

Department of Social and Health Services

Olympia, Washington

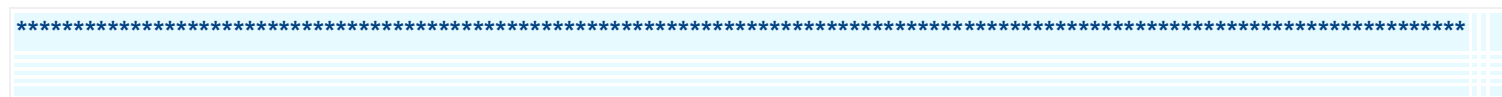
**EAZ Manual**

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**Summary**

Updated section to clarify treatment of income.

See below for edited text:



## Treatment

Revised ~~November 18, 2014~~ October 20, 2017

### Purpose:

This section contains general rules and procedures to decide if a type of income is excluded and disregarded, unearned, or earned.

[WAC 388-450-0015](#) What types of income are not used by the department to figure out my benefits?

[WAC 388-450-0025](#) What is unearned income?

- Clarifying Information and Worker Responsibilities

## WAC 388-450-0030 What is earned income?

- Clarifying Information and Worker Responsibilities

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## Clarifying Information - WAC 388-450-0025 & WAC 388-450-0030

See also [Treatment of Income Chart](#).

## Worker Responsibilities - WAC 388-450-0025 & WAC 388-450-0030

### 1. Ongoing Assistance from Volunteer Agency (VOLAG)

Only exclude one-time refugee resettlement payments ~~are excluded assistance~~ from VOLAGs assistance.

Some refugees receive ongoing benefits through the Matching Grant Program. Because federal law doesn't specifically exclude these ongoing payments ~~are not specifically excluded under federal law~~, we must count this as assistance from another agency or organization under [WAC 388-450-0055](#).

### 2. Adoption support is money given to families that adopt children with special needs. ~~This money is~~ and intended to help the family with the special expenses that these children have.

1. **For cash**, we exclude this money because it is needs-based assistance from another agency that ~~does not~~ doesn't cover ongoing living expenses. See [WAC 388-450-0055](#) for more information.
2. **For Basic Food**, we must count adoption support as unearned income.

### 3. Annuity

**For Basic Food and Cash:** Count Ppayments and interest received from an annuity ~~is counted~~ as unearned income.

### 4. Bona fide loans

Exclude bona fide loans for all programs. If a loan ~~is not~~ isn't bona fide, count the money someone receives as unearned income for the month they receive it. Determine if a loan is bona fide by getting proof of the loan details ~~of the loan~~. Examples of proof that a loan is bona fide include:

1. When the loan is through a bank, credit union, or other institution that loans money as a part of their business:
  1. A copy of the formal loan agreement; or

2. A written agreement to repay the money within a certain timeframe; and
  3. Proof that the money came from a person or business that loans money.
2. If the money is from a person or business who does ~~n't not~~ normally loan money, proof to show:
1. That the borrower understands they must repay the loan either with or without interest;
  2. The borrower's intent to repay by promising real property, personal property, or anticipated income; or
  3. A timetable and plan for repayment with details of the plan to repay the loan when the person receives the anticipated income.
3. If there isn't a formal written loan agreement, accept a written statement from the borrower and the lender about the terms of the loan. Request additional verification if the proof ~~they give you~~ is questionable.
5. **Child Support payments:**

~~Child support payments, such as past due support, do not affect TANF/SFA grants. However, these payments must be budgeted like any other child support payment for Basic Food. Budget all anticipated child support payments.~~ Workers can use SEMS ~~WEB~~ to look at both the Disbursement History (DH) and Client History (CH) screens. It will also be necessary to review the Case History (CH) screen in SEMS to determine if we can anticipate any arrears payments assigned to the custodial parent (shown in the Arrears (CP) column).

**Budgeting For Basic Food:** If the assistance unit receives food but not TANF, budget Aall anticipated child support payments ~~must be budgeted. It will be necessary to review the Case History (CH) screen in SEMS to determine if any arrears payments assigned to the custodial parent (shown in the Arrears (CP) column)~~ can be anticipated.

1. Code any child support arrears payments as "DP" as Unearned Income for the parent.
  1. Only continue budgeting the ongoing child support arrears payments if the family begins receiving TANF because current child support will be assigned to the state.
2. Code any ~~additional-current~~ child support payment as "DC" ~~on~~ as Unearned Income for the ~~child~~the parent's UNER screen.

