyer. The buyer allows the former homeowner to live in the home in exchange for rent. The difference between the buyer's payment and the rent is money the former homeowner can use for current expenses. Sometimes the arrangement involves the purchase of an annuity that pays money to the former homeowner.

Payments the former homeowner receives from an **annuity** are unearned income. Count the gross amount.

Count payments the former homeowner receives from the buyer, minus allowable expenses, as unearned income. Allowable expenses are the former homeowner's cost of things such as mortgage or land contract payments, taxes and insurance on the property sold. The former homeowner's rent is NOT an allowable expense.

Note: See ["Sale-Leaseback Asset Value"](#) in PEM 400 regarding the asset value.

Time Sale**All Programs**

The homeowner signs a contract to sell his home at death, but maintains ownership and can continue living in the home. The buyer makes

monthly payments to the homeowner now and agrees to pay certain expenses such as property taxes, insurance, and some maintenance.

The contract may call for purchase of an annuity.

Payments the homeowner receives from an **annuity** are unearned income. Count the gross amount.

Count payments from the buyer to the homeowner, minus allowable expenses, as the homeowner's unearned income. Allowable expenses are the homeowner's costs of things such as mortgage or land contract payments. Expenses paid by the buyer are NOT allowable.

HONORARIUMS

All Programs

An honorarium is a voluntary payment received for services rendered as distinguished from employment income (examples: guest speaker, participant in DHS advisory committee). Some or all of the payment might be reimbursement for expenses.

Exclude a DHS-paid honorarium as a reimbursement. Exclude the portion of other honorariums that qualify as a reimbursement. See ["Reimbursements"](#) in this item. Exclude as income and as an asset.

Count any remaining amount as earned income.

HOUSING ASSISTANCE

All Programs

The Federal Office of Housing and Urban Development (HUD) and the Farmers Home Administration (FMHA) provide many forms of housing assistance (example: subsidized housing) under the following laws:

- Title II of the Uniform Relocation and Real Property Acquisition Act of 1970.
- U.S. Housing Act of 1937.

This includes Experimental Housing Allowance Program made under Annual Contribution Contracts entered into prior to January 1, 1975.

- National Housing Act.
- Section 101 of the Housing and Urban Development Act (HUD) of 1965.

Exclude any housing assistance with HUD or FMHA involvement as income and as an asset.

**INDIVIDUAL
DEVELOPMENT
ACCOUNTS****All Programs**

Individual Development Accounts (IDA) are established pursuant to Michigan Public Act 361 of 1998 and section 404(h) of the Social Security Act or Public Law 105-285. IDAs allow low-income families to promote their economic independence by saving for:

- Postsecondary educational expenses.
- First home purchase.
- Business capitalization.

IDAs are funded by periodic contributions from the family's earnings and matching contributions by or through a nonprofit organization. The IDA must be a trust or a joint account that requires the signatures of both the nonprofit organization and a family member to authorize withdrawals.

Matching contributions and interest or dividends earned by an IDA are excluded as income and assets.

IN-KIND BENEFITS**All Programs**

Exclude as income any gain or benefit in a form other than money. This includes meals, clothing, home energy, garden produce and shelter. It includes shelter provided by an employer instead of cash wages.

**INSURANCE
PAYMENTS****All Programs**

Insurance payments mean payments from life insurance, health insurance, and sick and accident insurance.

See ["Reimbursement"](#) in this item about insurance settlements resulting from a loss (example: fire). If the settlement is a lump sum, see ["LUMP SUMS AND ACCUMULATED BENEFITS"](#) in this item.

**Accelerated Life
Insurance
Payments****All Programs**

An accelerated life insurance payment is payment of the death benefit of a life insurance policy prior to the insured person's death. Some companies call the payment a living need payment or accelerated death payment. Details of the payment option vary from company to company. Under most plans, payment is available when the insured person:

- Needs care in an LTC facility.
- Has a catastrophic illness.
- Is terminally ill.

The person might have an option of receiving the payments over a period of months or all at once.

Receipt of such payments might reduce the cash surrender value of the insurance policy. In some cases, a lien might be attached to the insurance policy. Accelerated life insurance payments are NOT:

- Conversion of an asset from one form to another.
- A potential benefit a person must apply for.

Count the gross amount of an accelerated life insurance payment as unearned income.

Exception: It is a lump sum if payment is received all at once. See [“LUMP SUMS AND ACCUMULATED BENEFITS”](#) in this item.

Insurance Death Benefit

All Programs

Insurance death benefit means the money a person receives from an insurance company due to the death of another person.

FIP, SDA, RAP, CDC and FAP Only

An insurance death benefit is a lump sum. See [“LUMP SUMS AND ACCUMULATED BENEFITS”](#) in this item.

