

# ALASKA ADULT PUBLIC ASSISTANCE MANUAL

## CHAPTER CONTENTS

| Section |  | Page |
|---------|--|------|
| 442     | INCOME EXCLUSIONS .....  | P-1  |
| 442-1   | INCOME EXCLUSIONS WHICH APPLY TO BOTH EARNED AND<br>UNEARNED INCOME..... | P-1  |
|         | A. INFREQUENT/IRREGULAR INCOME.....                                      | P-1  |
|         | B. \$20 PER MONTH GENERAL INCOME EXCLUSION .....                         | P-2  |
|         | C. AMOUNT TO FULFILL A PLAN FOR ACHIEVING SELF-<br>SUPPORT .....         | P-2  |
| 442-2   | EARNED INCOME EXCLUSIONS.....  | P-3  |
|         | A. EARNED INCOME EXCLUSIONS AUTHORIZED BY<br>FEDERAL LAWS .....          | P-3  |
|         | B. EARNED INCOME TAX CREDIT AND CHILD TAX CREDIT<br>PAYMENTS .....       | P-3  |
|         | C. INFREQUENT/IRREGULAR EARNED INCOME .....                              | P-4  |
|         | D. STUDENT EARNED INCOME EXCLUSION.....                                  | P-4  |
|         | E. \$20 PER MONTH GENERAL INCOME EXCLUSION .....                         | P-5  |
|         | F. \$65 EARNED INCOME EXCLUSION.....                                     | P-5  |
|         | G. IMPAIRMENT RELATED WORK EXPENSES FOR<br>DISABLED.....                 | P-5  |
|         | H. ONE-HALF OF REMAINING EARNED INCOME.....                              | P-6  |
|         | I. WORK EXPENSES FOR THE BLIND.....                                      | P-6  |
|         | J. AMOUNT TO FULFILL A PLAN FOR ACHIEVING SELF-<br>SUPPORT .....         | P-7  |
| 442-3   | UNEARNED INCOME EXCLUSIONS.....  | P-8  |
|         | A. INCOME EXCLUSIONS AUTHORIZED BY FEDERAL LAWS .....                    | P-8  |
|         | 1. COMPENSATION TO VOLUNTEERS .....                                      | P-8  |
|         | 2. REMUNERATION FOR OUT-OF-POCKET EXPENSES.....                          | P-8  |
|         | 3. CERTAIN ASSISTANCE PROVIDED UNDER THE<br>OLDER AMERICANS ACT .....    | P-8  |
|         | 4. FEDERAL HOUSING ASSISTANCE .....                                      | P-9  |
|         | 5. FEDERAL RELOCATION ASSISTANCE PAYMENTS.....                           | P-9  |
|         | 6. STATE OR LOCAL RELOCATION ASSISTANCE<br>PAYMENTS .....                | P-10 |
|         | 7. EDUCATIONAL ASSISTANCE.....   | P-11 |
|         | 8. ALASKA NATIVE CLAIMS SETTLEMENT ACT<br>(ANCSA) PAYMENTS.....          | P-13 |
|         | 9. OTHER EXCLUSIONS OF PAYMENTS TO INDIANS .....                         | P-14 |
|         | 10. WORLD WAR II RESTITUTION PAYMENTS .....                              | P-16 |
|         | 11. AGENT ORANGE SETTLEMENT PAYMENTS.....                                | P-16 |

**ALASKA ADULT PUBLIC ASSISTANCE MANUAL**

|       |   |      |
|-------|---|------|
| 12.   | GIFTS OF DOMESTIC TRAVEL TICKETS .....                              | P-17 |
| 13.   | VICTIMS' COMPENSATION PAYMENTS .....                                | P-17 |
| 14.   | PAYMENTS TO VICTIMS OF NAZI PERSECUTION .....                       | P-18 |
| 15.   | ENERGY EMPLOYEES OCCUPATIONAL ILLNESS<br>COMPENSATION PAYMENTS..... | P-18 |
| 16.   | RADIATION EXPOSURE COMPENSATION TRUST<br>FUND.....                  | P-18 |
| 17.   | INDIVIDUAL DEVELOPMENT ACCOUNT (IDA).....                           | P-19 |
| 18.   | PAYMENTS TO PERSONS CAPTURED AND<br>INTERNED BY NORTH VIETNAM.....  | P-19 |
| 19.   | RICKY RAY HEMOPHILIA RELIEF FUND.....                               | P-20 |
| 20.   | VIETNAM VETERANS' CHILDREN WITH SPINA<br>BIFIDA .....               | P-20 |
| B.    | CERTAIN ASSISTANCE BASED ON NEED .....                              | P-21 |
| C.    | REFUNDS OF TAX PAID ON REAL PROPERTY OR FOOD.....                   | P-21 |
| D.    | DISASTER ASSISTANCE .....   | P-21 |
| E.    | DIVIDENDS AND INTEREST .....  | P-22 |
| F.    | FOSTER CARE PAYMENTS .....  | P-22 |
| G.    | INCREASE IN VALUE OF BURIAL FUNDS .....                             | P-22 |
| H.    | HOME ENERGY ASSISTANCE .....  | P-23 |
| I.    | CHILD SUPPORT PAYMENTS FROM AN ABSENT PARENT .....                  | P-23 |
| 442-4 | THE ORDER IN WHICH INCOME EXCLUSIONS ARE APPLIED .....              | P-24 |