**Budgeting For TANF : ~~Do not~~**

- Don't budget any current child support payments (DC) against the TANF grant in ongoing months, since the client won't receive current support, unless the TANF grant suspends. ~~and~~

- ~~Budget~~ arrear payments ~~assigned to the state will not be received by the client.~~ ~~Non-assigned arrear payments being~~ made to the custodial parent ~~are disregarded income~~ as unearned (DP) for TANF.

**NOTE:**

1. It is important to determine if the arrear payments are going to the custodial parent or to DSHS arrears if the noncustodial parent makes child support arrears payments. Check this by reviewing the Case History (CH) screen in SEMS. The Arrears (CP) column and Disbursement History (DH) shows if the payment was made to the custodial parent or DSHS. In some cases, arrears child support payments made to the custodial parent will continue once the TANF grant opens.
2. See CHILD SUPPORT MATRIX for more information.

**EXAMPLE:**

Margaret and her 2 children apply for TANF and Basic Food assistance. They have never received TANF. Margaret's ~~employment recently ended, and she isn't eligible for Unemployment Compensation. was working and every now and then s~~She infrequently receives \$300 a month in direct child support from the non-custodial parent. ~~Her job ended, but she is not eligible for Unemployment Compensation.~~ We determine that she and her family are eligible for assistance. We budget the amount of income she received in the month of application. For ongoing months, we can't anticipate child support payment.

For information on how to request additional proof and how much time someone has to give proof, see [VERIFICATION](#).

6. **Court-ordered payments:** Count payments, other than child support, made to someone by order of the court as follows
  0. If someone receives the money as a one-time payment, count this as a lump-sum payment.
  1. If they will receive more than one payment, count the payments as unearned income.

**NOTE:**

See [LUMP SUM PAYMENTS](#) to decide how a lump sum payment affects someone's benefits.

7. **Dividends and interest**

**Dividends**

Count dividends as unearned income for the month we anticipate people will receive them.

**Interest**

- 0. Count interest income as unearned income unless the interest is earned on:
  - 1. Individual Development Accounts under [WAC 388-470-0045](#). Exclude interest earned on IDAs; or
  - 2. Native American benefits excluded under [WAC 388-450-0040](#). Exclude interest earned on benefits excluded under [WAC 388-450-0040](#).
- 1. Give people the choice of whether you:
  - 1. Budget the income for the month you anticipate they will receive it; or
  - 2. Prorate the income over their certification period.
- 2. If we learn about someone’s unreported interest income and they were required to tell us about it, we count the interest as income for the month they got it.

**8. Foster care maintenance payments**

- 0. For TANF/SFA:
  - 1. Exclude ~~the any unlicensed~~ foster care assistance when the placement is temporary for less than ~~90-180~~ days, or
  - 2. When the child is listed in the AU as a non-recipient with a needy non-parental relative. See [WAC 388-408-0025](#).
- 1. For Basic Food:
  - 1. If the AU includes the foster child, count the foster care maintenance payment as unearned income to the AU; or
  - 2. If the AU ~~does not~~doesn't include the foster child, exclude the foster care maintenance payment. See [WAC 388-408-0034](#) & [WAC 388-408-0035](#).

**9. Funds for shared household costs**

- 0. When someone holds money for another person's personal obligation such as a car payment, credit card, or auto insurance, treat the money for the other person's obligations as funds held for the other person.
- 1. When someone receives money for another ~~person's~~person or family's share of household costs, we exclude this money using the table "**When We Exclude Money For Shared Household Costs**".

<b>When We Exclude Money For Shared Household Costs</b>	
<p><b>For cash assistance, exclude money given to someone for shared household costs when the money:</b></p>	<ul style="list-style-type: none"> <li>○ <del>Is not</del><u>Isn't</u> for legally obligated child support</li> <li>○ <del>Does not</del><u>Doesn't</u> cause the AU's resources to be above the resource limits for more than 30 days after they <del>got</del><u>receive</u> the funds <del>are received</del></li> </ul>

	<ul style="list-style-type: none"> <li>○ <del>Is not</del><u>Isn't</u> available for the AU's use</li> </ul>
<p><b>For Basic Food, exclude money given to someone for shared household costs when the money meets the requirements defined for cash in section 1 and they:</b></p>	<ul style="list-style-type: none"> <li>○ <del>Do not</del><u>Don't</u> own the residence</li> <li>○ <del>Are not</del><u>Aren't</u> buying the residence</li> <li>○ <del>Do not</del><u>Don't</u> charge their roommates an amount above <del>what</del> the total rent <del>is</del> as shown on the lease</li> </ul>
<p><b>For both cash and Basic Food: exclude money exchanged between members of the same assistance unit for shared household costs or other purposes. This exchange of funds <del>is not</del><u>isn't</u> a gain to the household.</b></p>	

**NOTE:**

If someone has roomers, budget the income and deductions as defined in [WAC 388-450-0190](#) and [WAC 388-450-0080](#).

