Food Distribution Program on Indian Reservations

– HOUSEHOLD CERTIFICATION TRAINING –

MODULE 4

Financial and Non-Financial Eligibility Criteria

USDA FOODS
HEALTHY CHOICES
AMERICAN GROWN

Introduction:

» The Food Distribution Program on Indian Reservations (FDPIR) is a federal program that provides USDA Foods to low-income households living on Indian reservations, in designated areas near reservations, and in the State of Oklahoma.

» FDPIR Household Certification Training will help Indian Tribal Organization (ITO) and State agency certification workers and their supervisors successfully administer the program.

» The training is comprised of nine modules, designed to be taken in any order. At the end of each module is a short quiz you may take to test your knowledge of the key learning points covered in the module. When you finish all nine modules, you may test your knowledge of the entire training by taking the post-test.

» The knowledge gained in this training will help you provide the best support possible for current and potential FDPIR participants.

Acronyms Used in Module

The following acronyms appear in this module:

CFR – Code of Federal Regulations
FDPIR – Food Distribution Program on Indian Reservations
FNS – Food and Nutrition Service
GA – General Assistance
ITO – Indian Tribal Organization
PA – Public Assistance
SNAP – Supplemental Nutrition Assistance Program
SSI - Supplemental Security Income
TANF – Temporary Assistance for Needy Families
USDA – United States Department of Agriculture

Learning Module 4:

Financial and Non-Financial Eligibility Criteria

» Refer to Chapter IV of the FNS Handbook 501 for more information about topics covered in this module.

» On each slide in this module, you can find the specific section in the handbook where the topic is covered in greater detail.

Learning Objectives:

After completing this module, learners will:

» Understand the financial and non-financial eligibility criteria for FDPIR.

» Be able to determine if a household is categorically eligible for FDPIR.

» Know what is and what is not counted as income.

» Understand how the FDPIR net monthly income standards are determined.

» Understand income deductions allowed under FDPIR.

Eligibility

Source: FNS Handbook 501, Section 4100

» To be eligible for FDPIR applicant households must meet both financial and non-financial eligibility criteria.

» This module will cover the non-financial eligibility criteria first.

Non-Financial Eligibility

Source: FNS Handbook 501, Sections 4210-4213

When determining FDPIR eligibility, there are three non-financial criteria to consider:

» Residency (see FNS Handbook 501, Section 4210).

» Indian Tribal Household status (see FNS Handbook 501, Sections 4212 and 4213). This criterion only applies in approved FNS service areas in Oklahoma and in approved near areas outside of participating reservations.

» Citizenship (see FNS Handbook 501, Section 4211).

Non-Financial Eligibility: Residency

Source: FNS Handbook 501, Section 4210

» To be eligible for FDPIR, the applicant household must live within the geographic area where FDPIR operates.

» An applicant household's place of residence does not have to be a permanent structure at a fixed address such as a house, apartment, mobile home or trailer, hogan, or pueblo.

» ITOs/State agencies cannot impose durational residency requirements. However, applicants must be residing in the area served by FDPIR the majority of the time as their primary residence. Persons visiting the area (e.g., vacation, weekends, or Tribal holidays) are not considered residents.

Non-Financial Eligibility: Indian Tribal Household Status

Source: FNS Handbook 501, Sections 4212; 4213

» To be an Indian Tribal Household, at least one individual in the household must be a certified member of a federally recognized Tribe. Each Tribe establishes the criteria for tribal membership. Most Tribes provide enrollment cards to Tribal members or other forms of documentation to prove Tribal membership.

» In approved FNS service areas in Oklahoma and in approved near areas outside of participating reservations, only Indian Tribal Households may participate in FDPIR.

Non-Financial Eligibility: Residency and Indian Tribal Household Status

Area of Residence	Who Can Participate, if Otherwise Eligible
» On a participating Indian reservation, including Alaska Native Villages. » Checker boarded areas on a reservation (i.e., privately held land within the boundaries of the Indian reservation). These areas are treated the same as reservation land under FDPIR.	All low-income households, including non-Indian Tribal households
» Within an approved near area outside a participating Indian reservation	Indian Tribal Households (see page 9 for a definition)
» Within an approved FNS service area in Oklahoma	Indian Tribal Households

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Non-Financial Eligibility: Citizenship

Source: FNS Handbook 501, Section 4211

» ITOs/State agencies may choose to serve **<u>or</u>** not serve persons who are not U.S. citizens or are unqualified aliens. An unqualified alien is a person who does not meet the definition of qualified alien as defined in the Immigration and Nationality Act.