MA and TMAP

An insurance death benefit is unearned income. Count the gross benefit minus the amount used to pay the last medical expenses and burial costs of the deceased person.

Insurance Payments for Medical Expenses

All Programs

Exclude insurance payments that are specifically made as reimbursement for incurred medical expenses. Exclude as income and as assets.

Common sources of such payments are:

- [Health insurance](#) (see PRG), and
- Automobile insurance that covers medical expenses, and
- LTC insurance. (See PEM 257).

Sick and Accident Insurance Payments

All Programs

Sick and accident insurance pays a flat-rate benefit due to illness or injury without regard to actual charges or expenses incurred (example: \$60 for each day hospitalized). This does not include LTC insurance payments.

Count the gross amount as unearned income.

**INTEREST AND
DIVIDENDS****FIP, RAP, SDA, CDC and FAP**

Count interest and dividends paid directly to an individual as unearned income and budget over the period of time intended to cover. Interest and dividends that are reinvested or deposited back into the asset are excluded as income.

Example: Nicole receives a quarterly interest check from her certificate of deposit (CD). Divide the checks over the three months the interest income is intended to cover and budget as unearned income.

Example: Tiffany has an IRA and chooses to let her interest automatically reinvest in the IRA rather than receiving interest checks. Exclude the interest/dividends as income.

MA, AMP

Count interest and dividends as unearned income in the month received.

**JAPANESE AND
ALEUT PAYMENTS****All Programs**

Exclude payments made under Public Law 100-383 to U.S. citizens of Japanese ancestry, resident Japanese aliens and Aleuts. Exclude as income and as assets.

JURY DUTY**All Programs**

Exclude money a person receives for being on a jury. It is a reimbursement. Exclude as income and as an asset.

**LEASE OF
NATURAL
RESOURCES****All Programs**

Count the gross amount received for leasing natural resources as unearned income. This includes storage rights. Examples of natural resources are:

- Timber.
- Gravel.
- Oil and natural gas.

Exception: Lease income received by an individual Indian might be excluded under Public Law 93-134. See ["EXHIBIT I"](#) in this item.

LOANS**All Programs**

Exclude funds a person has borrowed provided it is a **bona fide** loan. This includes a loan by oral agreement if it is made a **bona fide** loan.

Bona fide loan means all the following are present:

- A loan contract or the lender's written statement clearly indicating the borrower's indebtedness.
- An acknowledgment from the borrower of the loan obligation.
- The borrower's expressed intent to repay the loan by pledging real or personal property or anticipated income.

This exclusion does NOT apply to:

- Purchases made with borrowed money, and
- Interest earned on borrowed money. However, the interest might be "[Inconsequential Income](#)" as defined in this item.

MILITARY ALLOTMENTS**All Programs**

Allotments are payments for the support of dependents of military personnel, usually initiated by the service member.

It is possible to obtain an **involuntary** allotment if:

- A court or administrative order for support exists, and
- Payments are past due.

Support specialists can provide information on involuntary allotments. The local chapter of the Red Cross can assist in obtaining voluntary allotments.

Treat allotments paid by the parent for a child as child support. See "[CHILD SUPPORT](#)" in this item. Treat other allotments as unearned income to the person it is for.

MILITARY COMBAT PAY**FAP**

Military combat pay is paid to military personnel as a result of deployment to a combat zone. Exclude military combat pay for FAP. Determine the excluded income amount by calculating the difference between the military pay received by the household before and after the military person's deployment to the combat zone (see [Exhibit II](#) - Designated Combat Zones).

**MILITARY
SUBSISTENCE
SUPPLEMENTAL
ALLOWANCE****All Programs**

The Subsistence Supplemental Allowance is paid to certain military personnel. Payments will appear on the leave and earnings statement.

Count the allowance as earned income.

**NATIVE AMERICAN
PAYMENTS****All Programs****Gaming Revenue**

Count as unearned income all payments made to Native Americans from gaming revenues (example: casino profit sharing). Do NOT exclude any part of these payments. If the payment is intended to cover several months, use income averaging policy, if any, for the program being tested.

**Payments
Excluded by
Federal Laws**

Many federal laws exclude all or part of payments made to Native Americans. These are identified in [“EXHIBIT I”](#) of this item.

**NAZI VICTIMS'
COMPENSATION****All Programs**

Exclude payments made as compensation for Nazi persecution from the following as income and as assets.

- Federal Republic of Germany under the German Restitution Act.
- Dutch government under the Netherlands Act on Benefits for Victims of Persecution 1940-1945 (Dutch acronym WUV).
- Paragraphs 500 through 506 of the Austrian General Social Insurance Act.

PASS INCOME**All Programs**

An SSI recipient may say he receives PASS income. This is earnings or unearned income (NOT the SSI grant) that SSI does NOT count so the person can use it to pay the expenses of his plan to achieve self-support (PASS).