442 **INCOME EXCLUSIONS**

Certain income is excluded in determining the countable monthly income of an APA applicant or recipient, together with the income of his or her spouse. This chapter explains the income exclusions allowed to APA applicants and recipients. Refer to chapter 460 for policy on income exclusions allowed to ineligible spouses and alien sponsors.

442-1 **INCOME EXCLUSIONS WHICH APPLY TO BOTH EARNED AND UNEARNED INCOME**

Some income exclusions apply only to earned income, some apply only to unearned income, and a few apply to both earned and unearned income. The following income exclusions apply to both earned and unearned income. Income exclusions that apply to both earned and unearned income are applied first to unearned income and then to earned income.

**A. INFREQUENT/IRREGULAR INCOME**

Infrequent or irregular income is excluded when the amount received does not exceed \$30 per calendar quarter for earned income and \$60 per calendar quarter for unearned income. This exclusion may be applied to both earned and unearned income in the same month if the total of each does not exceed the limits above. Thus, it is possible to exclude as much as \$90 per calendar quarter under this provision.

For this exclusion to apply, income must be either infrequent or irregular.

1. **Infrequent.** An individual receives infrequent income if he or she receives it no more than once in a calendar quarter from a single source. An example of infrequent income is quarterly interest income posted to a savings account.
2. **Irregular.** An individual receives irregular income if he or she could not reasonably expect to receive it. Examples of irregular income include small cash gifts or income from a one-time job such as shoveling snow.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-1 Continued

*Note: Do not confuse this exclusion with the \$20 per month general income exclusion. This exclusion is applied before and in addition to the \$20 per month general income exclusion.*

#### **B. \$20 PER MONTH GENERAL INCOME EXCLUSION**

The first \$20 per month of any unearned income that an individual or couple receives, other than income based on need, is excluded from income. The \$20 per month general income exclusion is not allowed against needs-based income.

The \$20 general income exclusion is applied first to unearned income and then to earned income. If an individual or couple has less than \$20 of non needs-based unearned income and has earned income, any part of the \$20 exclusion not applied against unearned income is applied to the earned income. If the individual or couple has only earned income, or a combination of earned income and needs-based unearned income, the entire \$20 exclusion is applied to the earned income.

The \$20 general income exclusion is applied only once to a couple, even when both members have income, because the couple's income is combined in determining APA eligibility and payment.

*Note: The \$20 per month general income exclusion is **not** allowed in determining nursing home eligibility under the Long Term Care (300%) provision. It is **not** allowed in completing the post-eligibility Medicaid cost of care calculation.*

#### **C. AMOUNT TO FULFILL A PLAN FOR ACHIEVING SELF-SUPPORT**

Any earned or unearned income of a blind or disabled recipient that the recipient needs to fulfill a plan for achieving self-support is excluded from income. To allow this exclusion, the Social Security Administration or the Division of Vocational Rehabilitation must approve any plan for achieving self-support and specify what amount of income is to be excluded.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-1 Continued

***Verification.** Documentation from either the Social Security Administration or the Division of Vocational Rehabilitation shall be used to verify the amount of income to be set aside as part of a plan to achieve self-support. In the absence of such documentation, a collateral contact with the agency involved is acceptable.*

### 442-2 EARNED INCOME EXCLUSIONS

Some earned income is excluded when determining income eligibility for the APA program. Earned income exclusions never reduce earned income to less than zero. Unused earned income exclusions are never applied to unearned income.

**Earned income exclusions are applied in the order in which they are listed in this section.**

#### A. EARNED INCOME EXCLUSIONS AUTHORIZED BY FEDERAL LAWS

Income exclusions specifically authorized by federal laws are excluded from income. Refer to section 442-3A for a listing of these exclusions.