**10. In-kind Income**

0. **For cash assistance:** When someone works for something of value other than cash, count the value of the item they receive as earned income. People receive earned income in kind when they work in exchange for things like:
1. Rent;
  2. Furniture;
  3. A car; or
  4. Any other item of value.

Note: If a person ~~does not~~doesn't have full ownership of the item from the work they do in a single month, count the amount they earn toward ownership as income for the month.

1. **For Basic Food:** Exclude in-kind income unless someone diverts the person's available income to an in-kind source. If someone diverts income to in-kind source, we count the diverted funds as income to the AU. **There is no requirement to verify income-in-kind for Basic Food unless we are counting income diverted to an in-kind source.** See Vendor payments below for more information and examples regarding diverted income.

**EXAMPLE**

Charlie works for his cousin Ray in exchange for Ray's used car. Charlie and Ray agree that the car is worth the Kelly Blue Book stated value of \$1000. Charlie works six hours each week. Charlie and Ray agree the hours worked amount to \$200 toward the car each month. **For cash:** Count \$200 as earned income in kind for each month until Charlie ~~has worked~~works off the debt. After he ~~has worked~~works

off the debt for the car, count the car as a resource. **For Basic Food:** Disregard the \$200 as in-kind income. Count the car as a resource.

#### 11. **Joint Bank Accounts**

0. When someone has a joint bank account or holds funds for someone else, decide how much of the money belongs to them. See Worker Responsibilities of [INCOME - Ownership and Availability](#) to decide how much of the money belongs to them.
1. If the person uses more than their share of the money in the account, count the money the person uses above their share as unearned income to the AU.

#### 12. **Military Pay**

0. Count the following allowances as earned income:
  1. Basic allowance for housing (BAH), living off-base;
  2. BAH with on-base housing when BAH is listed under pay then deducted; and
  3. Basic allowance for subsistence (BAS).
1. Exclude the following allowances or in-kind benefits:
  1. Clothing maintenance allowance (CMA);
  2. Base housing or barracks (with no BAH listed on pay statement);
  3. Meals; and
  4. Reimbursement or an allowance for transportation or moving costs.
2. Advance pay:
  1. Count advance pay as earned income for the month someone receives the income, unless ~~they~~ requested for travel.
  2. If someone ~~has~~ asked for advance pay for travel, exclude the amount that is to reimburse actual travel expenses. Count any excess as earned income for the month they will receive it.
3. Count enlistment and re-enlistment bonuses as earned income for the month the person will receive it.

#### 13. **Military Income– Special and incentive pay received while serving in a combat zone.**

For [Cash and Basic Food](#), we exclude additional pay members of the armed forces receive for ~~being deployed~~deployments in a designated combat zone.

Military personnel in a combat zone are not members of the assistance unit, but may give income to people in the AU. If an AU receives income from an armed service member serving in a combat zone, decide how much income to budget as described below:

0. First, determine the amount of money the service member made available to the AU before being deployed to a designated combat zone;
1. Second, determine the amount of money the service member *now makes available* to the AU after being deployed to a designated combat zone; and

2. Last, determine how much of the service person's military pay we must count as income to the AU:
  1. **Before deployment to a combat zone:** If the amount of military pay the service person makes available to the AU after deployment is equal to or less than before they were deployed to a combat zone, count the income currently made available to the AU as income for cash and food benefits.
  2. **After deployment to a combat zone:** If the military pay the service person makes available to their family is *greater since being deployed to a combat zone*, exclude the additional income for cash and food benefits

#### EXAMPLE

The Hunter family has an absent member serving in a combat zone. They receive a military allotment of \$600 monthly. Before the service member ~~was~~ deployed to the combat zone, the Hunter's got a monthly allotment of \$400. For cash and Basic Food, we exclude the additional allotment, ~~the~~ \$200, the service member gives the AU while deployed in a designated combat zone ~~(we exclude the additional \$200).~~