Use the appropriate policy for the source of the income.

FAP Only

See [“Plan to Achieve Self-Support \(PASS\)”](#) under **“GENERAL EXCLUSIONS”** in this item.

**PAYMENT-IN-KIND
(PIK) PROGRAM****All Programs**

USDA's Payment-In-Kind (PIK) program pays farmers to divert land or reduce crop acreage. The Commodity Credit Corporation (CCC) issues PIK commodities (surplus agricultural products) and commodity certificates.

Count a commodity or a commodity certificate as self-employment income if:

- Cash is actually received for it.
- It is reasonably anticipated that it will be sold or returned to the CCC during the year income is being calculated for.

Exceptions:

- Treat a commodity or commodity certificate as an asset if the intention is to hold it for over 12 months.
- Exclude a commodity intended for use as feed or seed as income and as an asset.

**RADIATION
EXPOSURE
COMPENSATION****All Programs**

Exclude payments received from Public Law 101-426, Radiation Exposure Compensation Act. Exclude as income and as assets.

**RAILROAD
RETIREMENT
BOARD BENEFITS****All Programs**

Current and former employees of railroads and related industries and their families can get the following types of benefits.

- Disability.
- Retirement.
- Sickness.
- Strike.
- Survivors.
- Unemployment.

The U.S. Railroad Retirement Board makes the payments.

Count the gross benefit amount as unearned income.

Exception: Exclude Medicare premium refunds as income and as assets. Refunds are made because there is a delay of about 120 days

between when Medical Services Administration initiates Medicare buy-in and a person's benefit check actually changes. See PAM [810](#) for more information.

REFUGEE MATCHING GRANT PROGRAM

All Programs

This is an employment program administered by refugee resettlement agencies. It provides job training and maintenance assistance (food, housing, transportation, etc.) to eligible refugees. The benefits are partly cash, but mainly in-kind goods and services.

FIP, RAPC and SDA Only

See [PEM 222](#), Concurrent Receipt of Assistance.

CDC and FAP Only

Budget any cash benefits given directly to the refugee as earned income.

MA, AMP and TMAP

Exclude as income.

REFUGEE RESETTLEMENT ASSISTANCE

All Programs

Refugee Resettlement Assistance is distributed within 90 days of a refugee's date of entry. Payments may be made to third parties such as landlords, utility companies or other service providers. Payments may also be made directly to refugees. The number and frequency of payments are determined by the refugee resettlement agency.

FIP, RAP, SDA, MA, AMP and TMAP

Exclude all payments as income.

FAP Only

If payments are made monthly, exclude the first \$300 per calendar quarter as this is considered a donation. If payment meets the definition of a lump sum, see 'Lump Sums and Accumulated Benefits' earlier in this item.

Budget remainder of payments made to refugees as unearned income.

**REHABILITATION
SERVICES
PAYMENTS****All Programs**

Exclude payments from Department of Labor & Economic Growth, Rehabilitation Services. They are reimbursements. Exclude as income and as assets.

RENTAL INCOME**All Programs**

Rental income is money a person (landlord) receives for allowing another person (renter) to use the landlord's property. It includes income from a lease.

Rental income is treated as self-employment for income budgeting purposes. (For FIP, SDA, RAP, CDC and FAP, enter all rental income on the LOA2 self-employment screen. LOA2 will determine if the income is earned or unearned.)

Farm Land Rental**All Programs**

Farm land rental means renting land to someone for the purpose of producing farm products.

Count the gross rent payment minus expenses as unearned income. Expenses mean the higher of:

- 10% of the rental payment.
- The landlord's actual expenses if the landlord chooses to claim and verify the expenses.

Refer to **Allowable Expenses** under "[Self-Employment](#)" in this item for the types of actual expenses that can be counted.

In-Home Rental**All Programs**

In-home rental is when a landlord rents out part of his own dwelling to another person.

Note: Refer to "[Other Rental Income](#)" below when a landlord rents out a separate apartment in his dwelling or a separate building.

Count the gross rent payment minus expenses as earned income from self-employment. Expenses mean the higher of:

- 60% of the rental payment.
- Actual rental expenses if the landlord chooses to claim and verify the expenses. Expenses must be:

- Clearly expenses of the rental unit (i.e., expenses the landlord would NOT have if he was NOT renting out part of his dwelling), and
- [“Allowable Rental Expenses”](#) (see below).

Other Rental Income

All Programs

Other rental income means any rental income that is NOT:

- “Farm Land Rental.”
- “In-Home Rental.”

Example: LTC patient rents his homestead to another person.

Treat the rent as earned or unearned income based on the time the landlord actively engages in managing the rental property:

- Under 20 hours per week- unearned income.
- 20 or more hours per week- earned income.

Active management includes, but is NOT limited to, the following:

- Advertising.
- Showings to prospective renters.
- Accounting activities.
- Inspections.
- Cleaning, repairing, and redecorating.

