

Article 10, Section 6 – Deductions

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10.06.01 General

A General

This section identifies allowable income deduction. In order to be able to identify allowable deduction, the worker must first determine:
If available nonexempt income is earned or unearned;
If the MFBU includes an aged, blind, or disabled MN person; and
If the MFBU includes an LTC person.

Each of these factors above determines which deductions are allowable.

[10.06.03](#) details deductions to be applied when there is an ABD-MN person in the MFBU. [10.06.04](#) details deductions for AFDC-MN, MI, or ineligible persons who are not included in an MFBU with an aged, blind or disabled spouse or child. Deductions that apply to both ABD-MN MFBUs and non-ABD-MN FBUs have been detailed in both sections.

Deductions are allowed in the order in which they appear in this section. Form MC 176W may require completion to determine the correct deductions. For manual share of cost computations, appropriate deductions will be entered on form MC 176M or MC 176M LTC.

10.06.02 Verification of Deductions

A. Verification Deductions must be verified:
At initial application or reapplication; and
When a change is reported.

MPG LTR 116 (08/90)

10.06.03 Deductions for MFBUs that Include ABD-MN Persons (Except Special Percent Programs)

A. Introduction The deductions detailed below are subtracted, as appropriate, from nonexempt income of MFBUs that include ABD-MN persons except for MFBUs for the Special Percent Programs. These deductions are allowed only if a member of the MFBU applies, and is found eligible as aged, blind or disabled.

MPG LTR 116 (08/90)

B. Educational Expenses

General

Certain educational expenses for college or similar training, which are incurred by a beneficiary, are deducted from income received for educational purposes or any loan received for educational purposes which is counted as property.

Income for Educational Purposes

Income for educational purposes from which allowable expenses can be deducted includes, but is not limited to:

Exempt student loans, grants, or fellowships (as detailed in [MPG Article 10, Section 3](#));

Nonexempt student loans, grants, or fellowships which do not require repayment;

Social Security and Veterans Administration payments to a child attending school which are based on a deceased or disabled parent's entitlement; and

Veterans Educational Assistance Program payments.

Allowable Educational Expenses

Allowable educational expenses shall be deducted from educational income if they are incurred by a beneficiary for college or similar training. These expenses must be documented to be allowed as deductions. Allowable educational expenses include:

Tuition;
 Books
 Fees;
 Equipment and Supplies;
 Special clothing needs;
 Child care services; and
 Transportation.

The cost of transportation to and from school is based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets these criteria, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven each month. Allowable transportation costs include, but are not limited to, car payments, car insurance, registration, and gasoline.

How to Deduct Educational Expenses

Documented allowable expenses will be deducted in the following order:

Step	Action
1	Deduct allowable expenses from totally exempt loans or grants detailed in MPG Article 10, Section 3 .
2	Deduct any remaining educational expenses from other loans for educational purposes that are considered property, as detailed in MPG Article 9 .
3	Deduct any remaining allowable educational expenses from other income received for educational purposes.

Apportionment of Educational Expenses

Apportion educational expenses over the period of time they are intended to cover to determine the monthly deduction.

Reimbursed Educational Expenses

Applicants/beneficiaries may not used reimbursed expenses as deductions from loans or grants (for example, Welfare to Work Child Care, ESP Training Related Expenses).

MPG LTR 82 (01/90)

**C.
 Support
 Payment from
 an Absent
 Parent**

Timely Payments

One-third of the timely child support payments (payments due in the current month received) made by an absent parent for the support of a disabled or blind child is an allowable deduction.

Delayed Payments

Delayed Payments are payments made timely, but received by the beneficiary in a subsequent month. Delayed payments are eligible for the one-third disregard if they meet the following criteria:

The payments for past months are received by the family member in the current month.

The delayed payment was made by the absent parent in the month the payment was due, but receipt was delayed for reasons beyond the payer's control. For example, a payment was made to the child support authority timely, but reached the child in a subsequent month.

One-third of delayed child support payments made by an absent parent for the support of a disabled or blind child is an allowable deduction

Arrearage Payments

Arrearage payments are not eligible for the one-third deduction.