#### 14. Money received for an absent or non-household member

0. Exclude income the AU receives for the care and maintenance of an absent or non-household member as long as the AU doesn't keep the income. Examples of income for absent or non-household members include:
  1. CPI payment for a member of a multi-person grant;
  2. Child support the AU receives for a child that is temporarily out of the home or not on the TANF grant;
  3. Child support for an ineligible child;
  4. SSI benefits for a couple when one of the spouses is in a nursing home; and
  5. SSDI paid to a relative as the protective payee.
1. If the AU keeps a portion of the income, count the portion the AU keeps as unearned income for the month they receive the income and as a resource in the next month.

#### 15. Money withheld for repayment

If people have money withheld from their benefits to recover an overpayment from the same income source, exclude the amount withheld from their gross benefit. Count the net benefit amount as income to the AU.

- **For Basic Food:** If the money is withheld due to an intentional violation of a federal or state means-tested program, count the amount withheld to recover the benefit as unearned income. Count the gross benefit amount as income to the AU. Some means-tested programs include TANF, GA -U, and SSI.
- **NOTE:** SSA ~~does not~~doesn't determine intent of an overpayment. Assume that the overpayment of SSI or SSA benefits was unintentional unless there is something to clearly



show otherwise. Therefore, we always exclude these overpayments when they are from the same source. SSI and SSDI are considered different sources of income.

#### EXAMPLE

Marsha was receiving Unemployment Compensation (~~USUC~~) while working "under the table" and ~~did not~~didn't report her income to Employment Security (ES). When ES found out, they stopped her UC benefits. She receives UC benefits again. ES withholds \$50 per week to repay the overpayment. If she starts to receive TANF or Basic Food, exclude the \$50. ~~Unemployment Compensation UC is not~~isn't a state means-tested program.

#### EXAMPLE

Bill got SSI until his SSDI was approved. Bill had an SSI overpayment and agreed to have the money withheld from his SSDI payment. We count the entire SSDI amount as unearned income because money withheld ~~was not~~wasn't from the same income source. Although SSA authorizes both SSI and SSDI ~~are both authorized under SSA~~, they are still distinct programs and considered separate sources.

### 16. Real estate / mortgage sales and contracts

0. When someone sells real estate that they owe money on under a mortgage or contract, and they carry the contract for the new buyer, count the proceeds from the sale as unearned income for all programs after you subtract any amount paid for:
  1. Insurance;
  2. Property taxes; and
  3. Interest on the prior purchase.
1. For cash assistance, look at the value of the contract to decide if the AU is eligible for benefits:
  1. If the value of the contract puts the AU over resource limit, the AU is ineligible for benefits.
  2. If the total resources are below the resource limit, the AU is resource eligible for benefits. Count payments from the contract as unearned income.

### 17. Reimbursements for out-of-pocket expenses

Exclude money to reimburse a person's past or future out-of-pocket expenses. These payments are not a gain to the household. Examples of some reimbursements we exclude as income are:

0. Work or training expenses;
1. Title XX services (such as CHORE services); and
2. HUD and FMHA utility allowances.

#### NOTE:

For health insurance reimbursements, see [THIRD PARTY LIABILITY](#) and [LUMP SUM PAYMENTS](#).

## 18. Sanctions - Impact on Basic Food benefits

When we sanction an active TANF/SFA or ABD cash case for failure of someone in the assistance unit to meet program requirements, we count the entire grant the AU would receive if they ~~were not~~weren't in sanction. This prevents the assistance unit from receiving more Basic Food benefits ~~as a~~result~~because~~ of the sanction. This rule ~~does not~~doesn't apply to individuals who fail to perform the required action at the time of application for cash benefits or at time of recertification for the cash benefits.

If a TANF / SFA or ABD cash case terminates while still in sanction status, we stop budgeting the grant against the Basic Food benefits, as they no longer receive public assistance.

## 19. Vendor or third party payments

For cash assistance or Basic Food, we exclude:

0. ~~We exclude~~tThird-party payments as income when a payment:
  1. Is specifically directed to be paid to a third party; ~~and~~
  2. ~~Does not~~Doesn't pass through the assistance unit's control at any point; ~~and~~
  3. ~~Is not~~Isn't otherwise payable to them.
1. ~~We also exclude~~sSupport payments made directly to a third party for a household expense when:
  1. There is no court order for support; such as a separated parent paying the house payment of the parent still in the home when there is no court order; or
  2. The payment is more than the court-ordered amount. For example, an absent parent pays \$50 over the court-ordered support to the landlord.