#### B. EARNED INCOME TAX CREDIT AND CHILD TAX CREDIT PAYMENTS

The Earned Income Tax Credit (EITC) is a special tax credit which reduces the federal tax liability of certain low income working taxpayers. This tax credit sometimes results in a payment to the taxpayer. EITC payments can be received as a payroll advance from an employer or as an end-of-the-year income tax refund.

The Child Tax Credit is a special refundable federal tax credit that is available to certain low income taxpayers with earned income. This Child Tax Credit may provide a refund to individuals even if they do not owe any tax. There is no advance payment with the Child Tax Credit

Any EITC or Child Tax Credit payments received either as an advance or as a tax refund are excluded from income, regardless of the tax year involved.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-2 Continued

**Verification.** *An individual's paycheck stub or a copy of the individual's income tax return may be used to verify the amount of an EITC or Child Tax Credit payment.*

#### C. INFREQUENT/IRREGULAR EARNED INCOME

Up to \$30 of earned income in a calendar quarter may be excluded if it is infrequent or irregular. (See section 442-1A for policy on the infrequent/irregular income exclusion.)

#### D. STUDENT EARNED INCOME EXCLUSION

The earned income of a blind or disabled student is excluded subject to monthly and yearly maximums. Earned income that exceeds the maximum limits is not excluded. The monthly and yearly limits are shown in Addendum 1. These amounts are updated every year.

For the purposes of this exclusion, the student must be under the age of 22 and regularly attending school, college, or training that is designed to prepare him or her for a paying job.

Regular school attendance means the individual takes one or more courses of study and attends classes:

- At least 8 hours a week in a college or university; or
- At least 12 hours a week in grades 7 - 12; or
- At least 15 hours a week in a course of training to prepare the individual for a paying job if the course involves shop practice; or
- At least 12 hours a week in a course of training to prepare the individual for a paying job if the course does not involve shop practice.

School attendance of less than the hours listed above may be allowed if the reason for the shorter hours is beyond the student's control (such as an illness) and the circumstances justify the reduced credit load and attendance. An individual is considered to be attending school during school vacations if he or she intends to return to school once the school vacation ends.

442-2      **Continued**

***Verification.** School attendance may be verified by viewing documents in the individual's possession such as a school ID card, tuition receipt, or any other school records that indicate enrollment and hours of attendance. If either enrollment or hours of attendance are questionable, verification from the school or agency providing the training is required before this exclusion is allowed.*

**E.      \$20 PER MONTH GENERAL INCOME EXCLUSION**

Any portion of the \$20 general income exclusion which has not been excluded from unearned income in the same month is excluded from earned income. The \$20 per month general income exclusion is allowed only once to a couple, even when both members have earned income, because the couple's earned income is combined in determining APA payments. (See section 442-1B for the policy on the \$20 per month general income exclusion.)

**F.      \$65 EARNED INCOME EXCLUSION**

\$65 per month of any earned income is excluded from the gross amount of any remaining earned income. The \$65 earned income exclusion is allowed only once to a couple, even when both members have earned income, because the couple's earned income is combined in determining APA payments.

**G.      IMPAIRMENT RELATED WORK EXPENSES FOR DISABLED**

Any earned income that a disabled individual uses to pay for impairment-related work expenses is excluded from income. Impairment-related work expenses are any reasonable expenses for items or services that are necessary for the disabled individual to work, and that are **directly** related to the individual's impairment.

Items that may qualify for this exclusion include but are not limited to:

1.      Transportation to and from work if special transportation is needed because of the impairment;
2.      Vehicle modifications;

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-2

### Continued

3. Attendant care services which are necessary to prepare the disabled individual for work, or which are necessary in the workplace; and
4. Medical devices such as a wheelchair, respirator, pacemaker, inhalers, or braces;
5. Any other medical or nonmedical equipment or supplies which are necessary for the disabled individual to work, and are directly related to the individual's impairment.

***Verification.** All impairment-related work expenses must be verified before this exclusion may be allowed. Acceptable sources of verification include copies of bills and receipts, or other documentation which verifies the amount of the expense.*

### H. ONE-HALF OF REMAINING EARNED INCOME

One-half of any earned income is excluded from the gross amount of any remaining earned income.

### I. WORK EXPENSES FOR THE BLIND

Any earned income that a blind individual uses to meet work expenses is excluded from income.

The blind work expense income exclusion is different from the impairment-related work expense income exclusion. For an impairment-related work expense to be allowed as an income exclusion, the expense must be **directly** related to the disabled individual's impairment and must be necessary for the individual to work. The blind work expense income exclusion is allowed for **any** work expense, whether or not the expense is directly related to the individual's blindness.