Accept the landlord's statement of the time spent actively managing the rental property **unless** the estimate is questionable. If necessary, verify the time estimate by contacting persons who would be reasonably expected to know (example: the renter concerning inspections and repairs).

Count the gross rent payment minus expenses as income. Expenses mean the **higher** of:

- 65% of the rental payment.
- Actual rental expenses if the landlord chooses to claim and verify the expenses.

See [“Allowable Rental Expenses”](#) below.

Allowable Rental Expenses

All Programs

Use the following information if a landlord chooses to claim actual expenses for **“In-Home Rental”** or **“Other Rental Income”**.

Use the standard percentage if:

- The landlord chooses NOT to claim actual expenses.
- The landlord does NOT verify expenses exceeding the standard percentage.

Expenses must clearly be expenses of the rental property and the landlord's obligation to be allowed. Allowable expenses include:

- Real estate insurance.
- Repairs.
- Heat.
- Utilities.
- Property taxes.
- Lawn care.
- Snow removal.
- Furniture.
- Advertising for tenants.
- Interest and escrow portions of a mortgage or land contract payment.

Do NOT deduct expenses exceeding the gross rental income from other types of income.

RETIREMENT INCOME-OTHER

All Programs

Refer to the specific sections in this item for policies regarding:

- Railroad Retirement Board benefits.
- Retirement, Survivors and Disability Insurance (RSDI).
- U.S. Civil Service and Federal Employee Retirement System.

Other retirement income includes annuities, private pensions, military pensions, and state and local government pensions.

Count the gross benefit as unearned income.

Exception: Sometimes benefits are reduced because of a previous overpayment. In such cases, the reduced amount is the gross amount. See "[Returned Benefits.](#)"

Note: Allowances in pension benefits for the Medicare Part B premium are not considered a reimbursement and should be budgeted as unearned income.

**RETIREMENT,
SURVIVORS, AND
DISABILITY
INSURANCE (RSDI)
(AKA SOCIAL
SECURITY
BENEFITS)**

All Programs

RSDI is available to retired and disabled persons, their dependents, and survivors of deceased workers.

Count the gross benefit amount as unearned income.

Exceptions:

- Special rules apply when determining MA eligibility of certain former SSI recipients. See PEM [155](#), [156](#), [157](#) and [158](#). These special rules do NOT apply to post-eligibility patient-pay amount calculations in PEM 546.
- Exclude Medicare premium refunds as income and as assets. Refunds are made because there is a delay of about 120 days between when Medical Services Administration initiates Medicare buy-in and a person's benefit check actually changes. See PAM [810](#) for more information.
- The Social Security Administration authorizes qualified organizations to deduct a fee for acting as a representative payee. Exclude the fee withheld by an authorized organization.
- See ["Returned Benefits."](#)

RSDI Death Benefit FIP, SDA, RAP, CDC and FAP Only

An RSDI death benefit is a lump sum. See **"LUMP SUMS AND ACCUMULATED BENEFITS"** in this item.

MA and TMAP

The gross death benefit minus the amount used to pay the last medical expenses and burial costs of the deceased person is unearned income.

**RICKY RAY
HEMOPHILIA
RELIEF ACT**

All Programs

The Ricky Ray Hemophilia Relief Act (P.L. 105-369) established a temporary fund administered by the U.S. Secretary of the Treasury to pay money for certain HIV-infected individuals.

A payment a person receives from that fund is excluded as income and as assets.

Certain HIV-infected hemophilia patients may have received money as a result of a lawsuit. See [“FACTOR CONCENTRATE LITIGATION SETTLEMENT”](#) in this item.

SALE OF PROPERTY IN INSTALLMENTS

All Programs

This section applies only to the sale of real property with payments in installments (example: land contract). Other sales of real property are conversion of an asset from one type to another.

Count each installment payment, minus allowable expenses, as unearned income.

The seller may remain liable for certain expenses on the property even though he has sold the property. Such expenses are allowable. Examples:

- Taxes.
- Insurance.
- Debts secured by property lien.

SPOUSE SUPPORT All Programs

Spouse support is a payment to a spouse or former spouse because of a legally enforceable obligation for financial support. It includes maintenance and alimony payments.

Count the gross amount of spouse support received as unearned income.

See [“THIRD-PARTY ASSISTANCE”](#) in this item if support is paid to a creditor or service provider.

STRIKE PAY All Programs

Count the gross amount received as unearned income.

FAP Only

See PEM [227](#) for budgeting policies for strikers.