Staff will follow instructions outlined in [BENDS 5396](#) for required CalWIN entries

MPG LTR 754 (08/12)

D. \$20 Deduction

Workers must follow the actions in the table below for the \$20 Deduction.

Step	Action
1	Deduct \$20 from the combined nonexempt unearned income of all aged, blind or disabled MN persons and the spouse or parents of these persons. Note: This deduction is added back into the budget for LTC recipients.
2	Subtract any remaining portion of the \$20 deduction from earned income as detailed in G , below.

MPG LTR 82 (01/90)

E. Student Deductions

Amount/Criteria

Beginning *January 1, 2001*, the amount of the student Income deductions increased as indicated in [Appendix A](#) . The monthly and yearly limits will be adjusted annually based on increases to the cost of

living.

Criteria:

Under age 22;

Presently unmarried;

Not a parent; and

Presently enrolled or will be enrolled for at least eight hours a week during one month of either the:

- Current calendar quarter; or
- Next calendar quarter.

Effective *April 1, 2005*, the student income deduction also applied to earnings from an ineligible spouse or parent(s) and to joint earned income of eligible couples when both members are under age 22 and are working. Deductions will be taken from the earned income of each student.

Criteria:

- Under age 22; and
- Presently enrolled or will be enrolled for at least eight hours a week during one month of either the:
 - Current calendar quarter; or
 - Next calendar quarter.

Method of Deduction

The worker shall document, on back of form MC 176M or on the statement of facts, the duration and amount of the monthly deduction.

MPG LTR 806 (05/2014)

**F.
\$30 Plus 1/3
Earned
Income
Deduction for
AFDC-MN or
MI Persons**

ABD-MN MFBU's which include an AFDC-MN or MI person may be entitled to the \$30 plus 1/3 deduction. The \$30 plus 1/3 deduction is computed by deducting the first \$30 of the non-exempt earned income and subtracting 1/3 of the amount remaining after the \$30 deduction.

Entitlement for \$30 Plus 1/3 Deduction

An AFDC-MN or MI person is entitled to the \$30 plus 1/3 deduction if the person meets all of the following conditions:

Is the spouse or parent of an aged, blind or disabled MN person;
Was eligible for and receiving an AFDC cash grant, or was not receiving an AFDC cash grant due to the adjustment of an overpayment, from any state in one of the four months immediately prior to the month in which the deduction will be applied; and
Did not receive the \$30 plus 1/3 deduction in any AFDC cash family budget unit (FBU) for four consecutive months without an intervening

twelve consecutive month period when he/she was not an AFDC recipient.

When the beneficiary received the \$30 plus 1/3 deduction in any MFBU or AFDC FBU for four consecutive months as detailed above, deduct a \$30 disregard for a period of eight consecutive months immediately following the end of the four consecutive months.

If the beneficiary ...	Then ...
does not receive the \$30 deduction in a month for any reason,	that month will still count as one of the eight consecutive months.
has received the \$30 plus 1/3 deduction in any AFDC Assistance Unit for more than four months,	each month that exceeds the four-month period will count as one of the eight consecutive months for the \$30 disregard.

When the additional eight consecutive month period has expired, a beneficiary is not entitled to receive either the \$30 plus 1/3 or the \$30 deduction again until he/she has not received AFDC for twelve consecutive months.

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MPG LTR 247 (04/94)

**G.
Balance of
\$20 Deduction**

Any portion of the \$20 income deduction detailed in [D](#), above, which is in excess of the nonexempt unearned income, is deducted from the combined nonexempt earned income of aged, blind, or disabled MN persons and the spouse or parents of these persons.

MPG LTR 247 (04/94)

**H.
Sixty-Five
Plus One-Half
– Earned
Income
Deduction**

Deduct the first \$65 plus one-half of the remainder of the nonexempt earned income which remains after applying appropriate deductions detailed above. This deduction is allowed for aged, blind, or disabled MN persons and the spouse or parents of these persons.