Items that may qualify for this exclusion include but are not limited to:

1. All items allowed under the impairment-related work expenses exclusion;



## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-2

### Continued

*Note: If an individual uses his or her own vehicle for transportation to and from work, the blind work expense exclusion allows the standard mileage rate permitted by the Internal Revenue Service for business use. (This mileage allowance is shown in Addendum 1). The actual cost of transportation is allowed if the individual uses other than his or her own vehicle.*

2. The amount paid for business licenses, professional association dues, or union dues;
3. Federal, state, and local income taxes withheld from earned income;
4. Mandatory pension contributions withheld from earnings by the employer; and
5. The value of meals consumed during work hours.

*Verification. All work expenses for the blind must be verified before this exclusion may be allowed. Acceptable sources of verification include copies of bills and receipts, or other documentation which verifies the amount of the work expense.*

### **J. AMOUNT TO FULFILL A PLAN FOR ACHIEVING SELF-SUPPORT**

Any earned income used to fulfill an approved plan to achieve self-support is excluded from income. (See section 442-1C for the policy on this income exclusion.)

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-3 UNEARNED INCOME EXCLUSIONS

The following income exclusions apply only to unearned income.

#### A. INCOME EXCLUSIONS AUTHORIZED BY FEDERAL LAWS

##### 1. Compensation to volunteers

Compensation of any kind that is provided under the Domestic Volunteers Service Act is excluded from income. This includes payments to people who are volunteers in the Foster Grandparents Program, Senior Companion Program, Retired Senior Volunteer Program (RSVP), Cooperative Volunteer Program, Senior Volunteer Program, and Volunteers in Service to America Program (VISTA).

##### 2. Remuneration for out-of-Pocket expenses

Remuneration for out-of-pocket expenses to people who are volunteers in the Corps of Retired Executives (CORE), or in the Active Corps of Executives (ACE), is excluded from income.

##### 3. Certain assistance provided under the Older Americans Act

Any assistance, **except wages or salaries**, provided under Title V of the Older Americans Act is excluded from income. Wages or salaries paid under Title V of the Older Americans Act are counted as earned income.

442-3

Continued

**4. Federal housing assistance**

The value of any assistance paid with respect to a dwelling unit is excluded from income and resources if paid under the United States Housing Act of 1937, the National Housing Act, Section 101 of the Housing and Urban Development Act of 1965, or Title V of the Housing Act of 1949.

The federal government, through the Office of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) provides many forms of housing assistance. This assistance may include subsidized housing, loans for renovations, mortgage and investment insurance, guaranteed loans and mortgages, and loans for construction, improvement, or replacement of farm homes and other buildings. This assistance may be provided directly by the federal government or through other entities such as local housing authorities and non-profit organizations.

Any housing assistance in which HUD or FMHA is involved is subject to this exclusion. In Alaska, housing assistance which qualifies for this exclusion include: housing assistance provided by the Alaska State Housing Authority (ASHA), Section 8 housing assistance, and housing assistance in rural areas provided by various Native housing authorities.

**5. Federal relocation assistance payments**

Relocation assistance provided under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 is excluded from income.

This exclusion applies to relocation assistance provided to persons displaced by any federal or federally assisted project. Relocation assistance may be furnished directly by a project or through an agency, such as a housing authority, designated for the purpose of providing relocation assistance.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-3

### Continued

(Refer to section 442-3A(6) below for policy on the treatment of relocation assistance provided by a state or political subdivision for a project that does not have any federal involvement.)

Interest earned on unspent relocation assistance payments is not excluded from either income or resources.

***Verification.** To be excluded from income under this provision the individual must submit evidence which shows that the payment is relocation assistance. Acceptable evidence includes:*

- *a letter or check stub that indicates the reason for the payment; or*
- any other document that indicates the reason for the payment; or
- a collateral contact with the federal project or agency that issued the relocation assistance payment.

### **6. State or local relocation assistance payments**

Relocation assistance provided by a state or local government for a project that does not have any federal involvement is excluded from income under Public Law 101-508. This exclusion applies to relocation assistance provided to persons displaced by any state, local, or state-assisted or locally-assisted project

Interest earned on unspent relocation assistance payments is not excluded from either income or resources.