» Please consult your ITO's or State agency's Plan of Operation or ask your supervisor about your ITO's/State agency's policy regarding persons who are not U.S. citizens or are unqualified aliens. Regardless of your ITO's or State agency's decision to serve or not serve these individuals, you must be consistent in the application this policy.

» Individuals born in Canada who have at least 50 percent Native American blood are considered to have legal resident status when in the United States and are treated the same as qualified aliens.

Financial Eligibility

» Financial eligibility is determined by a review of a household's anticipated income.

Categorical Eligibility

Source: FNS Handbook 501, Sections 4300-4330

» Before examining a household's income, the certifier must first determine whether or not a household is categorically eligible to receive benefits.

»Categorical eligibility is the presumption of eligibility in regard to income based on a household's eligibility for another program for low-income households.

» Categorical eligibility is intended to streamline the certification process for households that have already been certified for another program for low-income households. In other words, eligibility for one means-tested program is presumed to qualify the household for another program for low-income households.

Categorical Eligibility (continued)

Source: FNS Handbook 501, Sections 4300-4330

Programs that qualify a household for categorical eligibility under FDPIR are:

» Public Assistance (PA), which includes Temporary Assistance to Needy Families (TANF).

» Supplemental Security Income (SSI), which consists of monthly payments to low-income elderly, blind, and disabled persons.

NOTE: Social Security is not a qualifying program for categorical eligibility under FDPIR. Social Security is not a means-tested program meaning it is not restricted to low-income individuals).

Categorical Eligibility (continued)

Source: FNS Handbook 501, Sections 4300-4330

Another program that may qualify a household for categorical eligibility under FDPIR is:

»General Assistance (GA), a State-funded program for low-income individuals, provides assistance to individuals that do not qualify for other assistance, such as TANF or SSI. Many states offer GA, but some do not.

NOTE: If your clients receive GA please ensure that your Regional Office has certified the State GA Program as a qualifying program for categorical eligibility under FDPIR. GA eligibility criteria vary from State to State. Your FNS Regional Office will determine that the GA eligibility criteria in your State are consistent with FDPIR or PA so that you can use GA eligibility to establish categorical eligibility for FDPIR.

Categorical Eligibility (continued)

Source: FNS Handbook 501, Sections 4300-4330

» To be categorically eligible for FDPIR, all members of the household must be participating in at least one of the qualifying programs.

» If all members of the household are included in a PA, SSI, or FNS-approved GA grant or a combination of any of these programs, the household automatically meets the FDPIR income eligibility requirements. The certifier will not test any of the household's income against the FDPIR income standards listed under Exhibit M of the FNS Handbook 501.

Case Study 1 Scenario:

Joe and Debbie apply for FDPIR as a two-person household. Joe receives SSI and his wife receives Social Security.

Does this household qualify for categorical eligibility under FDPIR?

Case Study 1 Solution:

No. Even though Joe participates in SSI, which is a qualifying program for categorical eligibility under FDPIR, Debbie receives Social Security, which is not a qualifying program for categorical eligibility under FDPIR.

Therefore, Joe and Debbie are not categorically eligible for FDPIR and the certifier must test their income against the FDPIR income standards.

Case Study 2 Scenario:

Sally, her two children, and Sally's mother apply for FDPIR as a four-person household.

Sally and her two children receive TANF, while Sally's mother receives SSI.

Does this household qualify for categorical eligibility under FDPIR?

Case Study 2 Solution:

Yes. SSI and TANF are both qualifying programs for categorical eligibility under FDPIR. Since all members of the household participate in one of these programs, this household is categorically eligible to receive FDPIR benefits. The certifier will not test the household’s income against the FDPIR income standards.

Resources

Source: FNS Handbook 501, Section 4400

» Household resources are excluded when determining household eligibility. Examples of resources include, but are not limited to:

- Cash on-hand
- Money in checking or savings accounts
- Stocks, bonds, saving certificates

Income

Source: FNS Handbook 501, Sections 4500-4549

» If a household is not categorically eligible for FDPIR, the certifier must test the income of the household against the FDPIR income standards.