MPG LTR 247 (04/94)

**I.
Work
Expenses of
the Blind**

In addition to the \$65 plus one-half deduction, deduct the actual cost of work related expenses from the nonexempt earned income of a blind person.

MPG LTR 247 (04/94)

**J.
Income
Necessary to
Achieve Self-
Support for
Blind and
Disabled
Persons**

Deduct non-exempt earned and unearned income of a blind or disabled person if the income is needed to implement a plan of self-support that meets all of the following criteria:

Is in writing;

Was initiated and approved while the person was receiving SSI/SSP; and

The person continues to follow the plan of self-support.

MPG LTR 247 (04/94)

**K.
In-Home
Services for
an ABD
Person**

The out-of-pocket cost for in-home personal care services can be used to meet the Medi-Cal SOC when:

- The person paying for the services is an ABD applicant or beneficiary.
- The person providing the services is an IHSS provider, providing hours beyond those paid for by the IHSS program or a family member living in the home. Family members are spouses, parents, and children under 21 years of age.
- The applicant's/beneficiary's need for in-home services is verified by a physician's statement, which specifies that without such services, the individual would require institutionalization (i.e. long term care or board and care placement).
- The plan of care or prescription specifies the need for at least one personal care service. No IHSS SOC assessment needed.

Individuals applying as ABD are to be informed that it is the applicant's/beneficiary's responsibility to verify the out-of-pocket expenses each month in order for the expenses to meet SOC.

Acceptable verifications include, but not limited to:

- Receipts specifying the services provided and the provider.
- Canceled checks to the provider accompanied by timesheet or other documentation showing the care provided and the provider.
- Invoices showing payments billed to the beneficiary for services from the provider.

NOTE: IHSS assessed hours or services need not be used first before applying the out-of-pocket expenses toward meeting the SOC.

**L.
Income Used
to Determine**

Follow the actions in the table below for income used to determine Public Assistance eligibility of another family member.

Public Assistance Eligibility of another Family Member

Step	Action
1	Deduct that portion of the income of an MN or MI person or a person responsible for the MFBU which is counted in determining eligibility of a spouse, parent or child as a PA or Other PA recipient.
2	Deduct the income of a stepparent which is counted in determining the eligibility of a spouse or stepchildren as PA or Other PA recipients.

MPG LTR 257 (12/94)

M. Health Insurance Premium of all MN or MI Persons

Deduct health insurance premiums paid by and purchased for any person in the family as shown in the table below.

Step	Action
1	Average health insurance premiums paid less often than monthly to determine the monthly deduction. (See MPG Article 10, Section 4 for apportionment instructions)
2	Deduct the appropriate premium for Medicare Part B coverage until Buy-In occurs. (See MPG Article 15, Section 4 for Buy-In procedures.)

MPG LTR 247 (04/94)

N. Impairment Related Work Expenses (IRWE) (QMB or SGA Determinations Only)

IRWE are those expenses of a working disabled applicant/beneficiary that are necessary for that person to become or remain employed. Such expenses include, but are not limited to be:
 Required to control a disabling condition thereby enabling the individual to work;
 Essential to performance of physical and/or mental demands of a job (for example, wheelchairs, respirators, prosthesis); or
 Necessary in preparing for a trip to work, in traveling to and from work, or assistance needed immediately upon returning from work (for example, attendant care services, transportation costs, exterior ramps, and railing on pathways modified to the exterior of the applicant's/beneficiary's residence).

MPG LTR 247 (04/94)

O. Guardian/Conservator Fees

Reasonable court approved guarding/conservator fees shall be deducted from the unearned income of an aged, blind or disabled MN person if all of the following conditions are met:
 The fees are paid to a court appointed guardian or conservator of an individual who has been declared by a court to be substantially unable

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to manage his/her own financial resources;
The court appointed guardian or conservator is required by the entity paying the unearned income as a condition of rendering payment to incompetent persons; and
The guardian or conservator provides a signed statement from the entity making such payment verifying the requirement above.

If all of the above conditions are not met, no deduction for guardian/conservator fees is allowed.