**SUPPLEMENTAL
SECURITY INCOME
(SSI)****All Programs**

Michigan SSI benefits include a basic federal benefit and an additional amount paid with state funds. The amount paid by the state and the payment process varies by living arrangement. See PEM [660](#). For SSI recipients in independent living or household of another, refer to "[Current SSA-Issued SSI](#)", "[Retroactive SSA-Issued SSI](#)" and "[State SSI Payments](#)" below. For SSI recipients in other living arrangements, refer to just "[Current SSA-Issued SSI](#)" and "[Retroactive SSA-Issued SSI](#)".

**Current SSA-
Issued SSI****FIP, RAP, MA and TMAP**

Exclude the amount of current SSA-issued SSI as income.

SDA, CDC, AMP and FAP Only

Count the gross amount of current SSA-issued SSI as unearned income. Include SSI withheld to recoup overpayments due to an IPV as defined below.

IPV means there was a finding of fraud or an agreement to repay in lieu of prosecution. Count recouped SSI only if IPV information is volunteered by the SSI recipient or other reliable source. You need NOT initiate any contacts. See [Returned Benefits](#).

Exception: The Social Security Administration authorizes qualified organizations to deduct a fee for acting as a representative payee. Exclude the fee withheld by an authorized organization.

Note: Exclude SSI income received by an AMP client's spouse.

**Retroactive SSA-
Issued SSI****All Programs**

Retroactive SSI benefits may be paid as a one-time payment or in installments over several months. SSA determines how the retroactive benefits will be paid.

FIP, SDA, RAP, CDC, AMP and FAP Only

Retroactive SSI benefits are considered assets whether paid as a one-time payment or as installment payments.

A person may receive a payment that includes a portion intended as current benefits as well as a portion intended as retroactive benefits. The portion intended as current benefits is income.

MA and TMAP

Retroactive SSI benefits are income in the month received. Exclude as income. See [“Retroactive RSDI and SSI Exclusion”](#) in PEM 400 about the asset exclusion for SSI-related MA.

SDA only

When retroactive SSI is issued while an application for SDA is pending, determine eligibility for each potential SDA month by budgeting the amount of the SSI intended to cover that month.

**State SSI
Payments****All Programs**

State SSI Payments (SSP) are issued quarterly. Payment are issued in the final month of each quarter. See PEM [660](#).

FIP, RAP, MA and TMAP

Exclude as income.

SDA, CDC, AMP and FAP Only

Whenever an SSA-issued independent living or household of another payment is budgeted, the corresponding monthly SSP benefit amount must be budgeted. See [RFT 248](#).

Example: If the federal SSI amount being budgeted is for independent living, budget the monthly SSP benefit amount for independent living.

Exclude as income SSP benefits paid when the person is no longer an SSI recipient.

**TAX REFUNDS AND
TAX CREDITS****All Programs**

Tax refunds and credits are assets, NOT income. See [“Tax Refund and Tax Credit Exclusion”](#) under **“CASH EXCLUSIONS”** in PEM 400.

**THIRD-PARTY
ASSISTANCE****All Programs**

Payment of a person's bills by a third party directly to the supplier using the third party's money is NOT income to the person.

If the third party is paying the bill instead of paying money due the person such as money owed for child support or owed on a loan, the payment is the person's unearned income.

Exceptions:

- Exclude any portion of a payment that a **court order** or **other legally binding agreement** requires sending directly to a person's creditor or service supplier.
- Exclude voluntary spouse support used to pay the spouse's bill.

Example: Sally's father, Joe, pays Sally's rent. Joe uses his own money. Joe does NOT owe Sally any money. The payment is NOT income to Sally.

Example: Sally told her husband it was all right to pay her rent instead of paying **court-ordered** spouse support to her. The payment is Sally's income.

TRAINING INCOME **All Programs**

The training program decides if payments are:

- From the Workforce Investment Act (WIA), and
- For on-the-job training.

If a payment includes WIA and non-WIA funds, apply appropriate policy below to the separate portions.

See ["Student Savings Exclusion"](#) in PEM 400 for asset policy.

Workforce Investment Act (WIA). Count WIA on-the-job training income as earnings.

Exceptions:

- Disregard OJT income received under the Summer Youth Employment and Training Program.
- Disregard OJT income if received by a person who is:
 - Under age 18.
 - Age 18 and living with someone providing care or supervision.
 - For **LIF only**, age 19 and a dependent child.

Exclude all other WIA payments as income.

Non-WIA Payments. Count non-WIA payments as earned income.

Note: The earnings may be disregarded under ["Student's Earnings"](#) in this item.

TRUST FUND**All Programs**

Count payments from a trust to a beneficiary as the beneficiary's unearned income.

FIP, SDA, RAP, CDC, AMP and FAP Only

In addition, count any amount of trust income that the beneficiary can instruct the trust to pay him. It is the beneficiary's unearned income.

**UNEMPLOYMENT
BENEFITS****All Programs except FTW**

Unemployment benefits include:

- Unemployment compensation benefits (UB) available through the Michigan Unemployment Insurance Agency (UIA) and comparable agencies in other states, and
- Supplemental unemployment benefits (SUB pay) from an employer or other source.

