



Policy 613

Income Eligibility: What Counts as Income?

September 17, 2020

POLICY

WIC staff will appropriately include or exclude sources of income when determining whether Oregon WIC applicants or participants meet the federally defined income eligibility standard.

PURPOSE

To comply with the federal WIC income eligibility guidance.

RELEVANT REGULATIONS

7CFR §246.7 ¶(d)(2)(ii)—Definition of income

7CFR §246.7 ¶(d)(2)(iv)—Income exclusions

FNS Instruction 803-3, Rev. 1 – Certification: Income Eligibility

USDA MEMO 803-L—Lump Sum Payments as Income (7/13/92)

ASM 99-54—Strengthening Integrity in the WIC Certification Process

WR Policy Memo 803-AV (ASM 02-45) Income Eligibility Determinations for

Households Affected by Privatization of On-Base Military Housing

WR Policy Memo 803-AZ (ASM 04-46) Medicare Prescription Drug Assistance

ASM 2010-02 Exclusion of Combat Pay from WIC Income Eligibility

Determination

ASM 2010-5 Payments to Certain Filipino World War II Veterans – Exclusion from Income and Resources

OREGON WIC PPM REFERENCES

- ◆ [610—Required Proof: Identity, Residence, Income](#)
- ◆ [611—Income Eligibility: Determining Income Eligibility](#)
- ◆ [612—Income Eligibility: Adjunct or Automatic Income Eligibility](#)
- ◆ [614—Income Eligibility: Current Income Guidelines](#)
- ◆ [615—Income Eligibility: Changes in Income](#)

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DEFINITIONS

Attendance costs: For individuals receiving student loans, attendance cost includes regular tuition and fees for students carrying at least a half-time workload as determined by the institution, and an allowance for books, supplies, and transportation required by the course of study.

Income: Gross income, including overtime, before deductions for income taxes, employees' social security taxes, insurance premiums, bonds, etc. The determination of the amount of a household's gross income shall not be considered reduced for any reason (e.g.; financial hardships, medical bills, child support). Farmers and self-employed use net income. Net income is determined by subtracting the operating expenses from the gross income.

BACKGROUND

USDA provides guidance on what constitutes income and what financial support a household may receive that is not included in their gross income. This policy clarifies what WIC staff should include and what should be excluded from household income calculations.

PROCEDURE

Determining income eligibility

- 1.0 WIC staff must assess all sources of income for a household to determine which will be included or excluded from household income calculations. See ♦ [611—Income Eligibility: Determining Income Eligibility](#) for more information on the process for determining income eligibility for all members of a household.

Income sources

- 2.0 Identify those sources of household income which would constitute gross income (before taxes) for the time frame reviewed. Refer to ♦ [611—Income Eligibility: Determining Income Eligibility](#) for determining appropriate time frames for different situations.
- 3.0 Local program staff shall use **net** income to determine income eligibility only for farmers and self-employed persons. Net income is determined by subtracting the operating expenses from the gross income.
- 4.0 The determination of the amount of a household's gross income shall not be considered reduced for any reason (e.g.; financial hardships, medical bills, child support).
- 5.0 Use the information in the chart below to identify what is included or excluded from household income calculations.

This is a summary. See Appendix A and B for a complete list.	
Consider as income	Do <u>NOT</u> consider as income
Money paid for services (gross wages, salaries, tips – before tax)	Certain military allowances – see ¶13.0
Social security benefits, including SSI payments for disabled individuals	Food stamps, other payments from National School Lunch Act programs
Dividends or interest on savings, bonds, incomes from trust	Federal job training program payments
Public assistance, welfare payments	Federal volunteer programs
Unemployment compensation	Federal child care programs
Pension or retirement income (civilian or military)	Federal or state housing & energy assistance programs
Alimony or child support	Federal compensation to Native Americans
Regular contributions from people not living in the household	Federal compensation for other claims, re- location, disaster, or injury
Net rental income and royalty income	Federal old age assistance
Federal student loans beyond attendance	
Net income from farm or self-employment	Federal student loans covering attendance costs– See ¶11.0
Other cash income	One-time, lump sum payments, such as an insurance settlement or property sale – See ¶14.0

Salary

- 6.0 Salary is gross pay before any deductions, including deductions for taxes, social security, or insurance. It includes payment for work, made directly to the worker with no taxes withheld, such as childcare done in the home.

Social Security

- 7.0 Social Security payments made to any member of an applicant's household counts as income. Income also includes SSI for developmentally disabled or disabled individuals paid to an applicant or another member of the applicant's household.