### EXAMPLE:

A court awards someone support payments in the amount of \$400 a month and in addition orders the parent to pay \$200 directly to a bank to repay a loan. We count the \$400 support payment as income. We exclude the \$200 loan payment as income because it ~~is not~~isn't otherwise payable to them.

### EXAMPLE:

A friend/~~or~~ relative uses ~~his or her~~their own money to pay the household's rent directly to the landlord; or ~~Someone's~~someone's employer pays the household's rent directly to the landlord in addition to their regular wages. We exclude these payments made directly to the landlord.

### NOTE:

This ~~is not~~ isn't the same as **diverted** payments from income that is otherwise payable to someone.

2. **For Medical**, the exclusion only applies when the payment is inherent in the cost of obtaining the source of income the payment applies to, regardless of whether or not they make the payment directly.

**EXAMPLE:**

Pam receives L&I benefits. Labor and Industries sends 33% of her monthly benefits to Pam's lawyer to pay her legal fees. We count only Pam's share as income, regardless of payment method.

**EXAMPLE:**

Holly receives \$500 per month from the sale of her home. Out of the \$500, she must pay the original home mortgage of \$400. Since it costs Holly \$400 to make this income, we exclude this amount. We count \$100 as Holly's income.

**EXAMPLE:**

Mark's employer garnishes \$200 per month because of a court order for a past due car loan payment. Since the garnishment is not a cost for Mark to receive the income, we still count the \$200 as income.

3. For **Basic Food and cash benefits**, count money that is legally obligated and payable to the household but has been diverted to a third-party as income to the AU. Count the diverted payment as:
  1. Earned income if the household diverted employment or self-employment income;
  2. Unearned income if ~~the money was~~ not earned by employment or self-employment.
4. For **Basic Food only**, this does not include in-kind income that is not otherwise payable to the household.

**EXAMPLE:**

A non-custodial parent pays their court-ordered child support obligation to the client's landlord instead of paying the client. Because this legally obligated payment was diverted, we count the payment as unearned income to the AU for Basic Food.

**EXAMPLE:**

Brett works at a gas station. Brett fills up his tank and buys his lunch at the attached convenience store. The owner deducts the cost of the gas and food from the Brett's pay. Brett's employer is legally obligated to pay him for his work even though Brett chooses to spend it before he receives his check. Count the gross income as earned income to the AU for Basic Food.

**EXAMPLE:**

Lance works as the manager of a mobile home park. The owner states that Lance earns \$350 a month to manage the park. Lance's pay stubs show \$200 as the value of his space rent and \$150 as taxable income. Since the landlord does not consider the \$200 as taxable income, consider it as earned income in kind. - Exclude the \$200 allowance and do not allow the \$200 as a shelter expense. - Count the \$150 as earned income.

**20. Bonus or training incentive paid to childcare providers by the Department of Early Learning**

The Department of Early Learning’s collective bargaining agreement with childcare providers includes bonus payments for some providers who receive benefits from the department. We treat these payments as described below:

<b>\$250 Bonus for exempt providers who become licensed family home providers.</b>	Counted as earned income for Cash and Basic Food.
<b>\$600 Financial Incentive for License exempt providers who received at least 10 hours of approved training.</b>	
<b>\$200 Bonus for Exempt providers - Reimbursement of up to \$200 for tuition costs or approved training.</b>	<b>Excluded.</b>

**NOTE:**

Because we budget prospectively based on the income we expect a household to get for the month, we often ~~will not~~ learn about the bonus soon enough for it to impact benefits for the month the household will receive it.

**21. Selling Personal Items**

0. Selling personal property as a necessity to pay living expenses ~~is not~~ countable income. We would consider these payments as non-recurring lump sum payments. Any money remaining the client has in the following month would be a countable asset.
1. We consider Bbuying and selling items for a profit, ~~would be considered~~ countable self-employment income if we can reasonably anticipate that this source of income will continue beyond the next 30 days.

2. ~~We consider selling any item~~ ~~If the individual sells any item~~ for a profit and ~~is~~ receiving regular payments for that item instead of a lump sum payment ~~then this would be considered~~ unearned income as long as the payments continue.