Count the gross amount as unearned income.

FTW Only

Exclude as income.

Exception: Sometimes benefits are reduced because the person has earnings. In such cases, the reduced amount is the gross amount. See ["Returned Benefits"](#) about excluding amounts listed under recoupment on the Unemployment Insurance Agency payment stub.

**U. S. CIVIL
SERVICE AND
FEDERAL
EMPLOYEE
RETIREMENT
SYSTEM****All Programs**

The U.S. Office of Personnel Management makes payments because of the disability, retirement or death of a federal employee.

Count the gross amount as unearned income.

Exception: Exclude Medicare premium refunds as income and as assets. The refunds are because there is a delay of about 120 days between when Medical Services Administration initiates Medicare buy-in and a person's benefit check actually changes. See PAM [810](#) for more information.

VETERANS' BENEFITS

All Programs

The Department of Veterans Affairs (VA) has numerous programs that make payments to veterans and their families. The most common types are discussed below.

VA Pension and Compensation

All Programs

Pension payments are based on a combination of a service connected and nonservice-connected disability or death. Pensions are normally paid monthly. However, the VA may make the payment quarterly, twice a year or annually if the amount is small (less than \$19 per month).

Compensation payments are based on service-connected disability or death.

The pension and compensation payment can include one or more of the following additional allowances:

- [“Aid and Attendance or Housebound Allowances”](#).
- [“VA Adjustment for Unusual Medical Expenses”](#).
- [“VA Clothing Allowance”](#).
- [“Augmented Benefit”](#) because of a dependent.

Count the gross amount of the pension or compensation as unearned income **except**:

- Exclude any portion of the payment resulting from an Aid and Attendance or Housebound allowance. That portion is NOT income nor an asset.

Exception: The \$90 reduced VA payment made to certain MA recipients in Medicaid-certified LTC facilities **is countable income**. See [PEM 546](#) about identifying such payments.

- Exclude any portion of the payment resulting from Unusual Medical Expenses. That portion is NOT income or an asset.
- Any portion of the payment that is because of a dependent's needs is the dependent's income.

The VA calls a payment that is increased because of a dependent an [“Augmented Benefit”](#). If the VA chooses to pay the dependent's portion directly to the dependent, it is called an [“Apportionment Payment”](#). See more information below.

DHS-75, Verification of VA Payments, is designed to identify the different types of payments. They are NOT identifiable on a check stub or

award letter. Accept the client's statement that the payment does NOT include any additional allowances nor an amount for dependents.

VA Educational Benefits**All Programs**

VA provides educational benefits under several programs.

Exclude as income and as an asset.

VA Aid and Attendance and Housebound Allowances**All Programs**

Payments are made to veterans, spouses of disabled veterans, and surviving spouses who are:

- Housebound.
- In regular need of the aid and attendance of another person.

The payment is included with the pension or compensation payment.

Exclude as income and as an asset the portion of a VA pension or compensation that is the aid and attendance or housebound allowance.

VA Clothing Allowance**All Programs**

A lump-sum clothing allowance is payable in August of each year to veterans with a service-connected disability for which a prosthetic or orthopedic appliance or wheelchair is used.

Exclude the clothing allowance as income and as an asset. It is a reimbursement.

VA Spina Bifida Benefits**All Programs**

Benefits are available to Vietnam veterans' natural children with spina bifida. Exclude such benefits as income and as assets.

VA Adjustment for Unusual Medical Expenses**All Programs**

VA increases some pension and compensation payments due to medical expenses.

Exclude the increase due to medical expenses as income and as an asset.

Apportionment Payment**All Programs**

Apportionment is direct payment of VA benefits to a dependent of the veteran or veteran's surviving spouse. The VA decides whether and how much of such benefits to pay on a case-by-case basis.

Such payments are the dependent's countable unearned income.

Augmented Benefit All Programs

An augmented benefit is a VA benefit that has been increased because of a dependent. The increase is usually included in the payment made to the veteran or the veteran's surviving spouse.

The dependent's portion of an augmented benefit is the dependent's income. That portion is countable as the dependent's unearned income when the dependent lives with the person receiving the VA benefit.

Do NOT count the dependent's portion as income of either the dependent or the person receiving the benefit if the dependent does NOT live with the person receiving the VA benefit.

Note: Actual payments by the VA beneficiary to the dependent when they live apart are budgeted as support income to the dependent when determining the dependent's eligibility.

**WORKERS'
COMPENSATION****All Programs**

Workers' compensation payments are available under various federal and state laws to persons with a job-related illness or injury and to survivors of a deceased worker. Payments might be made by a government agency, an insurance company or an employer.

Count the gross payment as unearned income.

