

NOTE: Child Support paid to a child support agency and retained by the agency is deducted, even when the individual who pays the support resides with the person to whom the payment would customarily be paid. When the AG member pays the support to the agency and it is forwarded back to an individual who resides in the same household, a deduction is not given.

EXAMPLE: An AG member has a court order to pay \$150 per month child support and he verifies only \$50 per month in payments. His child support deduction is \$50.

EXAMPLE: An AG member has a court order to pay \$100 per month child support and to provide medical coverage available through his employer. He did not make a payment for 10 months and owes \$1,000 in arrearage. His employer deducts \$100 per month child support, \$50 arrearage and \$25 per month for medical insurance for the child. His child support deduction is \$175.

EXAMPLE: Same situation as above, except the order requires \$50 per month alimony and \$100 per month rent to his ex-wife's landlord, which the court order stipulates is part of his child support obligation. The child support deduction is \$275. No deduction is given for the alimony.

When the child support amount paid each month varies, a minimum 3-month total is averaged to project over the certification period.

When the payment record is less than 3 months, the deduction is based on anticipated payments, including arrearage.

For child support paid by disqualified individuals, see item D,8.

5. Homeless Shelter Standard Deduction

This deduction **may be** applied when a homeless AG incurs any shelter/utility expenses for the month. Homeless AG's which receive free housing and utilities throughout the month are not eligible for the deduction. However, if they incur any shelter or utility expense, regardless of the amount, any time during the month, or if they can reasonably be expected to have such expenses, they qualify for the **Homeless Shelter Standard** deduction. See Appendix B.

EXAMPLE: A homeless family applies for Food Stamp benefits. They have been living in their car until the Department paid for them to stay in a motel for a week. Now they reside at a homeless shelter. This family does not qualify for the deduction because none of its own money was used for shelter.

EXAMPLE: A family becomes homeless while receiving Food Stamp benefits. They are living first with one relative and then another, paying a token amount for their keep. This family qualifies for the deduction because it has incurred expenses for shelter.

If the AG incurs, or reasonably expects to incur, shelter and/or utility costs in excess of the homeless shelter standard deduction amount, the AG may use **the actual shelter and/or the appropriate utility standard, if eligible**. An AG must not receive the homeless shelter standard deduction and **a deduction for actual shelter costs and the SUA** in the same month. See item B,7 for allowable shelter and/or utility expenses.

6. Medical Expenses

Medical expenses in excess of \$35 must be allowed as a medical deduction. Only the medical expenses of AG members who are elderly, which is at least age 60, or disabled, as defined in Section 12.15,B, are considered. Once the medical expenses of all such AG members have been totaled, the amount of the total in excess of \$35 is used as a medical deduction. There is no maximum dollar limit for the amount of a medical deduction. Thirty-five dollars (\$35) is deducted from the total amount of expenses for the AG, not \$35 from each person's expenses.

a. Allowable Expenses

- Medical and dental care including psychotherapy and rehabilitation services provided by a qualified health professional.
- Prescription and over-the-counter drugs, if prescribed by a qualified health professional. This includes postage and handling costs paid for mail-order prescription drugs.
- Fee paid by AG members for the member's enrollment in the Medicare Approved Drug Discount Program.
- Medicare Approved Drug Discount Card - Standard Drug Expense Allowance (SDEA). This benefit ended in May 2006.

NOTE: This expense allowance does not apply to prescriptions purchased with any other drug discount cards.

- Prorated Medicare Drug Program Transitional Assistance Credit. This benefit ended in December 2005.

c. Medical Deduction for Residents of Group Living Facilities

Allowable medical expenses which can be identified apart from food and shelter payments are deducted. See Section 14.2.

d. Categorically Eligible, Retroactive SSI Approvals

When all of the following conditions are met, the AG must have benefits restored to compensate the client for a medical deduction he did not receive:

- The AG becomes Categorically Eligible due to retroactive approval of SSI benefits.
- The individual approved for SSI is entitled to a medical deduction.
- The client started receiving Food Stamp benefits prior to being found eligible for SSI.

Benefits must be restored for the period for which the individual is authorized to receive SSI benefits or the date of the Food Stamp application, whichever is later.

7. Shelter/Utility Deduction

After all other exclusions, disregards and deductions have been applied, 50% of the remaining income is compared to the total monthly shelter **costs** and **the appropriate Standard Utility Allowance (SUA)**. If the shelter costs/**SUA** exceed 50% of the remaining income, the amount in excess of 50% is deducted. The deduction cannot exceed the shelter/utility cap found in Appendix B.