EXCEPTION: This deduction does not apply to Long-Term Care cases.

Payments made by Social Security or other entities to a representative pay on behalf of incompetent persons do not meet the conditions above.

Verification Requirement

When a guardian conservator asserts that reasonable court approved fees exist and he/she has provided verification that the applicant/beneficiary has income from which fees are an allowable deduction, the worker must request the following:

A copy of the court order authorizing payment of fees from the account of the applicant/beneficiary to the guardian/conservator. The order must include the amount of the fee and the month for which the fee is authorized.

A written statement from the guardian/conservator describing the services provided during the month, how the fee was calculated, including hours spent, on the conservatee's affairs, and the rate being charged as well as any other costs included in the fee.

Upon receipt of the requested verification, the worker is to presume the fees billed in the statement are reasonable provided the amount matches the amount shown in the court order and there is no circumstance which leads the worker to believe that the fee amount should be questioned. Examples of questionable fees which may require further review and documentation include fees for personal services, charges for services not related to the administration of the conservatee's estate, fees which vary constantly from month to month where there is no change to income, property, etc. and there is no court activity.

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In order to clarify and review questionable fees for consideration as an appropriate income deduction, a written statement regarding the following items can be requested from the guardian/conservator:

Why personal services are required;

Why the fees fluctuate from month to month if there is no change to income, property, etc. and there is no court activity; or
Why the fees are higher than what is normally charged for similar services.

The guardian/conservator must be given a reasonable time period to respond. The SOC is to be calculated without the fee deduction until the reasonableness of the fee is verified.

MPG LTR 528 (05/04)

**P.
Court
Ordered
Alimony or
Child Support
Paid**

Court ordered alimony or child support, or child support paid pursuant to an agreement with a district attorney, will be deducted from the income of an ABD beneficiary when it is actually paid by the beneficiary. The amount deducted shall be the lesser amount:

Actually paid.

Specified in the court order or agreement with a district attorney.

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MPG LTR 528 (05/04)

10.06.04 Deductions for MFBUs that Do Not Include an ABD-MN Person

**A.
Introduction**

Deductions detailed below are for AFDC-MN, MI or ineligible members of an MFBU which does not include an eligible aged, blind or disabled spouse or child. These are deducted from income in the following sequence.

**B.
Educational
Expenses**

General

Certain educational expenses for college or similar training, which are incurred by a beneficiary, are deducted from income received for educational purposes or any loan received for educational purposes which is counted as property.

Income for Educational Purposes

Income for educational purposes from which allowable expenses can be deducted includes, but is not limited to:

Exempt student loans, grants, or fellowships (as detailed in [MPG Article 10, Section 3](#));

Nonexempt student loans, grants, or fellowships which do not require repayment;

Social Security and Veterans Administration payments to a child

attending school which are based on a deceased or disabled parent's entitlement; and
Veterans Educational Assistance Program payments.

Allowable Educational Expenses

Allowable educational expenses shall be deducted from educational income if they are incurred by a beneficiary for college or similar training. These expenses must be documented to be allowed as deductions. Allowable educational expenses include:

Tuition;
Books
Fees;
Equipment and Supplies;
Special clothing needs;
Child care services; and
Transportation.

The cost of transportation to and from school is based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets these criteria, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven each month. Allowable transportation costs include, but are not limited to, car payments, car insurance, registration, and gasoline.

How to Deduction Educational Expenses

Documented allowable expenses will be deducted in the following order:

Step	Action
1	Deduct allowable expenses from totally exempt loans or grants detailed in MPG Article 10, Section 3 .
2	Deduct any remaining educational expenses from other loans for educational purposes that are considered property, as detailed in MPG Article 9 .
3	Deduct any remaining allowable educational expenses from other income received for educational purposes.

Apportionment of Educational Expenses

Apportion educational expenses over the period of time they are intended to cover to determine the monthly deduction.

Reimbursed Educational Expenses

Applicants/beneficiaries may not use reimbursed expenses as deductions from loans or grants (for example, Welfare to Work Child Care, ESP Training Related Expenses).