***Verification.** To be excluded from income under this provision, evidence must be submitted which shows that the payment is relocation assistance. Acceptable evidence includes:*

- *a letter or check stub that indicates the reason for the payment; or*

# ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-3

Continued

- *any other document that indicates the reason for the payment; or*
- *a collateral contact with the state or local agency that issued the relocation assistance payment.*

## 7. Educational Assistance

### (a) Total exclusion

All student financial assistance received under Title IV of the Higher Education Act of 1965, or under Bureau of Indian Affairs (BIA) student assistance programs, is excluded from income, regardless of use.

Educational assistance which falls into this category includes: Pell Grants, Supplemental Educational Opportunity Grants (SEOG), State Student Incentive Grants (SSIG), Academic Achievement Incentive scholarships, Upward Bound, and possibly others.

**Verification.** *Verify that the source of the educational assistance is Title IV or BIA by viewing the individual's award letter. Contact the awarding institution if the award letter is not available or is unclear.*

### (b) Limited Exclusion

Educational Assistance from public or private agencies that is **not** received under Title IV of the Higher Education Act of 1965, or under BIA student assistance programs, is excluded from income only to the extent that the assistance is used or set aside to pay for school attendance costs. Educational assistance which falls into this category includes but is not limited to: Veterans Affairs educational assistance, scholarships from Native organizations, and work study programs.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-3

### Continued

School attendance costs are tuition and fees including costs for rental or purchase of any equipment, materials, or supplies required by all students in the same course of study. School attendance costs also include allowances for books, supplies, transportation, and miscellaneous personal expenses (including expected child care costs) necessary for a student to attend school on at least a half-time basis.

To determine the amount of educational assistance that is counted as unearned income, subtract all expenses paid or reasonably anticipated to be paid for school attendance costs. Any remaining funds paid directly to an applicant or recipient are counted as income in the month the assistance is received. Educational assistance that is provided to a third party on behalf of an applicant or recipient is considered to be a vendor payment and is not counted as income. (See section 440-3H.)

Educational assistance provided directly to an applicant or recipient in the form of cash by a private individual is a gift. It is also excluded from income, to the extent it is used for educational expenses.

***Note:** Educational loans, such as an Alaska State Student Loan, are not income because of the student's obligation to repay. (See section 440-3G.)*

***Verification.** Verify the total amount of all educational assistance provided by a public or private agency, which is not received under Title IV of the Higher Education Act of 1965, or under BIA student assistance programs, by viewing documentation from the school or from the source of the assistance. To be allowed as an educational expense, school attendance costs must be verified. A receipt or written statement from the provider of the expense is acceptable proof of school attendance costs.*

442-3

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**8. Alaska Native Claims Settlement Act (ANCSA) payments**

The Alaska Native Claims Settlement Act (ANCSA) excludes the following items from the income of an Alaska Native, or from the income of a descendant of an Alaska Native:

- (a) **Alaska Native Fund distributions.** Distributions from the original Alaska Native Fund are excluded from income regardless of the amount distributed.
- (b) **Stock.** Any stock issued or distributed by an ANCSA corporation (including stock issued as a dividend or distribution on stock) is excluded from income.
- (c) **Partnership Interests.** A partnership interest received from an ANCSA corporation is excluded from income. However, income received as a result of a partnership interest is treated as a cash distribution. (See (f) below.)
- (d) **Land.** Any land or any interest in land received from an ANCSA corporation (including land received as a dividend or distribution on stock) is excluded from income. This includes land or any interest in land inherited by a descendant.
- (e) **Payments from a settlement trust.** Any interest in a settlement trust received from an ANCSA corporation is excluded from resources. Payments from a settlement trust are treated as countable income. If the payment is made as part of a cash distribution, the first \$2,000 per individual per calendar year may be excluded under (f) below.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-3

### Continued

- (f) **Cash distributions.** For the purpose of this exclusion, cash distributions are distributions that are made to a class of individuals, such as all shareholders, or all elders. Cash distributions do not include cash payments that are made to individuals or households for a specific purpose such as wages, a door prize, or a general assistance payment from the corporation.

Cash distributions (including cash dividends on stock) are excluded from income to the extent that the distributions do not exceed \$2,000 per individual per calendar year. When an individual receives more than \$2,000 from all ANCSA corporations in a single calendar year, any amounts exceeding \$2,000 are considered countable income in the month of receipt.

Income received by an individual applicant or recipient as a result of his or her own investment or deposit of ANCSA payments is not excluded from income.

### 9. Other exclusions of payments to Indians

For APA and SSI purposes, various federal statutes provide for the exclusion of certain payments made to members of Indian tribes and groups. Some statutes pertain to specific tribes or Indian groups while others apply to certain types of funds. The following types of payments made to Indian tribes and groups are excluded from both income and resources:

- (a) Per capita distribution payments by the Blackfeet and Gros Ventre tribal governments to members, which resulted from judgment funds to tribes, are excluded under Public Law 92-254.



## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

442-3

### Continued

- (b) Per capita distribution payments by the Secretary of the Interior or by the Indian tribe itself to members of Indian tribes who were due judgment funds are excluded under Public law 93-134. This does not include payments of funds distributed or held in trust according to public laws enacted before October 19, 1973.
- (c) Receipts derived from certain trust lands and distributed to members of designated Indian tribes are excluded under Public Law 94-114. These lands, mineral rights, and receipts are excluded from income and resources, unless they were subject to the Mineral Leasing Act of 1920 and distributed before October 17, 1975.

These Indian trust lands are all located in the lower 48 states in the states of Idaho, Michigan, Montana, New Mexico, Oklahoma, North Dakota, South Dakota, and Wisconsin. A list of lands conveyed to Indian tribes under Public Law 94-114 is maintained at DPA Central Office. If a case worker becomes aware of funds that may be derived from this source, he or she must contact the APA Policy Specialist for specific directions on the treatment of these funds.

- (d) Per capita payments made to, or held in trust for, members of the Grand River Band of Ottawa Indians are excluded under Public Law 94-540.
- (e) Judgment funds, including interest and investment income which accrued on Indian judgment funds while held in trust, and initial purchases made with distributed judgment funds, are excluded under Public Law 97-458.
- (f) Per capita distributions of funds held in trust by the Secretary of the Interior to members of an Indian Tribe are excluded under Public Law 98-64. These per capita payments may be distributed by the Secretary of the Interior or by the tribe itself. In Alaska, distributions of this type have been made by the Metlakatla Indian Community.

442-3

**Continued**

- (g) All money and lands transferred to the members of the Puyallup Tribes under the Puyallup Tribe of Indians Settlement Act of 1989 are excluded under Public Law 101-41.

**10. World War II restitution payments**

Any restitution payments made by the U.S. Government to individual Japanese-Americans and to Aleuts (or, if deceased, payments made to their survivors) who were interned or relocated during World War II are excluded from income under Public Law 100-383. Qualifying Japanese-Americans are eligible for a \$20,000 payment. Qualifying Aleut-Americans are eligible for a \$12,000 payment.

Restitution payments paid to individual Japanese-Canadians who were interned or relocated during World War II by the Canadian Government are also excluded from income.

This income exclusion also applies to any funds received as a result of the investment or deposit of a restitution payment.

***Verification.** DPA Central Office maintains a list of individuals who have received Aleut restitution payments. The case worker may contact the APA Policy Specialist to verify an individual's receipt of Aleut restitution payments. Documents in the client's possession may be used to verify Japanese-American or Japanese-Canadian payments.*

**11. Agent Orange settlement payments**

Agent Orange settlement payments are excluded from income under Public Laws 101-201 and 101-239. Agent Orange settlement payments began in March 1989. Qualifying veterans will receive at least one payment a year for the life of the program. Qualifying survivors of deceased veterans will receive a single lump sum payment.

This income exclusion also applies to any funds received as a result of the investment or deposit of Agent Orange settlement payments.

442-3

Continued

***Verification.** Documents in an individual's possession shall be used to verify whether a payment is an Agent Orange settlement payment. If the individual has no documentation or there is reason to question the situation, it is the individual's responsibility to provide verification from the provider (Aetna Insurance Company).*

**12. Gifts of domestic travel tickets**

The value of a domestic travel ticket received by an individual or spouse is excluded from income under Public Law 101-239 if the ticket is received as a gift and not converted to cash. Domestic travel is travel among the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. The travel ticket may be for transportation by air, land, or sea.

If an excluded ticket is converted to cash, it becomes unearned income in the month it is converted.

Gifts of non-domestic travel tickets, such as airline tickets to Japan or the Philippines, which can be converted to cash, are counted as income in the month they are received.

**13. Victims' compensation payments**

Any payment received from a fund established by a State to aid victims of crime is excluded from income under Public Law 101-508.

This exclusion does not apply to any funds received as a result of the investment or deposit of unspent victims' compensation payments.

***Verification.** Acceptable proof that a victim's compensation payment is from a state-established fund shall be obtained from documentation in the individual's possession. If the individual is unable to provide documentation, a collateral contact with the source of the payment is acceptable.*

442-3

Continued

**14. Payments to Victims of Nazi Persecution**

Payments received from any source by individuals because of their status as victims of Nazi persecution are excluded from income.

Interest earned on unspent payments is also excluded from income.