» Income eligibility is determined by a review of all income that is reasonably anticipated to be received by the household on a monthly basis during the certification period.

Income Standards

Source: FNS Handbook 501, Sections 4510-4511

» The FDPIR net monthly income standards by household size are listed in Exhibit M of the FNS Handbook 501.

» The net monthly income standards are adjusted October 1 of each year by FNS. FNS advises the ITOs/State agencies when the annual adjustments are made.

Income Standards

Source: FNS Handbook 501, Sections 4510-4511

» FNS determines the FDPIR net monthly income standards in accordance with federal regulations at 7 CFR Part 253. For each household size, FNS:

- Takes 100% of the annual Federal Poverty Guidelines for that household size. (The Federal Poverty Guidelines are updated annually by the U.S. Department of Health and Human Services);
- Divides the Federal Poverty Guideline by 12; and
- Adds the applicable Supplemental Nutrition Assistance Program (SNAP) standard deduction for that household size.

NOTE: By law, annual inflationary adjustments are made to the SNAP standard deduction within set minimum and maximum levels.

Income: What Is Counted?

Source: FNS Handbook 501, Sections 4520-4530

» Income from all sources is counted in determining FDPIR eligibility, except for income specifically excluded as designated in Section 5(d) of the Food and Nutrition Act of 2008 (codified in the Agricultural Act of 2014, the Farm Bill), or excluded by other legislation from being counted as income under a federally aided means-tested program.

» Income is generally categorized as either:

- Earned income, or
- Unearned income.

Earned Income

Source: FNS Handbook 501, Section 4520

» Earned income includes:

- Gross wages;
- Gross self-employment income, including payments from roomers and returns on rental property, minus allowable business expenses (Please see FNS Handbook 501, Section 4720 for more information on households with income from self employment);
- Training allowances to the extent that they are not a reimbursement;
- Work study earnings, unless excluded by law (for example, wages from a work study program authorized by Title VI of the Higher Education Act are excluded).

Unearned Income

Source: FNS Handbook 501, Section 4530

» Unearned income includes, but is not limited to:

- Needs-based assistance payments such as TANF, SSI, and GA;
- Annuities and pensions; old age, survivor's or Social Security benefits;
- Retirement account withdrawals;
- Veteran's or disability benefits;
- Workman's or unemployment compensation; and
- Strike benefits;

NOTE: The gross amount is always used for these payments, even if taxes and/or other amounts are withheld.

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Unearned Income (continued)

Source: FNS Handbook 501, Section 4530

- Child support and alimony from non-household members;
- Adoption subsidies received on a regular basis; and
- Foster care payments (if the foster child/adult is counted as a household member); Please review Module 2: Household Composition for more information about rules regarding foster children.
- Student financial assistance (for example, scholarships, grants, fellowships, deferred student loans, veteran's educational benefits) not excluded by law;

NOTE: Student financial assistance provided under Title VI of the Higher Education Act and funds received under a Bureau of Indian Affairs student assistance program authorized by 20 U.S.C. 1087uu are excluded.

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Unearned Income (continued)

Source: FNS Handbook 501, Section 4530

- Government-sponsored grant programs, such as the Federal Housing Administration's "Family Living Plan" (for monthly household expenses);
- Interest, dividends, and royalties;
- The income of a disqualified household member less the pro-rata share for the disqualified person;
- Per capita payments from gaming and other Tribal enterprises paid on a <u>regular monthly basis</u>;
- Land-lease and treaty income if payments received more frequently than annually;
- All other direct money payments from any source that can be construed to be a gain or benefit to the household.

NOTE: per capita payments received less frequently than monthly– quarterly, semiannually, annually, etc – are excluded from consideration as income.

Case Study 3 Scenario:

Erica works part time at the local hardware store. She also receives monthly per capita payments and an annual payout of land-lease income. She brings in her paystubs along with earnings statements for her per capita and land-lease payments.

During the interview she mentions that she sometimes rents out a room in her house. She brought in her bank statements showing the rent deposits.

This is the only income received in her household.

Which of these payments are counted as part of Erica's household income when determining her net monthly income for FDPIR?

Case Study 3 Solution:

The certifier should count her part-time income, monthly per capita payments, and rental income.