EXCEPTION: The cap on the shelter/utility deduction does not apply when the Food Stamp AG includes an individual who is elderly or disabled, as defined in Section 12.15,B.

The expense must be allowed only if the AG is obligated to pay with the resources of the AG. The deduction applies whether the expense is obligated from excluded or non-excluded resources. There is no time period for deciding when a AG is no longer allowed a deduction for the bill. The AG is no longer allowed the deduction when the expense is no longer billed or is no longer due. An expense does not have to be paid to be a deduction.

NOTE: A shelter cost paid in advance, but billed and/or due during the certification period, is used as a deduction.

When the AG is providing an in-kind payment instead of a cash payment, a deduction is only allowed when the original obligation is a cash payment. The AG must be otherwise obligated to make a cash payment, if the in-kind benefit is not provided.

EXAMPLE: An AG is renting a house that is in need of repairs. The house normally rents for \$450 a month. The landlord has agreed to allow the AG to make repairs to the home in lieu of making a rent payment for 6 months. The AG is entitled to a \$450 rent deduction for 6 months.

EXAMPLE: Same situation as above, except that the landlord has agreed to allow the AG to make repairs to the home in lieu of part of the rent for 12 months. The AG must make a cash payment of \$225 a month and make repairs for the remaining \$225 a month. The AG is entitled to a \$450 rent deduction for 12 months.

EXAMPLE: An AG is renting a room in an elderly woman's home. In exchange for rent, the AG is expected to provide housekeeping, lawn care and meal preparation for the woman. No cash value was assigned to this obligation. The AG is not required to make a cash payment in lieu of these responsibilities. The AG is not entitled to a shelter deduction since the only rental obligation is an in-kind payment.

EXAMPLE: A college student uses a portion of his educational grants and loans **in August** to pay his rent through the end of the semester. His rent is used as a shelter deduction as it would be due during the certification period.

EXAMPLE: A college student's parents pay his rent during the school term. His rent is not used as a deduction because he is not obligated to pay it. His parents do not pay his rent during the summer. He may receive a deduction during this time because he is obligated to pay the rent.

If the home is not occupied by the Food Stamp AG because of employment or training away from home, illness, or disaster/casualty loss **of an AG or non-AG member**, a deduction is allowed, if the AG remains responsible for the shelter and/or utility costs, and the home is not leased or rented during this time. The AG must intend to return to the home, and the current occupants of the house, if any, must not be claiming the shelter costs for Food Stamp purposes.

Homeless AG's who use the Homeless Shelter Standard Deduction are not eligible for the SUA **and an additional shelter deduction**. AG's with **utility expenses for** both occupied and unoccupied homes may only **use** the SUA for one home. The client chooses the one for which he uses the SUA. **AGs with shelter expenses, such as rent and mortgage, for**

both occupied and unoccupied homes may use the obligations for both homes as a deduction.

NOTE: When the client claims expenses for his home as a self-employment expense, the deduction can be either a shelter deduction or a cost of doing business, but the total deduction given must not exceed the actual expense. See item D, 4 below.

a. Shelter Costs

Items considered in arriving at shelter costs are the continuing amounts of:

- Rent. Security or damage deposits are not a shelter expense.
- Mortgage payments. This includes second mortgages and home equity loans and any other loans for which the dwelling is used as collateral.
- Interest on mortgage payments
- Condominium and association fees, regardless of purpose for the fees.
- Property taxes and special tax assessments on the structure and lot required by State or local law. This does not include assessments such as police and fire fees, unless the fee is based on property valuation.
- Insurance on the structure and lot. This does not include insurance on furniture or personal belongings.

If the insurance cost on the structure and the cost on the personal belongings/furniture cannot be identified separately, the entire insurance payment is allowed.

- Cost of repairing the home which was damaged or destroyed due to a natural disaster **or misfortune including, but not limited to**, fire, flood **or freezing temperatures**. This does not include charges that will be or have been reimbursed from any source such as insurance, private agency, etc.
- A car payment when the **homeless** AG lives in the vehicle
- Insurance on the vehicle itself when the **homeless** AG lives in the vehicle

(1) Effect of Rent Subsidies

A rent subsidy paid directly to the client's landlord is not counted as income and **the amount of the subsidy** is not used as a shelter deduction. A rent subsidy paid directly to the client or to the utility provider is counted as income, and the amount of the rent payment actually made from the AG's income, including income counted due to direct receipt of a rent subsidy, is used as a shelter deduction.