Interest

- 8.0 The dividends or interest on savings or bonds, incomes from estates or trusts are considered income. Any amount of capital that is regularly withdrawn and used to cover household living expenses is also counted as income.

Retirement income

- 9.0 Pension or retirement payments (such as retirement income received by grandparents or other household members, if part of the household supporting the WIC recipient), are considered income. This includes:
 - 9.1. Private pensions or annuities
 - 9.2. Government civilian employee pensions
 - 9.3. Military employee's pensions, including veteran's payment

Alimony, child support

- 10.0 USDA regulations require that child support or alimony be considered as income to households receiving it, and not deducted from the income of the household paying it.

EXAMPLE: Jim Pierce pays \$250 a month in child support to Sherry Miller for their daughter Amy. If Sherry Miller applies for WIC, her income includes the \$250 child support payment. If Jim Pierce applies for WIC for a child other than Amy, his income also includes the \$250 he pays in child support. It is not deducted from his total income. Jim Pierce cannot count Amy as a member of his household unless she lives with him 50 percent or more of the time.

- 10.1. Child support may include any regular contributions from people not living in the household but that is made regularly enough that the applicant depends on it.

Student loans

- 11.0 The part of student loans or grants funded under Title IV of the Higher Education Act of 1965 is not considered income when calculating WIC income eligibility.
 - 11.1. Attendance costs paid for by the student loan are not considered income. Attendance costs are defined as regular tuition and fees for students carrying at least a half-time workload as determined by the institution, plus an allowance for books, supplies, and transportation required by the course of study. Attendance costs do **not** include paying room (housing), board (food), or dependent care.
 - 11.2. Title IV student loan or grant amounts beyond attendance costs should be considered as income when figuring WIC program eligibility.

- 11.3. Title IV financial assistance includes Pell Grants, Supplemental Educational Opportunity Grant (SEOG), College Work-Study, Perkins Loans, Stafford Loans, and PLUS Loans/Supplemental Loans for Students.

EXAMPLE: Julie Rose is getting a \$5,000 PLUS Loan for attending college full time. Her tuition is \$3,000, books \$500, and transportation to and from school \$500, for a total of \$4,000. The portion of the loan counted as income in determining her eligibility for WIC is \$1,000 (\$5,000 - \$4,000 attendance costs = \$1,000 income).

Student aid

- 11.4. Any other type of student financial assistance provided directly to the individual is considered income.

Farms and self-employment

- 12.0 Net income is gross income minus business-related expenses, such as those deducted when filling out a 1040 tax form. The applicant's most recent completed tax return can indicate net income, but because conditions in farming and self-employment may change rapidly, you should update that information with the applicant's best estimate if they feel this year's income will be significantly different. The intent is to exclude business and farm expenses from income counted for WIC eligibility.

EXAMPLE: Sue Meers has started her own beauty shop, which generates \$1,500 income a month. Sue estimates that the business-related expenses she will report on her 1040 will be about \$500, for rent, supplies, and utilities. Sue's net monthly income, for determining WIC eligibility, is \$1,000 (\$1,500 gross income - \$500 business-related expense).

Payments made by the military

- 13.0 Follow the guidance below for payments made by the military:

Payments made by the military for housing

- 13.1. Any payment received directly by an applicant or participant employed by the military to cover on- or off-base housing is not counted as income when determining WIC eligibility in Oregon. Federal regulations give states the option to not include this kind of allowance as income, so some states count it and some do not. Oregon does not. Payments made directly to a service member and appearing on the employee's Leave and Earnings Statement (LES) as Basic Allowance for Housing (BAH) or Basic Allowance for Quarters (BAQ) is not counted as income when determining WIC eligibility in Oregon.

EXAMPLE: The army pays Margaret Hoolihan \$1,950 a month. This check includes \$450 per month for housing because she lives off-base. This \$450 appears in her paycheck each month and is listed on the LES as BAH. The income used in determining Ms. Hoolihan's WIC eligibility is \$1,500 (\$1,950 less \$450 housing allowance).

Payments made by the military for combat pay

13.2. Any combat pay received directly by an applicant or participant employed by the military while serving in an area that has been designated as a combat zone is not counted as income when determining WIC eligibility.

13.2.1. This only applies to combat pay that is received during the time the service member is deployed to a combat zone.