Exception: Exclude compensation awarded for a particular use which carries legal sanction if used for another purpose. Exclude as income and as an asset.

YOUTHBUILD**All Programs**

On -the-job training payments are disregarded as income if received by a person who is:

- Under age 18.
- Age 18 and living with someone providing care or supervision.
- For **LIF only**, age 19 and a dependent child.

Other types of payments (stipends, grants, etc.) under Youthbuild are excluded.

**VERIFICATION
REQUIREMENTS****All Programs except Healthy Kids**

Verify countable income:

- At application, prior to authorizing benefits, and
- At redetermination, and

- When program policy requires a change be budgeted.

Exception: For FIP, SDA, RAP, CDC and FAP, verify changes that result in a benefit increase or when the change information is unclear, inconsistent or questionable.

The client has primary responsibility for obtaining verification. You cannot deny assistance because an employer or other source refuses to verify income. See PAM [130](#) and PEM [702](#).

Healthy Kids

Income and expenses, including self employment are NOT verified for Healthy Kids.

VERIFICATION SOURCES

All Programs

Verification may be from the following:

- Documents (example: pay stubs or award notice).
- Written statements/collateral contacts from persons with knowledge of the income (example: employer or issuing agency).
- Automated Find and Fix Inquiry (AFF).

You may verify most unearned income by written statement from the agency, organization or person administering the payment. The verification must confirm the gross amount for a month.

Accept an award notice dated within the past 60 days if there is no reason to suspect the amount has changed.

Verify the following with one of the stated sources or its equivalent:

Child Care, Chore Services and Adult Foster Care Income

- Report CH 670, Provider Payments to Active Recipients, with a statement from the person receiving the service if there are any co-pays.
- Statement from person receiving the service.

Court-Ordered Child Support and Spouse Support

- Information from the Friend of the Court (DHS-243, Verification of Public Records) or other written statement.
- Note:** The support specialist might have to obtain this.
- DL-060, Support Collections Report (certified orders only).
 - Data obtained from the state's Child Support Enforcement System (CSES).

Earnings from Employment	<ul style="list-style-type: none"> • Pay stubs. • Copy of work schedule made by the employer and provided by the client, when the rate of pay is known. • DHS verification of employment forms. • Other written statement, signed by employer, giving the necessary information.
Military Combat Pay	<p>FAP</p> <ul style="list-style-type: none"> • Military person's Leave and Earnings statement (LES). • Orders issued to military person. • Client's statement of the amount of combat pay received from the military person. • Any other reasonable method of verifying deployment to a combat zone (see Exhibit II - Designated Combat Zones).
Payment-In-Kind	<p>All Programs</p> <ul style="list-style-type: none"> • (PIK) commodity/certificate income. • Business receipts. • Accounting or other business records. • Written statement from the Commodity Credit Corporation (CCC) or purchaser.
Payment-In-Kind (PIK) Commodities/ Certificates Asset	<ul style="list-style-type: none"> • PIK certificate. • Statement from Commodity Credit Corporation. • Statement from local livestock or implement dealers. • Statement of county agricultural agent.
Property Expenses	<ul style="list-style-type: none"> • Mortgage or land contract. • Bills or receipts.
Rental and Room-and-Board Income	<ul style="list-style-type: none"> • Written statement from the boarder/roomer. • Accounting and other business records. • Lease or contract. • Rent receipt book.
RSDI and SSI	<ul style="list-style-type: none"> • ED-030, BENDEX Report (see PAM 800). • RSDI/SSI award notice. • WTP (Wire Third Party) response (see PAM 800). • State On-Line Query (SOLQ).
SSI State Supplement	<ul style="list-style-type: none"> • ISSP or IPYT transaction on CIMS.

Self-Employment Income	<ul style="list-style-type: none"> • Business receipts. • Accounting or other business records. • Income tax return.
Self-Employment Expenses	<ul style="list-style-type: none"> • Receipts.
Tips	<ul style="list-style-type: none"> • Pay stub if employer confirms that they reflect actual tips. (Tips shown on pay stubs are usually a percentage for tax purposes.)
Unemployment Insurance (UI) Benefits	<ul style="list-style-type: none"> • DHS-32, UI Claims Information Request. • Claimant Payment Stub and Explanation (UI check stub). • LOA2 Unemployment Application Inquiry.
VA Benefits	<ul style="list-style-type: none"> • DHS-75, Verification of VA Payments, is designed to identify the different types of payments being received as part of a VA pension or compensation.
Voluntary Support	<ul style="list-style-type: none"> • Written statement from absent parent. • Payment Records. • Person's statement if the absent parent refuses to cooperate and the payments are in cash.