**15. Energy Employees Occupational Illness Compensation Payments**

The Energy Employees Occupational Illness Compensation Act provides compensation to individuals who develop illnesses as a result of employment at certain federally owned facilities in which radioactive materials were used. These payments are exempt income.

**16. Radiation Exposure Compensation Trust Fund**

Fallout emitted during the U.S. Government's atmospheric nuclear testing in Nevada during the 1950s and during a brief period in 1962 exposed some individuals to doses of radiation that put their health at risk. In addition, some individuals employed in uranium mines from 1947 through 1971 were exposed to large doses of radiation.

Public Law 101-426 created the Radiation Exposure Compensation Trust Fund and authorizes the Department of Justice to make compensation payments to individuals (or their survivors) who were found to have contracted certain diseases after exposure. The payments will be made as a one-time lump sum. Generally, the exposure occurred in parts of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming.

Payments from the Radiation Exposure Compensation Fund are excluded from income. Interest earned on unspent Radiation Exposure Compensation Fund payments are also excluded from income.

442-3

Continued

**17. Individual Development Account (IDA)**

An Individual Development Account (IDA) is a special bank account that helps an individual save for his or her education, the purchase of a first home, or to start a business. An individual contributes money from his or her earnings to an IDA. These contributions are then matched with money from another source. The matching money helps the individual reach his or her goal sooner.

Any earnings that an individual contributes to a TANF-funded IDA or Demonstration Project IDA are deducted from his or her wages in determining countable earned income. In addition, the individual's contributions, as well as any matching funds, that are deposited into a TANF-funded IDA or Demonstration Project IDA are excluded from income. Any interest earned on these funds is also excluded from income.

**TANF-funded IDA.** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorized states to use money from their TANF grant to carry out a program to fund IDAs.

**Demonstration Project IDA.** The Assets for Independence Act (enacted on January 27, 1998) created a Federal Demonstration Project to test the effectiveness of IDAs in improving the lives of participating low-income persons. This Act provides for Demonstration Project monies to carry out a program to fund IDAs.

**18. Payments to Persons Captured and Interned by North Vietnam**

The Department of Defense provides payments to certain persons who were captured and interned by North Vietnam. If the individual is deceased, payment may be made to a surviving spouse or, if none, to surviving children (including biological and adoptive children) in equal shares. The amount payable is a one-time payment of up to \$50,000. These payments are excluded from income. Interest earned on unspent payments is also excluded from income.

442-3

Continued

**19. Ricky Ray Hemophilia Relief Fund**

The Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law 105-369, provides for a single payment of \$100,000 to:

- Individuals with a blood-clotting disorder who may have contracted an HIV infection from a blood transfusion;
- Current and former spouses of these individuals who also contracted an HIV infection;
- Children of these individuals who also contracted an HIV infection; and
- Surviving spouses, children, and parents of the above.

Payments from the Ricky Ray Hemophilia Relief Fund are excluded from income. Interest earned on unspent payments is also excluded from income.

**20. Vietnam Veterans' Children with Spina Bifida**

A 1996 study by the National Academy of Sciences found evidence associating parental exposure to herbicides in Vietnam with increased risk of spina bifida in their children. Spina bifida is a congenital birth defect characterized by defective closure of the bones surrounding the spinal cord.

Public law 104-204 authorizes the Department of Veterans Affairs (VA) to provide benefits, including a monthly monetary allowance, to certain Vietnam veterans' children who suffer from spina bifida. VA payments made to or on behalf of such children are excluded from income. Interest earned on unspent payments is also excluded from income.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-3 Continued

#### B. CERTAIN ASSISTANCE BASED ON NEED

**Needs-based assistance**, as specified in this section, is excluded from countable income. Excluded needs-based assistance is assistance that is:

- Funded **wholly** by a state, political subdivision of a state, or an Indian tribe; and
- Provided under a program that uses income as a factor in determining eligibility.

In Alaska, examples of programs that provide needs-based assistance are General Relief Assistance (GRA) and the Alaska SeniorCare Program.

**Needs-based assistance** is **not** the same as **needs-based income**. Refer to section 441-2D for the policy on needs-based income.

#### C. REFUNDS OF TAX PAID ON REAL PROPERTY OR FOOD

Any amount received from any public agency as a return or refund of taxes paid on real property or on food purchased is excluded from income.

***Verification.** The client's statement that a refund of this nature has been received is acceptable, unless there is reason to question the situation. For example, if the program making the refund is unknown, or the amount of the refund appears inordinate, the case worker may require the client to provide proof from the source of the payment.*

#### D. DISASTER ASSISTANCE

Any assistance received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (formerly the Disaster Relief and Emergency Assistance Act of 1974), or some other federal statute, because of a presidentially declared major disaster is excluded from income.