**C.
Deduction for
Work
Expenses**

Deduct \$90 for mandatory deductions and work related expenses from the nonexempt gross earned income of each AFDC-MN and MI person.

MPG LTR 116 (08/90)

**D.
\$30 Plus 1/3
Earned
Income
Deduction**

Deduct \$30 of nonexempt earned income and subtract 1/3 of the amount left after subtracting the \$30 deduction of an AFDC-MN or MI person, if the person meets all of the following conditions.

Entitlement for \$30 Plus 1/3 Deduction

An AFDC-MN or MI person is entitled to the \$30 plus 1/3 deduction if the person meets all of the following conditions:

Was eligible for and receiving an AFDC cash grant, or was not receiving an AFDC cash grant due to the adjustment of an overpayment, from any state in one of the four months immediately prior to the month in which the deduction will be applied; and
Did not receive the \$30 plus 1/3 deduction in any AFDC cash family budget unit (FBU) for four consecutive months without an intervening twelve consecutive month period when he/she was not an AFDC recipient.

When the beneficiary received the \$30 plus 1/3 deduction in any MFBU or AFDC Assistance Unit (AU) for four consecutive months as detailed above, deduct a \$30 disregard for a period of eight consecutive months immediately following the end of the four consecutive months.

If the beneficiary ...	Then ...
does not receive the \$30 deduction in a month for any reason,	that month will still count as one of the eight consecutive months.
has received the \$30 plus 1/3 deduction in any AFDC Assistance Unit for more than four months,	each month that exceeds the four-month period will count as one of the eight consecutive months for the \$30 disregard.

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When the additional eight consecutive month period has expired, a beneficiary is not entitled to receive either the \$30 plus 1/3 or the \$30 deduction again until he/she has not received AFDC for twelve consecutive months.

**E.
Dependent
Care
Deduction**

Criteria

Deduct dependent care from the remaining nonexempt earned income when:

The person has reasonable and necessary costs of obtaining child care for a child or incapacitated person in the MFBU; and

The worker determines that adequate dependent care cannot be provided by another member of the MFBU (see next point for an exception); or

The dependent care deduction is allowed to a member of the MFBU, other than a spouse or parent, if the MFBU member terminated employment specifically to provide the necessary care.

Amount of Deduction

The amount deducted is the lesser of the actual amount paid or:

Amount	Person for Whom Dependent Care Was Paid
\$200	Child under two years old
\$175	Child two years of age or older
\$175	Incapacitated person

Reminder: if the actual amount paid is less than the maximum allowable deduction detailed above, the actual amount paid will be allowed.

Private Schools

When a child is attending a private school, such as Montessori School, only that portion of the payment which is for child care before and after school is allowable as a deduction for child care.

Live-In Housekeeper/Care Provider

The criteria, stated above for dependent care deduction, must be met to allow the payment as an earnings deduction.

As with other dependent care, the verification shall identify the specific amount paid for the care of each dependent for the time the applicant/beneficiary worked. The applicant/beneficiary must provide a separate statement identifying all the tasks performed by the live-in and the amount paid for services other than dependent care. This statement will be obtained at onset of a live-in arrangement. The amount allowed for the care of each dependent shall not exceed the maximums established above.

When the income to the live-in is totally or partially in-kind from the

applicant/beneficiary, any cash payment plus the chart values for in-kind income will be used to compute the total amount of dependent care. In this situation the total cost of care will be prorated for the number of dependents.

Verification of Cost of Care

The cost of child care or care of an incapacitated person will be verified by viewing receipts, cancelled checks, or a signed statement from the person or organization receiving the payment.

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Verification of Incapacity

As a condition for allowing dependent care costs for an incapacitated person, the incapacity must be verified on the statement of facts or other written statement from a physician. The verification must include a statement that the person requires care due to the incapacity. The worker will set a case alert to review the incapacity or discontinue allowing the deduction based on the information on the verification document. When the incapacity is permanent, the review and re-verification will be obtained at the annual redetermination.