When HUD is recovering an overpayment by withholding money for current and future subsidies, the client's contribution increases. Such an increase is not counted as an increase in shelter costs.

(2) Residents of Group Living Facilities (GLF)

The portion of the payment made to the GLF, which can be identified as being for shelter or utilities, is used as a shelter deduction. If more than one resident is in the AG, their combined shelter payments **and the appropriate SUA is used** as a deduction.

If it is not possible to identify the portion of the payment which is for shelter, the Worker subtracts the maximum monthly coupon allotment for the number of persons in the AG from the total monthly payment actually made from the AG's income. The remainder is used as the shelter expense.

b. Standard Utility Allowance (SUA)

The Standard Utility Allowances are fixed deductions which are adjusted yearly to allow for fluctuations in utility costs. These deductions are the Heating/Cooling Standard (HCS), the Non-Heating/Cooling Standard (NHCS), and the One Utility Standard (OUS). The current SUA amounts are found in Appendix B.

AGs that are obligated to pay from their own resources a utility expense that is billed separately from their shelter costs are eligible for an SUA deduction. AGs which are not obligated to pay any utility cost are ineligible for the SUA, regardless of utility expenses paid by others in the residence.

Items which are considered utilities include, but are not limited to:

- Water, including well installation and maintenance
- **LP or natural** gas
- Wood, **wood pellets**, coal and heating oil
- Electricity
- Sewage, including septic tank system installation and maintenance
- Garbage collection
- The basic rate for one telephone **either land-line or cellular service, but not both. Basic rate charges include, but are** not limited to, taxes, wire maintenance fees, subscriber line charges, relay center surcharges and 911 fees. It does not include extra services such as touchtone services, call-waiting, caller ID, etc.

NOTE: Cable/digital/satellite television service, utility deposits, and pre-paid cell phones are not treated as utility expenses.

AGs are assigned the appropriate SUA based on the utilities they are obligated to pay. Eligibility for the SUA must be evaluated at certification, redetermination, and when the AG reports a change in utilities that may affect its eligibility for a deduction. Although actual utility costs are not used, these amounts must be entered into RAPIDS on AFUC.

EXCEPTION: When an AG shares a residence with another AG or non-AG and shares any utility cost, the AG is eligible to receive the appropriate SUA based on all of the utilities of the residence.

EXAMPLE: A Food Stamp recipient shares a home with another individual. The utilities for the home are electric, gas, water and phone. The FS recipient pays the water, and the other individual pays the electric, gas and telephone. The FS recipient is eligible for an SUA deduction based on the utilities of the residence, which are the electric, gas, water and telephone.

(1) Heating/Cooling Standard (HCS)

To be eligible for the **HCS**, the AG must meet the **following** criteria:

(a) Heating or Cooling Costs

AGs that are obligated to pay a heating or cooling expense that is billed on a regular basis are eligible for the HCS. This does not mean that there must be a monthly billing for heating or cooling throughout the year. It means that there must be a regular bill for heating or cooling during the appropriate season.

Heating expenses include, but are not limited to, the cost of electricity, gas, oil, coal, wood, **wood pellets** and kerosene. Heating costs must be payments for the fuel item itself, and not for related costs. Related costs are those expenses necessary to obtain the fuel **or to operate the unit, such as electricity to run a gas furnace.**

EXAMPLE: A client uses free firewood for heat, but must pay for delivery of the wood. The delivery cost alone does not qualify the AG for the **HCS**.

Cooling costs are utility expenses related to the operation of air conditioning systems or room air conditioners. Fans are not considered air conditioners.

NOTE: In order to qualify for the **HCS**, the heating or cooling costs must be for the primary source of heating or cooling.

EXAMPLE: The use of electric space heaters by **an AG** whose primary source of heat is free gas, does not qualify the AG for the **HCS**.

(b) Separate Billing

The expense for heating or cooling costs must be **billed** separate from the rent or mortgage payment **of the residence, even if the AG combines those payments.**

Income

This includes the following:

- Residents of a private rental housing who are billed by the landlord **for a heating or cooling cost** based on actual use or charged a flat rate separately from the rent
- AG's that live in separate residences, but share a single meter
- AG's that rent different residences in the same building **and share utility meters**, and one is billed for heating and one is billed for **another utility**
- **Residents of public housing with shared utility meters who are billed for excess heating or cooling costs.**

NOTE: AG's that have utilities included in their rent and/or shelter payments, but are billed separately for a heating or cooling cost are eligible for the HCS.

