

Texas Department of Housing and Community Affairs
Frequently Asked Income Questions
Applicable for CEAP, CSBG, and WAP Programs
(Updated June 2018)

The Texas Department of Housing and Community Affairs (The Department) has created the following document to assist its Subrecipients to answer applicable program questions. The document contains answers to the questions the Department has received that are relevant to the network. In addition to this document, Subrecipients are encouraged to take the following steps to respond to their questions:

1. Review your applicable program contract(s)
2. Reference applicable TACRules
3. Reference other applicable program rules/guidelines (OMBs, CFRs, UGMS, WAPTAC, etc)
4. Review Department guidance on TDHCA Website

If after reading and referencing all these materials you still have questions, you may submit a program question by completing this form: <https://tdhca.wufoo.com/forms/request-for-ca-program-assistance/>

You may click on the hyperlinks below to move to the most appropriate category that applies to your question.

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GENERAL:

1. What are the new income guideline limits for our programs?

Subrecipients should always use the most current income limits; the limits are updated annually. The new income limits are posted on the Department's website, on the program guidance pages for each program.

2. How is "current circumstances" being defined?

In the context of §6.4(d)(1), "current circumstances" means within the last thirty days.

DECLARATION OF INCOME STATEMENT:

3. Is the DIS still required to be notarized?

The DIS is no longer required to be notarized for PY17 contracts and beyond. PY16 contracts still require a notarized DIS. The exception is all DOE contracts still require a notarized DIS regardless of program year.

4. Can the applicant fill out the DIS and sign for all members of the household? What if the client receives no income? What form do we use to verify "no income"?

No income is a declaration of zero income. The applicant may complete the DIS for all household members 18 years of age or older, including those who have no obtainable documentation of income. Subrecipient should utilize the DIS instructions to complete the form.

5. Do DIS forms need to be originals?

No, the DIS does not need to be an original. A faxed or scanned copy is acceptable, as long as it is completely filled out.

INCOME DETERMINATION PROCESS:

6. Is income counted from date of application or prior to?

Per TAC Rule §6.4(d)(2) "the Subrecipient must collect verifiable documentation of Household income received in the 30 days prior to the date of application."

7. We are having some difficulty with the various types of food stamp award letters that our clients are providing. Some of the types of letters have the recertification dates, while others do not thus making it difficult to determine if this is the most recent award letter. Additionally, most of the letters we receive make it difficult to decipher whether or not the client received food stamps during the 30 days prior to them applying.

Food stamps are excluded income. If the client provides this information during the application process, Subrecipients should note receipt of this benefit in the client file, but it is not needed to determine eligibility nor is this information required to be kept in the file.

8. How do we deal with utility allowances? Do we subtract that amount from the CEAP utility assistance amount?

No, you do not. Clients who receive a regular utility allowance are not actually receiving any money for utilities; there is no money changing hands. As a result of that, Subrecipients should not treat customers who have a utility allowance any different than a customer who does not receive a utility allowance; there is no special consideration or additional mathematical determination that needs to be done to adjust for the utility allowance. Clients receiving utility allowances should be treated and benefits determined following the same general CEAP process. Here is some information on [utility allowance provided from HUD's website](#): *"To keep assisted housing affordable for lower-income households, federal housing law directs that the resident's share of rent in federally assisted public housing should equal 30 percent of the household's adjusted monthly income. In interpreting the federal housing law, HUD has defined the Total Resident Payment for "rent" to include both shelter and the costs for reasonable amounts of utilities. The amount that a PHA determines is necessary to cover the resident's reasonable utility costs is the utility allowance."*

9. What about utility reimbursement checks that are made out to the client? Do we count the reimbursement check as income?

If the household receives a monthly utility reimbursement check, count this federal refund as income.

10. **We understand that a Medicare medical insurance deduction is considered excluded, however, we are uncertain if a Medicare prescription drug plan deduction is also considered excluded income?**

Yes, the Medicare prescription drug plan deduction should also be excluded.

11. **Based on the excluded list, it appears that we should use the net amount of social security (after Medicare deduction) and not the gross amount (prior to Medicare deduction), is that correct?**

In general, yes. If the gross amount is \$500 and the Medicare deduction is \$50, the income is \$450. There may be other amounts that are deducted from a client's social security check that are not treated in the same manner.

12. **When we were using this process in past we always had questions about what to do with people that don't work regular 20, 30, or 40 hr weeks. They work as needed. They may work 10 hrs one week and 40 the next. For persons with no regularly scheduled work weeks, can we continue to collect most recent 30 days income and call it monthly and multiply by 12? Or should we average what they worked and come up with average weekly hrs and project forward?**

Collect verifiable documentation of all income received in the last thirty days, then follow this process: (1) calculate the income received in total in the last thirty days; (2) divide that total by the number of applicable pay periods in the last thirty days; (3) apply the appropriate multiplier to annualize the income. Subrecipients will incorporate the appropriate multiplier to annualize the income:

- a. If they are paid weekly, multiply by 52;
- b. If they are paid every other week, multiply by 26;
- c. If they are paid twice each month, multiply by 24;
- d. If they are paid monthly, multiply by 12.