MPG LTR 528 (05/04)

F. Court Ordered Alimony or Child Support Paid by AFDC-MN or MI Beneficiary

Court ordered alimony or child support, or child support paid pursuant to an agreement with a district attorney, will be deducted from the income of an ABD beneficiary when it is actually paid by the beneficiary. This includes the actual amount of arrearage payments if the arrears payment has not been allowed as a deduction in a previous month.

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MPG LTR 754 (08/12)

G. Child/Spousal Support Received by AFDC-MN and MI Members

Spousal Support

Deduct \$50 of each month's spousal support received in the current month by AFDC-MN and MI family members, whether provided voluntarily or by court order.

Child Support Timely Payments

Deduct \$50 of each month's child support received in the current month by AFDC-MN and MI family members, whether provided voluntarily or by court order.

Child Support Delayed Payments

Delayed Payments are payments made timely, but received by the beneficiary in a subsequent month. Delayed payments are eligible for the \$50 disregard if they meet the following criteria:

The payments for past months are received by the family member in the current month.

The delayed payment was made by the absent parent in the month the payment was due, but receipt was delayed for reasons beyond the payer's control. For example, a payment was made to the child support authority timely, but reached the child in a subsequent month.

Deduct \$50 of each month's delayed child support received in the current month by AFDC-MN and MI family members.

Child Support Arrearage Payments

Arrearage payments are not eligible for the \$50 deduction.

Refer to [BENDS 5396](#) for required CalWIN entries.

MPG LTR 754 (08/12)

H. Income Used to Determine PA Eligibility of another Family Member

Follow the actions in the table below for income used to determine Public Assistance eligibility of another family member.

Step	Action
1	Deduct that portion of the income of an MN or MI person or a person responsible for the MFBU which is counted in determining eligibility of a spouse, parent or child as a PA or Other PA recipient.
2	Deduct the income of a stepparent which is counted in determining the eligibility of a spouse or stepchildren as PA or Other PA recipients.

MPG LTR 116 (08/90)

I. Health Insurance Premiums

Deduct health insurance premiums paid by and purchased for any person in the family. Average health insurance premiums paid less often than monthly to determine the monthly deduction.

Exception: This deduction is not allowed for the Special Percent programs and the QMB program.

MPG LTR 116 (08/90)

10.06.05 Deductions for MFBUs that Include a LTC Person

A LTC Deductions

For MFBUs that include a LTC person, deductions listed in [10.06.03](#) and [10.06.04](#) above are deducted from income and then are added back to the total countable income except for the following deductions: Income of an MN or MI person used to determine PA eligibility of another family member; and Health Insurance Premiums.

The only other allowable deduction is an allocation to a spouse and/or children at home as detailed in [MPG Article 10, Section 5](#).

MPG LTR 116 (08/90)

10.06.06 Deductions for Special Percent Programs

A Introduction

When the worker determines there is a share of cost for the MFBU and the MFBU contains one or more of the following, additional income computations must be completed to see if there is eligibility to a Special Percent Program.

a pregnant woman;
an infant under the age of one year;
a child from age one up to age six; and/or
a child from age six up to age nineteen

The additional computations are done to determine eligibility for the pregnant woman and/or infant under the Income Disregard Program, the child age one up to age six for the 133% Program, and the child age six up to age 19 for the 100% Program. In these computations, health insurance premiums are not an allowable deduction. Only deductions which are allowable to AFDC-MN persons, excluding health insurance premiums, allowable deductions for the MFBU when determining eligibility for the Special Percent Programs. Refer to [MPG Article 5, Section 12](#) for more information regarding these programs.

MPG LTR 437 (02/01)

10.06.07 Apportionment of Deductions

A Apportion- ment of Deductions

Income deductions will be apportioned over time using the same procedures used for apportioning income. (See [MPG Article 10, Section 4](#) for income apportionment regulations.)

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MPG LTR 437 (02/01)

10.06.08 Board and Care Deductions

A Board and Care Deduction

As outlined in [MPG Article 10, Section 1](#), that portion of the monthly income of a MN person residing in a licensed board and care facility which is:

Paid to the facility for residential care and support; and
In excess of the appropriate maintenance need level, is unavailable.