(c) LIEAP Recipients

AG's which are recipients of LIEAP or share a residence and utility costs with a LIEAP recipient are eligible to receive the HCS. The LIEAP heating season is October 1st through April 30th of each year. A recipient of LIEAP is defined as either of the following:

- Those who received LIEAP payments during the last heating season, and the new heating season, as defined by LIEAP, has not yet started. This applies only when the AG remains in the same residence.
- Those who have applied for or indicate an intent to apply for LIEAP for the new heating season and the Worker believes, with reasonable certainty, will be eligible for LIEAP once the new heating season starts. It is not necessary to determine the AG's eligibility for LIEAP. The Worker must anticipate if the client will receive LIEAP, based on the best

available information, short of a LIEAP eligibility determination.

(d) Ineligibility for the HCS

The AG is not eligible for the HCS when any of the following situations exist:

- The AG is using the Homeless Shelter Standard Deduction.
- The heating or cooling costs are included in the shelter obligation and are not billed separately.
- The AG receives an excluded utility supplement and does not have utility costs in excess of the amount of the excluded supplement.

NOTE: A recipient of LIEAP is eligible for the HCS, even if he falls into one of the groups listed above.

- An AG who received LIEAP during the last heating season, as defined, by LIEAP but does not apply or is not eligible for LIEAP when the new heating season begins is not eligible for the HCS as a LIEAP recipient.

(2) Non-Heating/Cooling Standard (NHCS)

AGs that do not qualify for the HCS, but incur two or more utility expenses or at least one utility expense when sharing a residence that has two or more utilities, are eligible for the NHCS. To be eligible for the NHCS, the AG must also meet the following criteria.

(a) Separate Billing

The utility costs must be separate and apart from the rent or mortgage payment for the residence.

This includes the following:

- Residents of private rental housing who are billed by the landlord based on actual use or charged a flat rate separately from the rent
- AG's that live in separate residences, but share a single meter
- AG's that rent different residences in the same building, and one is billed for one utility and the other is billed for the other utility.
- Residents of public housing with shared utility meters who are billed excess costs for two or more utilities.

NOTE: AGs that have utilities included in their rent and/or shelter payment, but are billed separately for two or more utility expenses are eligible for the NCHS.

(b) Ineligibility for the NHCS

The AG is not eligible for the NHCS when any of the following situations exist:

- The AG is using the Homeless Shelter Standard Deduction.
- All of the utility costs are included in the shelter payment and none are billed separately.
- The AG receives an excluded utility supplement and does not have utility costs in excess of the amount of the excluded supplement.

(3) One Utility Standard (OUS)

AGs that do not qualify for the HCS or the NHCS, but incur one utility expense, are eligible for the OUS. To be eligible for the OUS, the AG must also meet the following criteria:

(a) Separate Billing

The utility cost must be separate and apart from the rent or mortgage payment of the residence.

This includes the following:

- Residents of a private rental housing who are billed by the landlord based on actual use or charged a flat rate separately from the rent
- AG's that live in separate residences, but share a single meter
- AG's that rent different residences in the same building, and only one is billed for the one utility.
- Residents of public housing with a shared utility meter who are billed excess cost of a single utility.

NOTE: AGs that have a utility or multiple utilities included in their rent and/or shelter payment, but are billed separately for one utility expense are eligible for the OUS.

(b) Ineligibility for the OUS

An AG is not eligible for the OUS when any of the following situations exist:

- The AG is using the Homeless Shelter Standard Deduction.
- All of the utility costs are included in the shelter payment and none are billed separately.
- The AG receives an excluded utility supplement and does not have utility costs in excess of the amount of the excluded supplement.

c. Categorically Eligible, Retroactive SSI Approvals

When all of the following conditions are met, the AG must have benefits restored to compensate the client for the uncapped shelter/utility deduction he did not receive:

- The AG becomes Categorically Eligible due to retroactive approval of SSI benefits;
- The AG qualifies for the uncapped shelter/utility deduction and did not receive it; **and**
- The client started receiving Food Stamp benefits prior to being found eligible for SSI. Benefits must be restored for the period for which the individual is authorized to receive SSI benefits or the date of the Food Stamp application, whichever is later.