All wages and salaries are considered earned income and counted in the financial determination process for FDPIR.

Per capita payments paid to Tribal members on a regular monthly basis are considered unearned income and are counted in the financial eligibility determination process for FDPIR.

Income received from rental enterprises, regardless of frequency, are considered self employment income and calculated in the financial eligibility determination process as earned income received by the household.

However, land lease and treaty income payments are only counted if received more frequently than annually. This payment to Erica's household would be excluded in the financial eligibility determination process.

Income: What Is Not Counted?

Source: FNS Handbook 501, Sections 4540-4548

» In-kind payments – any gain or benefit not in the form of money; for example, meals, clothing, public housing where no rent is charged, or produce from a garden are not considered income for eligibility purposes (see FNS Handbook 501, Section 4541)

» Vendor payments – direct cash payments made by someone outside the household to a creditor or service provider for/on behalf of the household are not considered income for eligibility purposes (see FNS Handbook 501, Section 4542)

» Income excluded by law – certain federal payments are excluded as income by the legislation that authorizes the payments (see FNS Handbook 501, Section 4543).

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Income: What Is Not Counted? (continued)

Source: FNS Handbook 501, Sections 4540-4548

»The following are not considered income for FDPIR eligibility purposes:

- » The portion of student financial assistance not excluded in paragraph 4543D which is used to pay allowable educational expenses is excluded from income (see FNS Handbook 501, Section 4544 for a list of allowable educational expenses).
- » Loans, other than deferred educational loans (see FNS Handbook 501, Section 4545).
- » Reimbursements for expenses such as per diem for travel, allowances for uniforms and equipment (see FNS Handbook 501, Section 4546).
- » Third party payments such as payments for the care of a third party who is not a member of the household (see FNS Handbook 501, Section 4547).
- » Earnings of children who are students at least halftime and are under 18 years old. The exclusion continues to apply during school breaks (see FNS Handbook 501, Section 4548).

Case Study 4 Scenario:

Fred’s elderly parents receive FDPIR.

Fred does not live with his parents, but he pays their rent.

Will the money used to pay the rent be counted when determining Fred’s parents’ income?

Case Study 4 Solution:

No. The rent payment would not be counted as income to the parents because it is a vendor payment.

Case Study 5 Scenario:

Sue’s employer subsidizes a day care center that is located in the building where Sue works.

The employees are not charged for day care services, and the day care services are not considered part of Sue’s wages or benefit package that she is legally obligated to receive.

Is the value of the day care services that Sue receives counted as part of Sue’s income?

Case Study 5 Solution:

No. The value of the day care services that are provided to Sue's family is a vendor payment and not counted as income to the household.

Vendor Payment Exception

Source: FNS Handbook 501, Section 4542.1

» There is an exception to the rule on vendor payments.

» Money legally obligated and payable to a household that is diverted to a third party for a household expense is not considered a vendor payment and is counted as income.

» This includes wages diverted for child support or part of a public assistance grant diverted to a protective payee for managing the household's expenses.

Case Study 6 Scenario:

There is an employer-owned cafeteria at the plant where Jenny is employed.

Her employer offers a service whereby employees can sign up for a weekly payroll deduction for the buffet lunch at a reduced rate of $2.50 per lunch.

Can this payment be excluded from Jenny's wages when determining her monthly income for FDPIR?

Case Study 6 Solution:

No. Since the lunch payment is diverted from her wages, which are legally obligated and payable to Jenny, the lunch payment of $12.50 per week is not considered a vendor payment.

When determining Jenny's household's net monthly income, Jenny's gross wages would be counted--including the $12.50 per week withheld by her employer for the lunches.

Case Study 7 Scenario:

Tom pays court-ordered child support for his two children.

Tom's employer diverts his child support payments from his bi-weekly paycheck and sends the payments to Tom's ex-wife.

Are these payments counted as part of Tom's income when determining his net monthly income for FDPIR?

Case Study 7 Solution:

Yes. Since the court-ordered child support is diverted from his wages, which are legally obligated and payable to Tom, the child support payments are not considered a vendor payment.

When determining Tom’s household’s monthly income, Tom’s gross wages would be counted--including the child support payments diverted by his employer and sent to Tom’s ex-wife.