One-time payments made by the military

13.3. For service members receiving one-time bonus or clothing allowances consider income averaging for the year. (see chart regarding what counts as military pay or allowance)

What Military Pay or Allowance Does Count	What Military Pay or Allowance Does Not Count
<ul style="list-style-type: none">• Base pay – the soldier’s regular rate of pay• Basic Allowance for Subsistence (BAS)• Foreign Language Pay (FLP)• Family Separation Allowance (FSA)• Jump Pay, Dive Pay, Sea Pay, Flight Pay, etc. (unless service member is deployed to a combat zone)• Clothing Maintenance Allowance (CMA) – can be averaged for the year.• Bonus Pay (Bonus) – can be averaged for the year.• Continental United States Cost of Living Allowance (CONUS COLA)	<ul style="list-style-type: none">• Basic Allowance for Housing (BAH or BAQ)• Family Separation Housing (FSH)• Overseas Housing Allowance (OHA)• Overseas Continent United States Cost of Living Allowance (OCONUS COLA)• Combat pay as a result of the service member being deployed to a declared combat zone. (May be Imminent Danger Pay or Hazardous Duty Pay (HZD Pay))

Lump sum payments as income

14.0 Apply the following guidelines when determining how to treat lump sum payments for WIC income eligibility.

14.1. **Do not count** as income lump sum payments that represent reimbursements for lost or damaged property or payments for medical bills resulting from an accident or injury.

14.2. **Count** as income lump sum payments that represent new money intended for income such as gifts, inheritances, lottery winnings, workman’s compensation for lost income, and severance pay. In most cases, the lump sum should be

counted as a part of the household's annual income or divided by twelve to estimate a monthly income.

14.3. If the lump sum payment does not clearly represent either reimbursement or new money, then ask the applicant to declare what portion of the payment is a reimbursement and what portion is new income. The portion that is declared as new money will be counted as income.

15.0 Refer to Appendix B for specific financial resources which are excluded from WIC household income calculations.

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alternate format, please call 971-673-0040.**

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POLICY HISTORY

Date	* Major Revision, Minor revision
9/17/2020	Minor revisions

The date located at the top of the policy is the implementation date unless an "effective date" is noted on the policy. Policies will become compliance findings 6 months from the implementation date.

Release notes can be found in the corresponding document on the [Policy and Procedure Manual page](#).

***Major Revisions:** Significant content changes made to policy.

Minor Revisions: Minor edits, grammatical updates, clarifications, and/or formatting changes have occurred.

Date of Origin: Date policy was initially released

APPENDIX A

What Is Included as Income?

Income includes the following:

- a. Payment received for services including wages, salary, commissions, or fees, and overtime where applicable
- b. Disability payments, including worker compensation payments
- c. Social security benefits, including SSI payments for disabled individuals
- d. Dividends or interest on savings, bonds, estates, or trusts; or net rental income
- e. Temporary Assistance to Needy Families payments
- f. Unemployment compensation
- g. Government civilian employee or military or veteran's payments
- h. Payouts from private pensions or annuities
- i. Alimony or child support payments
- j. Regular cash contributions from persons not living in the household
- k. Net royalties
- l. Other cash income which includes but is not limited to, cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources which are readily available to the family.
- m. Lump sum payments that represent new income such as gifts, inheritance lottery winnings, workman's compensation for lost income and severance pay. (Refer to Lump Sum Payments on ¶14.0 of this policy.)
- n. Cash amounts withdrawn from Indian Trust Funds
- o. Student loans and grants in excess of attendance costs. Attendance costs are regular tuition and fees for students carrying at least half-time workload as determined by the institution, and an allowance for books, supplies, and transportation required by the course of study.
- p. All private student grants or scholarships
- q. Military cash allowances for uniforms and food
- r. Net income from farm and non-farm self-employment

APPENDIX B

What Is Not Included as Income?

Income does **not include** the following:

- a. Federal student loans and grants used for tuition, student fees, the costs for rental or purchase of any required equipment, materials or supplies, books, transportation and miscellaneous personal expenses for a student attending the institution on at least a half-time basis. Following are examples of student loans and grants that are not counted as income:
 1. Pell Grant
 2. Supplemental Educational Opportunity Grant (SEOG)
 3. State Student Incentive Grants
 4. National Direct Student Loans
 5. Stafford Loans
 6. Perkins Loans
 7. PLUS
 8. Supplemental Loans for Students
 9. College Work Study
 10. Byrd Honor Scholarships
- b. Payments or allowances received from the Low-Income Home Energy Assistance Act of 1980
- c. Military Basic Allowance for Housing or Cost of Living Allowances for service members living outside of the contiguous states of the U.S.
- d. In-kind housing or other in-kind benefits and payments (e.g. free room in exchange for babysitting, military on-base housing and medical services)
- e. The value of benefits received through the Farmers Market Nutrition Program
- f. The value of assistance to children or their families from the following programs:
 1. School Lunch Program
 2. Summer Food Service Program
 3. Child and Adult Care Food Program
 4. Special Milk Program
 5. School Breakfast Program
 6. Supplemental Nutrition Assistance Program (SNAP)
 7. Food Distribution Program on Indian Reservations (FDPIR)
 8. Food Bank Programs