In the [Petit v. Bonta](#) lawsuit, the court found that the Medi-Cal Program needed to allow persons in licensed board and care facilities to apply

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incurred expenses for personal care services to their SOC.

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Allow the board and care deduction for Medi-Cal beneficiaries who are in a licensed board and care facility including those who are receiving assisted living services.

Effective April 1, 2000, an income deduction of \$315 for board and care services is to be allowed unless the income deduction for excess board and care allows for a lower SOC.

MPG LTR 754 (08/12)

**B.
Example 1**

Beneficiary in licensed board and care pays board and care in the amount of \$750. Beneficiary receives Social Security in the amount of \$900. \$900 minus \$20 ABD any income deduction leaves a nonexempt income of \$880.

Amount	Item
\$750	Amount paid for board and care
- \$600	Maintenance Need
\$150	Excess board and care

The standard \$315 deduction for personal care services is greater than the \$150 excess board and care. Therefore, allow an income deduction of \$315.

Amount	Item
\$800	Nonexempt income
- \$315	Standard personal care deduction for persons in board and care
\$565	Net nonexempt income
- \$600	Maintenance Need
\$0	SOC

MPG LTR 437 (02/01)

**C.
Example 2**

Beneficiary in licensed board and care pays board and care in the amount of \$1,300. Beneficiary receives Social Security in the amount of \$1,100. \$1,100 minus \$20 ABD any income deduction leaves nonexempt income of \$1,080.

Amount	Item
\$1,300	Amount paid for board and care
- \$600	Maintenance Need

\$700	Excess board and care
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The \$700 for excess board and care is greater than the \$315 standard deduction for personal care services. Therefore, allow an income deduction of \$700.

Amount	Item
\$1,080	Nonexempt income
- \$700	Standard personal care deduction for persons in board and care
\$380	Net nonexempt income
- \$600	Maintenance Need
\$0	SOC

MPG LTR 437 (02/01)

**D.
Example 3**

Beneficiary in licensed board and care pays board and care in the amount of \$850. Beneficiary receives Social Security in the amount of \$1,000. \$1,000 minus \$20 ABD any income deduction leaves nonexempt income of \$980.

Amount	Item
\$850	Amount paid for board and care
- \$600	Maintenance Need
\$250	Excess board and care

The standard \$315 deduction for personal care expenses is greater than the \$250 excess board and care. Therefore, allow an income deduction of \$315.

Amount	Item
\$980	Nonexempt income
- \$315	Standard personal care deduction for persons in board and care
\$665	Net nonexempt income
- \$600	Maintenance Need
\$65	SOC

MPG LTR 437 (02/01)

**E.
Example 4**

Beneficiary in licensed board and care pays board and care in the amount of \$1,300. Beneficiary receives Social Security in the amount of \$1,400. \$1,400 minus \$20 ABD any income deduction leaves nonexempt income of \$1,380.

Amount	Item
\$1,300	Amount paid for board and care
- \$600	Maintenance Need
\$700	Excess board and care

The \$700 for excess board and care is greater than the \$315 standard deduction for personal care services. Therefore, allow an income deduction of \$700.

Amount	Item
\$1,380	Nonexempt income
- \$700	Standard personal care deduction for persons in board and care
\$680	Net nonexempt income
- \$600	Maintenance Need
\$80	SOC

Appendix A Student Earned Income Deductions allowed per month and year

For Year	Monthly Exclusion	Maximum exclusion for calendar year
2014	\$1,750	\$7,060
2013	\$1,730	\$6,960
2012	\$1,700	\$6,840
2011	\$1,640	\$6,600
2010	\$1,640	\$6,600
2009	\$1,640	\$6,600
2008	\$1,550	\$6,240
2007	\$1,510	\$6,100
2006	\$1,460	\$5,910
2005	\$1,410	\$5,670
2004	\$1,370	\$5,520
2003	\$1,340	\$5,410
2002	\$1,320	\$5,340
2001	\$1,290	\$5,200

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