Income: What Is Not Counted? (continued)

Source: FNS Handbook 501, Sections 4549

» Other types of income that aren't counted as income for FDPIR eligibility include:

» Infrequent or irregular income $30 or less that cannot be reasonably anticipated, such as a $30 cash birthday gift.

» Recoupments such as money withheld from a public assistance payment to repay a prior overpayment.

» Costs of producing self-employment income.

» Non-recurring lump sum payments such as income tax refunds or Tribal per capita payments received less frequently than monthly, rebates, or credits). Payments distributed to Tribal members on a regular monthly basis are counted as unearned income in the month received.

» Annual payments distributed to Tribal members from land-lease or treaty income is considered non-recurring lump sum payments and are not counted as income. If the payments are received more frequently than annually, the payments must be counted as income.

» Combat pay.

» Child support payments received by TANF recipients that must be forwarded to the TANF agency to maintain eligibility for TANF.

Case Study 8 Scenario:

Matthew comes in to recertify for FDPIR. During his interview, the certifier rechecks all of his income statements to make sure they are up to date and verified.

The certifier asks Matthew if there is anything new to add. Matthew states that his Tribe now gives out quarterly per capita payments to Tribal members and he will receive his first check for $250 in a few days.

Will this new payment count as income when determining Matthew's net monthly income for FDPIR?

Case Study 8 Solution:

No. *Non-monthly* per capita payments are considered resources in the month received, and, therefore, excluded from income eligibility determination in FDPIR.

Income Deductions

Source: FNS Handbook 501, Sections 4550-4554

» When calculating a household's net monthly income, there are specific income deductions that can be granted, if applicable:

- <u>20 percent earned income deduction</u>: Applies to wages and self-employment income (gross earned income), but not to unearned income, such as unemployment compensation (see FNS Handbook 501, Section 4551).
- <u>Dependent care deduction</u>: Applies when child or adult care is needed so a household member may work or attend training. The care must be provided by an individual outside the household (see FNS Handbook 501, Section 4552).
- <u>Child support deduction</u>: Applies to legally obligated child support paid for a child outside the household (see FNS Handbook 501, Section 4553).
- <u>Medical expense deduction</u>: Applies to out-of-pocket allowable medical expenses in excess of $35 incurred by an elderly or disabled member of the household (see FNS Handbook 501, Section 4554).
- <u>Shelter and utility expense deduction</u>: Applies to any household that incurs the cost of at least one allowable shelter or utility expense on a monthly basis (see FNS Handbook 501, Section 4555). The deduction amounts are set and adjusted annually by FNS and posted in Exhibit M of the FNS Handbook 501.

Medical Expense Income Deduction

Source: FNS Handbook 501, Section 4554

» Households qualify for an income deduction for medical expenses in excess of $35 per month incurred by any household member who is elderly or disabled. Below are allowable medical expenses. See FNS Handbook 501, Section 4554 and Policy Memorandum FD-132 for more information on allowable medical expenses.

- Medical and dental care
- Hospitalization or outpatient treatment, nursing care, and nursing home care
- Prescription drugs
- Health and hospitalization insurance policy premiums
- Medicare premiums
- Dentures, hearing aids, and prosthetics
- Securing and maintaining a seeing eye or hearing dog
- Eye glasses
- Reasonable cost of transportation and lodging to obtain medical treatment or services
- Maintaining an attendant, homemaker, home health aide, child care services, or housekeeper

Shelter and Utility Income Deduction

Source: FNS Handbook 501, Section 4555

» To qualify for the shelter and utility standard income deduction, households must incur, on a monthly basis, **ONE** of the following allowable shelter/utility expenses. See FNS Handbook 501, Section 4555 and Policy Memorandum FD-132 for more information on allowable shelter/utility expenses.

- Continuing charges for the shelter occupied by the household, such as rent, mortgage, and/or fees associated with the home
- Property taxes, State and local assessments, and insurance for the structure itself
- Cost of fuel for heating or cooling; electricity or fuel used for purposes other than heating or cooling; water; sewerage; well installation and maintenance; septic tank system installation and maintenance; garbage and trash collection; all service fees required to provide service for one telephone including cellular telephone services
- Shelter costs for the home if temporarily not occupied by the household because of employment or training away from home, illness, or abandonment caused by a natural disaster or casualty loss
- Charges for the repair of a home that was damaged due to a natural disaster (ex. flood)

Conclusion:

Non-Financial Criteria

» When determining FDPIR eligibility, there are three non-financial criteria to consider.