- g. Any childcare payments from the following programs:
 - 1. TANF Child Care Program
 - 2. Title IV-A Child Care Program
 - 3. JOBS Child Care Program
 - 4. At-Risk Child Care Programs (Sec. 402 of Social Security Act, or Section 5081 of Public Law 101-508)
 - 5. Child Care Development Block Grant
- h. Lump sum payments that represent reimbursements including those received from insurance companies for loss or damage of property and payments of medical bills resulting from an accident or injury. Refer to pages 613.5 and 613.6, ¶14.0 of this policy.
- i. Earned Income Credit (EIC), a tax credit for families who work and have children.
- j. Payments received under the Job Training Partnership Act from the following programs:
 - 1. Adult and Youth Training Programs
 - 2. Summer Youth Employment and Training Programs
 - 3. Dislocated Worker Programs
 - 4. Programs for Native Americans
 - 5. Migrant Seasonal Farm-workers Program
 - 6. Veterans Employment Programs
 - 7. Job Corps
- k. Payments received under the Alaskan Native Claims Settlement Act.
- l. Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes.
- m. Any payments to volunteers under Title I and Title II of the Domestic Volunteer Service Act of 1973 (VISTA, Retired Senior Volunteer Program, foster grandparents, Senior Companions Program, and others) or the Small Business Act.
- n. Payments to volunteers under Section 8 of the Small Business Act (SCORE and ACE).
- o. Payments under the Disaster Relief Act of 1974, as amended by the Disaster Relief and Emergency Assistance Amendments of 1989.
- p. Payments related to federal education assistance as follows: payments received under the Carl D. Perkins Vocational Education Act and the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990; mandatory salary reduction amount for military service personnel to fund the G.I. Bill.
- q. Payments received due to the Agent Orange Compensation Exclusion Act.
- r. Payments received from Wartime Relocation of Civilians under the Civil Liberties Act of 1988.

- s. Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- t. Payments received under the Old Age Assistance Claims Settlement Act, except for per capita shares in the excess of \$2,000.
- u. Payments received under the Judgment Award Authorization Act.
- v. Payments received under the Veteran's Educational Assistance Act of 1984 (GI Bill) as amended.
- w. Payments received under the Cranston-Gonzales National Affordable Housing Act, unless the family's income equals or exceeds 80% of the median income of the area (see box below).
- x. Payments received under the Housing and Community Development Act of 1987, unless the family's income increases at any time higher than 50% of the median income of the area:

The "median income of the area" is determined by the Housing and Urban Development (HUD) agency. All recipients of payments under the Cranston- Gonzales National Affordable Housing Act and the Housing and Community Development Act of 1987 have incomes below 80% and 50% of the area, respectively. Therefore, these payments would not be counted as income for WIC eligibility purposes. Federal law requires that this information be stated in the WIC Program Manual.

- y. Federal compensation to the following Native American groups: Warm Springs Tribe (Judgment Award Authorization Act funds up to \$2,000 maximum per payment); Yakima Indian Nation (Indian Claims Commission Payment); Apache Tribe of the Mescalero Reservation (Indian Claims Commission Payment); Navajo and Hopi Tribe (relocation assistance); Blackfeet, Grosventre, and Assiniboiné Tribes (Montana); Papago Tribe (a.k.a. Tohono O'odham Nation, Arizona); Chippewas: Mississippi, Michigan, Red Lake, Saginaw, Turtle Mountain; Sac and Fox Indian (claims agreement); Passamaquoddy Tribe and Penobscot Nation (Maine Indian Claims Settlement Act, 1980); and Ottawa Indians, Grand River Band. Payments received under the Judgment Award Authorization Act, or income from submarginal U.S. land held in trust for certain Indian tribes.
- z. Short-term, non-secured loans to which the applicant does not have constant or unlimited access.
- aa. Payments received by property owners under the National Flood Insurance Program (Pub. L. 109-64)
- bb. Any subsidy that a household receives through the Medicare/Medicaid prescription drug discount card program.
- cc. Payments from the Filipino Veterans Equity Compensation Fund (Pub. L. 111-5)