C. DETERMINING ELIGIBILITY AND BENEFIT LEVEL

The following information describes situations encountered in determining eligibility for most AG's. However, there are situations which require special treatment. See Section 10.4,D.

The process of determining eligibility and the amount of the benefit differs when an AG member is elderly or disabled.

1. Determining Eligibility

- When at least one AG member is elderly, which is at least age 60, or disabled as specified in Section 12.15,B, eligibility is determined by comparing the countable income to the maximum net monthly income found in Appendix A. There is no gross income test.
- When no AG member is elderly or disabled, the gross income must be equal to or less than the gross income limit in Appendix A. If so, the AG qualifies for the disregards and deductions in Section 10.4,B. If the gross income exceeds the amount in Appendix A, the AG is ineligible.

EXCEPTION: When the AG is Categorically Eligible as defined in Chapter 1, the gross income test is presumed to be met.

2. Determining Countable Income

NOTE: Food Stamp **certification** for residents of shelters for battered women and their children is based on the income, assets and expenses of the women and their children. See Sections 11.5 and 14.2.

The following steps are used to determine countable income for cases meeting the eligibility tests in item 1 above.

Step 1: Combine monthly gross non-excluded earnings and monthly gross profit from self-employment.

Step 2: Deduct 20% of Step 1.

Income

- Step 3: Add the gross non-excluded unearned income, including the WV WORKS benefit and any amount reduced or being repaid to the WV WORKS due to failure to comply with a program requirement. See Section 10.4,D.
- Step 4: Subtract the Standard Deduction found in Appendix B.
- Step 5: Subtract the Dependent Care Deduction up to the maximums found in Appendix B.
- Step 6: Subtract the amount of legally obligated child support actually paid.
- Step 7: Subtract the Homeless Shelter Standard Deduction found in Appendix B.
- Step 8: Subtract allowable medical expenses in excess of \$35.
- Step 9: Calculate 50% of the remaining income and compare it to the actual monthly shelter/SUA amount.

Step 10:

	No One Elderly or Disabled	At Least One Person Elderly or Disabled
Shelter/ SUA Equal To Or Less Than Step 9.	No further computation is needed. The amount from Step 8 is the countable income.	No further computation is needed. The amount from Step 8 is the countable income.
Shelter/ SUA Greater Than Step 9.	The amount in excess of 50%, not to exceed the shelter/ utility cap, in Appendix B is deducted to arrive at countable income.	The amount in excess of 50% is deducted, without regard to the shelter/ utility cap, in Appendix B to arrive at countable income.

- Step 11: Compare the countable income to the maximum net income in Appendix A for the AG size. This net income test does not apply to Categorically Eligible AG's. See Chapter 1.

3. Determining The Amount Of The Benefit

To determine the coupon allotment, find the countable income and the number in the AG in Appendix C. One- and two-person AG's who meet the gross and net income test or who are categorically eligible, as defined in Section 1.4,R,3, automatically receive a \$10 coupon allotment, unless it is a prorated allotment. See Appendix D. No benefits are issued to any AG eligible for an initial, prorated allotment of \$1 - \$9. See Chapter 1 for proration requirements.

Although Appendix C of this Chapter (10), Basis of Coupon Issuance, provides coupon allotment amounts based upon countable income, the Worker may determine the benefit amount by using the following method. This method is also used by RAPIDS to determine the benefit.

Computation of Benefit Amount	Example
Multiply net income by 30%.... (Round up)	$ \begin{array}{r} \$ \quad 554 \text{ Net monthly income} \\ \times \quad .30 \\ \hline \$166.20 = \$167 \end{array} $
Subtract 30% of net income from the maximum monthly benefit for the AG size.....	$ \begin{array}{r} \$542 \text{ Maximum allotment for 4} \\ -167 \text{ 30\% of net income} \\ \hline \$375 \text{ Food Stamp allotment for a full month} \end{array} $

D. SPECIAL SITUATIONS

1. Categorical Eligibility

There are no special income calculations for those who are Categorically Eligible. Although there is no gross or net income test, countable Food Stamp income is still calculated the same way it is for all other Food Stamp AG's. See Chapter 1 for Categorical Eligibility information.

The gross income test is passed.

5. Migrant Farm Laborers With Seasonal Employment

See item D,3.