- Residency. The applicant household must live within the geographic area where FDPIR operates.

- Indian Tribal Household. To be considered an Indian Tribal Household, at least one individual in the household must be a certified member of a federally recognized tribe. This only applies in approved service areas near the reservation and in Oklahoma.

- Citizenship. ITOs and State agencies may choose to either serve or not service individuals who are not U.S. citizens or who are unqualified aliens.

Conclusion (continued):

Categorical Eligibility

» Before examining a household's income to determine financial eligibility, certifiers must determine whether or not a household is categorically eligible to receive FDPIR benefits.

» The programs that qualify a household for categorical eligibility are:

- » Public Assistance, which includes TANF;
- » Supplemental Security Income; and
- » General Assistance.

» To be categorically eligible for FDPIR, all members of the household must be participating in at least one of the qualifying programs.

Conclusion (continued):

Financial Eligibility

» Financial eligibility is determined by a review of a household's anticipated income.

Resources

» Resources, such as cash on-hand or in savings or checking accounts, are not included in a households financial eligibility determination.

Income

» Income eligibility is determined by a review of all income--earned and unearned--that is reasonably anticipated to be received by the household on a monthly basis during projected the certification period.

» Income from all sources is counted, except for income specifically excluded as designated in Section 5(d) of the Food and Nutrition Act of 2008 (codified in the Agricultural Act of 2014, the Farm Bill), or income that is excluded by other legislation from being counted as income under a federally aided means-tested program.

Conclusion (continued)

Income Deductions

» When calculating a household's net monthly income, certain income deductions are granted, if applicable.

- A 20 percent earned income deduction, which is applied to gross earned income;
- A dependent care deduction, when dependent care is needed for work or training and the care is provided by an individual outside the household;
- A child support deduction for legally obligated support for a child outside the applicant household;
- A deduction for allowable medical expenses in excess of $35, when the costs are incurred by an elderly or disabled a household member; and
- A standard deduction for shelter and utility expenses for households that incur at least one shelter or utility expense on a monthly basis.

Module 4 Quiz

Instructions:

The following quiz will test your knowledge of FDPIR financial and non-financial eligibility criteria.

1. Which of the following is NOT a non-financial eligibility criterion for FDPIR?

A. Residency

B. Supplemental Security Income Status

C. Indian Tribal Household Status

D. Citizenship

2. Which of the following programs qualify a household for categorical eligibility under FDPIR?

A. Supplemental Security Income (SSI)

B. Temporary Assistance for Needy Families (TANF)

C. Public Assistance (PA)

D. General Assistance (GA)

E. All of the above

3. True or False? In FDPIR, Indian Tribal Household status means all members of the applicant household are certified members of a federally recognized Tribe.

A. True

B. False

4. If a three-person household applies for FDPIR, and one person is a Social Security recipient, and the other two members are TANF recipients, is the household categorically eligible for FDPIR?

A. Yes

B. No

5. Which of the following is NOT counted when determining FDPIR eligibility?

A. Wages

B. Monthly per capita payments

C. Funds in a savings account

D. Self-employment income

6. Which of the following are NOT allowable expenses to qualify a household to receive the shelter/utility standard deduction?

A. Shelter expenses such as rent, mortgage, or condominium fees

B. Property taxes

C. Monthly cable television/satellite fees

D. Fees required to provide service for one telephone

7. Which of the following individuals is eligible for the medical expenses income deduction?

A. An elderly household member

B. An underage household member

C. A disabled household member

D. Both A & C

8. Which of the following is NOT an allowed income deduction?

A. 20 percent earned income deduction

B. Alimony payments deduction

C. Dependent care deduction

D. Child support deduction

9. An elderly couple applies for FDPIR. Their daughter does not live with them, but she pays their rent. Does the couple have to count this rent payment as income?

A. Yes

B. No

10. Which of the following is NOT counted as income in determining a household's eligibility for FDPIR?

A. Child support and alimony from non-household members

B. Foster care payments if the foster child is counted as a household member

C. Earnings of children under 18 who are at least halftime students

D. Retirement account withdrawals