13. **Can you provide some examples for calculating income for clients with different pay periods?**

The process to calculate is identified in the previous question, but yes, here are some examples:

EXAMPLE 1: Weekly Pay

Client Jones started a job and is paid weekly. Jones came in on 12/17 with pay stubs for all four pay periods applicable within the last thirty days. Find the average of the pay stubs collected within the last 30 days, and then multiply by 52 to annualize the income.

- 11/21: \$300
- 11/28: \$200
- 12/5: \$300
- 12/12: \$400

$(\$300 + 200 + \$300 + \$400) / 4 = \$300 / \text{wk} \times 52 = \$15,600$ annual income.

EXAMPLE 2: Weekly Pay

Client Jones started a job and is paid weekly. Jones came in on 8/1 with pay stubs for all five pay periods applicable within the last thirty days. Find the average of the pay stubs collected within the last 30 days, and then multiply by 52 to annualize the income.

- 7/3: \$300
- 7/10: \$200
- 7/17: \$300
- 7/24: \$400
- 7/31: \$400

$(\$300 + 200 + \$300 + \$400 + \$400) / 5 = \$320 / \text{wk} \times 52 = \$16,640$ annual income.

EXAMPLE 3: Bi-Monthly Pay

Client Jones is employed and is paid bi-monthly. Jones came in on 12/17 with a pay stub for both pay periods applicable within the last thirty days. Find the average of the pay stubs collected within the last 30 days and multiply by 24 to annualize the income.

- 11/28: \$500
- 12/12: \$400
- $(500 + 400) / 2 = \$450 / \text{wk} \times 24 = \$10,800$ annual income.

EXAMPLE 4: Hourly Pay

Client Jones has a job and is paid hourly. He gets paid \$11.25/hr, work 40 hours/week, with no indication of overtime hours/pay in the pay stubs provided that were received in the last 30 days. Multiply the hourly wage times the number of hours expected to work this year = 2,080hrs (52 weeks X 40hrs/wk) to annualize the income.

$\$11.25 \times 2,080 = \$23,400$ annual income.

14. How do we calculate income that is not expected to last a full 12 months?

Per TAC Rule § 6.4(d)(1) “income that may not last for a full 12 months should be calculated assuming current circumstances will last a full 12 months, unless it can be documented that employment is less than 12 months/year and pay is not prorated over the entire 12 month period. A simple calculation can be used to estimate the number of pay periods in a span of less than 12 months. $M \times P \div 12$ where M = number of months and P = number of pay periods in 12 months.

EXAMPLE: 9 Months of Work

Client Jones has documentation that he works as a contracted school bus driver for 9 months of the year. He is paid bi-weekly and has two pay stubs for the past 30 days. The first is \$600 and the second is \$550. Find the average of the pay stubs collected within the last 30 days and then use the formula above to determine the amount of pay periods to apply.

- $(600+550)/2 = \$575$ bi-weekly

For 9 months and a bi-weekly pay schedule the formula would be $9 \times 26 \div 12$.

- $9 \times 26 = 234$
- $234 \div 12 = 19.5$
- $\$575 \times 19.5 = \11212.50 income for the documented 9 months

15. In §6.4(d)(3)(A) regarding 2080 hrs for full time, you mention no overtime. Does that statement mean that we should exclude all overtime wages from our calculations? Including whether hourly, weekly, biweekly, or monthly?

No. That statement means that 2080 is the number of hours in a year a person works if they work forty hours per week 52 weeks per year. Some applicants may present documentation of income that shows regular pay as well as overtime, shift differential, or other types of pay. If the applicant presents pay stubs showing regular earnings along with overtime or other types of pay, to annualize the income, use the total gross pay. It is not necessary to separately determine their annual regular wages and the overtime wages.

16. What process do you suggest we use for self-employed? For instance a client of ours works at hair salon. Her income is dependent on volume and she has overhead expenses for renting space. Should she just bring in a month’s worth of income and expenses for her business and we net out and call that monthly income?

Self-employed applicants may present different documentation, but the same process applies. You count whatever they earned in the last thirty days - this will include any tip income earned, average it, and apply the appropriate multiplier.

In the case presented, the hair stylist might present the listed charges for her services and her appointment book to show how many clients she has seen. You would total up what she got from her appointments in the last thirty days. Per TAC Rule 6.4(a) “net receipts must be used after deductions for business or farm expenses.”