6. Annual Contract Employment

This section applies to any person employed under a yearly contract, such as school employees, including bus drivers, cooks, janitors, aides and professional staff.

These individuals have their annual income prorated over a 12-month period. Additional earnings, such as for summer work, are added to the prorated amount during the time additional earnings are received.

Although a person may not have signed a new annual contract, he is still considered employed under an annual contract when the contract is automatically renewable, or when he has implied renewal rights. Implied renewal rights are most commonly associated with school contracts.

NOTE: This item does not apply during strike and disaster situations when the other party to the contract cannot fulfill it; or when labor disputes interrupt the flow of earnings specified in the contract. This item also does not apply to migrant workers or substitute employees.

7. Educational Income

All student financial assistance is excluded in its entirety.

Excluded educational assistance **includes, but is not limited to:**

- Federal Pell Grants
- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Guaranteed Student Loans, including William D. Ford Federal Direct Loan Program and Federal Direct PLUS loans and Supplemental Loans for Students, Federal Family Education Loan (FFEL) Program
- Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) Programs, formerly known as State Student Incentive Grants

- Federal Perkins Loans
- Federal Stafford Loans
- Federal **and non-federal college** Work-Study.
- Robert C. Byrd Honors Scholarship
- WV Promise Scholarships
- WV Higher Education Grant, also known as WV Grant
- **Veteran's Educational Benefits**
- **Montgomery GI Bill**

8. Deeming

Income is deemed from individuals who are ineligible, disqualified and excluded by law and from certain income sources as found below.

NOTE: This does not apply to students who are ineligible due to the provisions in Section 9.1, individuals who are ineligible due to receipt of Food Stamp benefits in another State and individuals who are ineligible due to the institution residence provision in Section 8.2.

See Sections 18.7 and 18.8 for deeming from ineligible aliens and from alien sponsors.

a. Deeming From Disqualified and Ineligible Individuals

Income treatment differs, based on the reason for the disqualification or ineligibility as follows:

(1) Ineligible AG Members

The following individuals are ineligible to be included in the AG and are not counted as AG or Needs Group members when determining eligibility and the benefit level. See Section 9.1.

**DUE TO THE DELETION
OF SOME MANUAL MATERIAL
PAGES 89 - 90
HAVE BEEN RESERVED FOR FUTURE USE.**

Income

- Individuals subject to an enumeration penalty
- Individuals who are ineligible ABAWDs due to expiration of the first or second 3-month limit.
- Ineligible aliens

However, his income is deemed as follows:

Step 1: The total non-excluded income of the ineligible individual is divided by the number of persons in the AG, plus the ineligible individual(s). This is each individual's prorata share.

Step 2: Subtract the disqualified individual(s)' share from his total non-excluded income. The remaining amount is counted as income to the AG.

The Earned Income Disregard is applied only to the portion deemed to the AG.

The portion of the AG's allowable child support payments, shelter and dependent care expenses, which is billed to and/or paid by the ineligible individual is prorated as described above.

NOTE: No portion of an AG's SUA is prorated due to the ineligibility of an AG member.

The amount of the prorated dependent care expense must not exceed the maximum Dependent Care Deduction. When the dependent care expense exceeds the maximum Dependent Care Deduction, the maximum Dependent Care Deduction is prorated. Only the AG's prorata share of expenses is used as a deduction when determining countable income.

EXAMPLE: The household consists of father, mother and three children. The father has earnings of \$500 per month and is an ineligible individual. There is no other income in the home **and the father pays the \$250** rent.

Income for the AG is calculated as follows:

Income

Step 1: $\$500 \div 5 = \100 Pro rata income share for each person

Step 2: $\$500$ Father's income
 $\underline{-100}$ Father's pro rata share
 $\$400$ Deemed to AG as earned income

The shelter expense is calculated as follows:

Step 1: $\$250 \div 5 = \50 Pro rata rent share for each person

Step 2: $\$250$ Rent paid by father
 $\underline{- 50}$ Father's pro rata share
 $\$200$ Used as shelter expense for AG

(2) Disqualified Individuals

The income of the following disqualified and excluded individual(s) is counted as if he were a member of the AG.

- An individual who is in a Food Stamp penalty for failure to comply with Food Stamp work requirements. See Section 13.6.
- An individual who is excluded by law. See Section 9.1,A,2,g.
- An individual who has been found guilty of an Intentional Program Violation (IPV). See Section 9.1,A,2,h.