

**Texas Department of Housing and Community Affairs**  
**Frequently Asked Income Questions**  
**Applicable for Community Affairs Programs**  
*(Updated July 2022)*

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

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

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

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

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## A. GENERAL:

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

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

### **2. How is “current circumstances” being defined?**

In the context of §6.4(g)(1), “current circumstances” means within the last thirty days.

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**B. DECLARATION OF INCOME:**

**1. Is the DIS still required to be notarized?**

Notarization of the DIS is not required for LIHEAP, CEAP or CSBG. Notarization is required for DOE.

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

The applicant may complete the DIS for all household members 18 years of age or older. The DIS should be used for those who have no obtainable documentation or income of zero income. Subrecipient should utilize the DIS instructions to complete the form.

**3. Do DIS forms need to be originals?**

No, a faxed, scanned copy is acceptable, as long as completely filled out.

**C. INCOME DETERMINATION PROCESS:**

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

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

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

Yes, the Medicare prescription drug plan deduction is also excluded. Per TAC Rule §6.4(d)(16)...  
(Medicare deduction from Social Security Administration benefits should not be counted as income)

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

Although that may be the end result in many instances, income is based on gross income. If the gross amount is \$500 and the Medicare deduction is \$50, the income would be \$450. There may be other amounts that are deducted from the client’s social security check that are not excluded income.

**4. When we were using this process in the past we always had questions about what to do with people that don’t work regular 20, 30, or 40 hour weeks. They work as needed. They may work 10 hrs one week and 40hrs the next. For persons with no regularly scheduled work weeks, what multiplier do we use?**

Collect verifiable documentation of all income received in the last thirty days, then follow this process:

- 1) Calculate the income received in total in the last 30 days;
- 2) Divide that total by the number of applicable pay periods in the last 30 days;
- 3) Apply the appropriate multiplier to annualize income, if they are paid:
  - a. weekly, multiply by 52;
  - b. every other week, multiply by 26;
  - c. twice each month; multiply by 24;
  - d. monthly, multiply by 12.

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

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

*EXAMPLE 1: Weekly Pay*

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

- 11/21: \$300
- 11/28: \$200
- 12/5: \$300
- 2/12: \$400

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

*EXAMPLE 2: Weekly Pay*

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

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

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

*EXAMPLE 3: Bi-Monthly Pay*

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

- 11/28: \$500
- 12/12: \$400

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

*EXAMPLE 4: Hourly Pay*

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

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

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

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

*EXAMPLE: 9 Months of Work.*

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

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

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

$$9 \times 26 = 234$$

$$234 \div 12 = 19.5$$

$$\$575 \times 19.5 = \$11,212.50 \text{ income for the documented 9 months}$$

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

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

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

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

In the case presented, the hair stylist might present the listed charges for her services and her appointment book to show how many clients she has seen. You would total up what she got from her appointments in the last thirty days. Per TAC Rule 6.4(c)(1) "net receipts must be used...after deductions for business or farm expenses."

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

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

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

#### **D. INCOME or NOT INCOME:**

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

No, it is a birthday gift and therefore not considered income. One time gifts are excluded as identified in TAC §6.4(d)(9).

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

Yes, if it is a recurring payment of cash to the household. The relationship of the parties does not matter. Reoccurring/ongoing cash payments are included.

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

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

*EXAMPLE:*

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

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

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

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

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

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

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

Per diem is a payment made for expenses such as travel, lodging and food, and is not taxable income. Per TAC Rule 6.4(d)(12), reimbursements (for mileage, gas, lodging, meals, etc.) are excluded income.

- 7. An applicant receives rent from a boarder in the home; they rent just a room and pay the applicant for that space. Do we just count the rent payment as income for the applicant, or do we require the boarder/renter's income to count towards household income for determining eligibility?**

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

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

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

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

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

10. **Is child support or Foster support excluded income?**

Yes, child support payments, as well as payments for care of Foster Children, are excluded income.

Reference TAC §6.4(d)(19) for child support and §6.4(d)(25) for Foster Children.

## E. CATEGORICAL ELIGIBILITY:

1. **Is a household automatically eligible for assistance regardless of income eligibility based on being in the categorically eligible population? What benefit level is granted to households who are over-income, but categorically eligible?**

Yes, if the client meets one of the categorically eligible conditions, the household is eligible even if over the program's Federal Poverty Limit. You still need to collect income information for all household members 18 or older, but regardless of their total income they are eligible for services. Examples of programs that may establish categorical eligibility are: SSI, SNAP, TANF, and Means-Tested programs. These may vary across Programs. Refer to each Program's state plan, contract or TAC section for other programs that qualify.

You will provide assistance based on the lowest benefit allowance for the program, if applicable.

## F. MEANS TESTED VETERANS PROGRAMS:

1. **What are Means Tested Veterans Programs? What VA benefits are categorically eligible and how do we determine which are and which are not?**

Means Tested Veterans Programs—a program whereby applicants who meet certain Veterans Affairs requirements, including but not limited to income and net worth limits set by Congress, receive payments from the U.S. Department of Veterans Affairs.

The most common regular monthly VA benefits are for service-connected disabilities (disabilities that are actually connected to someone's military service. Service-connected disabilities are NOT categorically eligible. These will be the most common award letters for veterans' benefits that you see and are included income.

Common Means-Tested Veterans Programs that are Categorically Eligible are associated with a "Non-service connected death or disability." The following **ARE categorically eligible**:

- VA Pension is a needs-based benefit program for wartime Veterans, who are age 65 or older or have a permanent and total **non-service connected** disability, and who have limited income and net worth.
- Survivors Pension Benefit, which was formerly referred to as Death Pension, is a tax-free benefit payable to a low-income, un-remarried surviving spouse or unmarried child(ren) of a deceased Veteran with wartime service.

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Applicants may present other means-tested VA Benefit letters that are **NOT categorically eligible**, such as:

- Disability Compensation is a benefit paid to Veterans because of injuries or disease that happened during active duty.
- Dependency and Indemnity Compensation (DIC) is a monthly benefit. It is paid to eligible survivors of...veterans who died or disabled while on active duty or service-connected injury or disease.