EXHIBIT I- NATIVE AMERICAN PAYMENTS EXCLUSIONS

All Programs	<p>Exclude payments to Native Americans under the following laws as income and as assets:</p> <ul style="list-style-type: none"> • Public Law 92-203: Tax exempt portions of payments under the Alaska Native Claims Settlement Act. • Public Law 92-254: Judgment funds to members of the Blackfeet Tribe of Blackfeet Reservation, Montana, and Gros Ventre Tribe of the Fort Belknap Reservation, Montana. • Public Law 93-134: Funds distributed to members of the Indian tribes and the purchases made with such funds. Also, exclude up to \$2,000 per year of income received by an individual Indian that is derived from leases or other uses of individually-owned trust or restricted lands. • Public Law 93-531: Relocation assistance payments to members of the Hopi and Navajo Tribes. • Public Law 94-114: Receipts distributed to members of certain Indian tribes.
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- Public Law 94-189: Payments received under the Sac and Fox Indian agreements.
- Public Law 94-540: Judgment funds to the Grand River Band of Ottawa Indians.
- Public Law 95-433: 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 96-420, Section 5: Payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980.
- Public Law 98-64: Funds distributed to members of Indian tribes and purchases made with such funds.

Exception: For FAP only, if recurring payments are made from funds held in trust by the Secretary of the Interior, count the amounts over \$2,000 per person as unearned income. Amounts of onetime payments over \$2,000 per person are countable assets. (Public Laws 97-458 and 98-64)

- Public Law 98-123: Funds distributed to members of the Red Lake Band of Chippewa Indians.
- Public Law 98-124: Funds distributed to the Assiniboine Tribe of the Fort Belknap Indian Community and the Assiniboine Tribe of the Fort Peck Indian Reservation.
- Public Law 99-346: Payments and distribution of judgment funds to the Saginaw Chippewa Indian Tribe of Michigan. May be called payments from the Investment Fund or Elderly Assistance Investment Fund.
- Public Law 105-143: Distributions under this law are NOT considered income or assets. This law provides funds to Ottawa and Chippewa Indians of Michigan.

**EXHIBIT II -
DESIGNATED
COMBAT ZONES**

**Executive Order
12744**

Country	Effective Date
Arabian Sea Portion that lies North of 10 degrees North Latitude and West of 68 degrees East Longitude	January 17, 1991
Bahrain	
Gulf of Aden	
Gulf of Oman	
Iraq	
Kuwait	
Persian Gulf	
Qatar	
Oman	
Red Sea	
Saudi Arabia	
United Arab Emirates	

Eastern

Country	Effective Date
Turkey	January 1, 2003 - December 31, 2005
Israel	January 1 - July 31, 2003
Eastern Mediterranean	March 19 - July 31, 2003
Jordan	March 19, 2003
Egypt	March 19 - April 20, 2003

**Executive Order
13239**

Country	Effective Date
Afghanistan	September 19, 2001

**Direct Support of
Executive Order
13239**

Country	Effective Date
Pakistan	September 19, 2001
Tajikistan	September 19, 2001
Jordan	September 19, 2001
Incirlik Air Force Base Turkey	September 21, 2001- December 31, 2005
Kyrgyzstan	October 1, 2001
Uzbekistan	October 1, 2001

Country	Effective Date
Philippines (only troops with orders that reference OEF)	January 9, 2002
Yemen	April 10, 2002
Djibouti	July 1, 2002
Somalia	January 1, 2004

**Executive Order
13119 Public Law
106-21
Establishing
Kosovo as
Qualified
Hazardous Duty
Area**

Country	Effective Date
The Federal Republic of Yugoslavia (Serbia/Montenegro)	March 24, 1999
Albania	
The Adriatic Sea	
The Ionian Sea north of the 39th parallel	

**Public Law 104-117
Establishing a
Qualified
Hazardous Duty
Area**

Country	Effective Date
Bosnia	November 1995
Herzegovina	
Croatia	
Macedonia	

LEGAL BASE

FIP

MCL 400.1 et seq.

SDA

Annual Appropriations Act

CDC

Child Care and Development Block Grant of 1990
Social Security Act, as amended. Title IVA (42 USC 601 et. seq.); Title IVE (42 USC 670 et. seq.); Title XX (42 USC 1397 et. seq.)
45 CFR Parts 98 and 99

MA

Social Security Act Sections 1902(a)(10), 1931
42 CFR 435, Subparts H and I
MCL 400.106

AMP

1115 (a) (1) of the Social Security Act

FAP

7 CFR 273.9

P. L. 101-508, Section 5105(a)(3)

P. L. 108-447

**JOINT POLICY
DEVELOPMENT**

Medicaid, Adult Medical Program (AMP) also known as Adult Benefit Waiver (ABW), Transitional Medical Assistance (TMA/TMA-Plus), and Maternity Outpatient Medical Services (MOMS) policy has been developed jointly by the Department of Community Health (DCH) and the Department of Human Services (DHS).