Assistance provided to victims of a presidentially-declared disaster includes assistance from: federal programs or agencies; joint federal and state programs; state or local government programs; and private organizations such as the Red Cross.

442-3 Continued

Interest earned by funds retained from federal disaster assistance is also excluded from income.

*Verification.* Acceptable proof of federal disaster assistance is documentation or a collateral contact with the source of the payment which specifies that the assistance is provided under federal statute because of a presidentially-declared disaster.

**E. DIVIDENDS AND INTEREST**

Dividends and interest are returns on capital investments such as stocks, bonds, or savings accounts. They are either counted or excluded as unearned income at the earlier of the following: the month they are received by the individual, the month they are set aside for the individual's use; or the month they are credited to an individual's account and are available for use.

- Dividends and interest earned on countable resources are excluded from income.
- Dividends and interest earned on excluded resources may be counted or excluded from income depending on the character of the excluded resource. See the manual section related to a particular resource or income exclusion for further guidance on the treatment of dividends and interest earned on excluded resources

**Note:** Dividends or interest may be countable resources if retained into the following month.

**F. FOSTER CARE PAYMENTS**

A payment made to a foster parent by a public or private non-profit agency for the care of a child that is living in the home of the foster parent is unearned income to the child. These payments are not income to the foster parent.

**G. INCREASE IN VALUE OF BURIAL FUNDS**

Any increase in the value of an excluded burial fund, or the excluded portion of a burial fund, because of interest accumulation or appreciation is excluded as income. (Refer to section 432-2D.)



442-3 Continued

**H. HOME ENERGY ASSISTANCE**

Home energy assistance provided to an individual by a private non-profit agency or by an entity which is certified by the state or federal government is excluded from income if the assistance was based on need. Energy assistance is most often provided in the form of a vendor payment, but may also be provided in cash.

*Verification.* In Alaska, the Heating Assistance program administered by the State and the energy assistance programs administered by various Native organizations qualify for this exclusion. Other sources of home energy assistance may be excluded if verification is provided that the assistance is certified by a state or the federal government and that the assistance is based on need.

**I. CHILD SUPPORT PAYMENTS FROM AN ABSENT PARENT**

Child support payments may be made voluntarily or under a court or administrative order. One-third of any child support payment received from an absent (noncustodial) parent or stepparent by or on behalf of a child who is eligible for SSI or APA is excluded from the income of the child. The remaining two-thirds of the child support payment is income to the child, not to the individual who may receive the payment for the child. This exclusion is not allowed to children who are not eligible for SSI or APA.

For purposes of this section, a child is an individual who is neither married nor the head of a household, is under the age of 22, and is a student regularly attending school or college or training that is designed to prepare him or her for a paying job. (Refer to section 442-2D for the policy on regular school attendance.)

*Verification.* The amount and frequency of child support payments may be verified by the use of: court records; records of an agency through which the payments are made; documents in the individual's possession; or by contact with the source of the payment. If proof of child support payments cannot be obtained in any other way, a signed statement from the client which specifies the amount and date received may be used.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 442-4 THE ORDER IN WHICH INCOME EXCLUSIONS ARE APPLIED

The order in which income exclusions are applied may affect the total countable income used to determine eligibility and benefit levels for the APA program. **Income exclusions are applied first to unearned income, then to earned income.** If an income exclusion can be applied to either earned or unearned income, the exclusion is applied first to unearned income and then to earned income.

Earned income exclusions are applied in the following order:

|     | <b>Earned Income Exclusion</b>                            | <b>Manual Section</b> |
|-----|---|-----------------------|
| 1.  | Earned income exclusions authorized by federal laws       | 442-3A                |
| 2.  | Earned income tax credit payments                         | 442-2B                |
| 3.  | \$10 of infrequent/irregular earned income                | 442-1A                |
| 4.  | Student earnings  | 442-2D                |
| 5.  | Any unused portion of \$20/month general income exclusion | 442-1B                |
| 6.  | \$65/month of earned income                               | 442-2F                |
| 7.  | Impairment-related work expenses for disabled             | 442-2G                |
| 8.  | One-half of remaining earned income.                      | 442-2H                |
| 9.  | Work expenses for the blind                               | 442-2I                |
| 10. | Plan to achieve self-support                              | 442-1C                |

Refer to chapter 460 for the policy on income exclusions as they are applied to the income of ineligible spouses and/or alien sponsors.