It is important to note that for jobs where tipping is customary (hairstylist, waitress, etc.), documentation of income must specifically address tips.

17. For the clients that are self employed would we be able to accept a notarized letter explaining their income source(s) for the last 30 days? Or what would be an acceptable supporting documentation?

For CEAP, CSBG, and WAP clients who are self employed, if documentation of income is not obtainable, a Department approved DIS is an option.

18. What is the definition of Means Tested Veterans Programs and how do you calculate these payments to determine benefit levels?

Means-Tested Veterans Programs - these are Categorically Eligible:

- Section 415: Compensation to Parents of a Deceased Veteran---Included Income
- Section 521: Veterans of a Period of War (A Veteran who is permanently/totally disabled) - Excluded income
- Section 541: Spouses and Children of a deceased Veteran - Included Income (like child support-- if children are under 18- excluded income)
- Section 542: Children of Deceased Veterans of a Period of War - Included Income (like child support - if children are under 18 - excluded income)

19. What forms of documentation are required for child support to be excluded income?

The TAC requires disclosure and documentation of all sources of income sources, whether the income is included or excluded as an income source. Child support payments, either court ordered or voluntarily, need to be documented. Voluntary child support can be documented by either obtaining a statement signed by the parent who provides the child support or a signed attestation (DIS) signed by the applicant. As a reminder for any applicant not receiving court ordered child support, TAC §6.207 (f), requires that CSBG Subrecipients inform people about the resources available through the Attorney General's related to child support and to refer eligible parents.

20. A client submitted a 2018 application, but the Social Security award letter provided by the client is dated October 2017. However, the letter clearly states the award amount beginning in 2018. Is this award letter considered the most current?

SS and SSI letters are valid for 12 months from the date of issuance. Yes, this would be considered the most current award letter. Since the letter clearly states the award amount for 2018, you would use that figure for income determination.

INCOME or NOT INCOME?

21. Someone in the households receives \$100 from a relative for their birthday. Is this considered income?

No, it is a birthday gift and therefore not considered income.

22. A family member (not residing in the household) gives the household money each month to be used for rent or living expenses. Is this considered income?

Yes, if it is a recurring payment of cash to the household. The relationship of the parties does not matter.

23. A family member (not a member of the household) pays directly to the bank or landlord for mortgage/rent, directly to the utility company for utilities, etc. Is the amount paid considered income?

No, because it is not a payment of cash to the household.

EXAMPLE:

If a household receives \$100 to buy groceries, it counts as income.

If someone purchases \$100 in groceries and gives those groceries to the household, it does not count as income.

24. Parent of a child(ren) in the household (this parent does not reside in household) provides "X" amount for living expenses on a monthly basis, via verbal agreement. Is this considered income?

Yes, it is a recurring payment of cash to the household; the relationship does not matter. If the payments were child support, the payments would not count as income.

25. Parent of child(ren) in household (this parent does not reside in household) pays the mortgage directly to the bank or rent directly to the landlord, utilities, etc., via verbal agreement. Is the amount paid considered income?

No, because it is not a payment of cash to the household.

26. Payment of per diem for whatever reason is reflected on check stub(s) or provided via separate means. Is this considered income?

If it is a reimbursement of actual expenses paid by the employee, it does not count as income. If the employee receives the per diem regardless of their expenses, it counts as income.

27. An applicant receives rent from a boarder in the home; they rent just a room and pay the applicant for that space. Do we just count the rent payment as income for the applicant, or do we require the

boarder/renter's income to count towards household income for determining eligibility?

The rent payment would be counted as income for the applicant. The boarder's income would not be counted, and the boarder would not be counted as a member of the household.

- 28. Do we include children social security benefits if they are received from deceased or disabled parents? If an adult receives SS disability check and their child also receives a check but the check is made out to the adult, do you count the child's check? If a child under 18 is disabled and receives SSI, would we include this income?**

All income of Household members under eighteen is excluded including income made payable to a person over the age of 18.

- 29. If a client has a representative payee who receives the clients check, do we count it as income for the client? Some of our clients may be high functioning MHMR who have a rep payee. They do not ever receive the check, just what the payee allows them to have. How do we count this?**

It is included income, it is understood that the client is receiving the benefit albeit indirectly.

- 30. Is VA disability excluded income?**

No, not all forms of VA disability are excluded income. TAC §6.4(a)(OO) states excluded income as "Payments from any deferred U.S. Department of Veterans Affairs disability benefits that are received in a lump sum amount or in prospective monthly amounts (42 U.S.C. §1437a(b)(4))." So if the award letter or statement does not indicate that the payment is deferred, it will be included.

- 31. Is child support excluded income?**

Yes, child support payments, as well as payments for care of Foster Children, are excluded income. Reference TAC §6.4(a)(S) for child support and §6.4(a)(Y) for Foster Children.