

Determining Household Income

(A guide for completing a LINQ Free / Reduced Meal Application)

- (1) Income is any money received on a recurring basis, including gross earned income, unless specifically excluded by statute. Gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums, and bonds. Income includes but is not limited to: Earnings from work
- (a) Wages, salaries, tips, commissions
 - (b) Net income from self-owned business and farms
 - (c) Strike benefits, unemployment compensation, and worker's compensation
 - (d) Welfare/child support/alimony
 - (e) Public assistance payments/welfare benefits
 - (f) Assistance, General Relief)
 - (g) Alimony or child support payments
 - (h) Retirement/disability benefits
 - (i) Pensions, retirement income, veterans' benefits
 - (j) Social security
 - (k) Supplemental security income
 - (l) Disability benefits
 - (m) Any other income
 - (i) Net rental income, annuities, and net royalties;
 - (ii) Interest and dividend income;
 - (iii) Cash withdrawn from savings, income from estates, trusts and/or investments;
 - (v) Regular contributions from persons not living in the household; Any other money that may be available to pay for the child(ren)'s meals

(2) **CURRENT INCOME:** Households must report current income on a free and reduced price application. Current income means income received by the household for the current month, the amount projected for the first month for which the application is filled out or for the month prior to application. If this income is higher or lower than usual and does not fairly or accurately represent the household's actual circumstances, the household may, in conjunction with REVIEWING OFFICIAL officials, project its annual rate of income based on the guidelines on special situations.

(3) **INCLUDED MILITARY BENEFITS:** Benefits paid directly to the service person such as housing allowances and food or clothing allowances, are considered income.

(a) Deployed Service Members Only count that portion of a deployed service member's income made available by them or on their behalf to the household will be counted as income to the household.

(b) Combat Pay is excluded as discussed below under Income Exclusions - Military Benefits - Combat Pay.

(4) **EXCLUDED INCOMES & MILITARY BENEFITS:** An in-kind benefit is excluded, such as non-privatized on-base housing, where no cash is provided to the household. Other sources of excluded income related to the military:

(a) Family Subsistence Supplemental Allowance (FSSA) - By law, the FSSA is not counted as income in determining eligibility for free and reduced price meals;

(b) Privatized housing allowances received under the Military Housing Privatization Initiative are not counted as income. Under this privatization initiative, a housing allowance appears on the reviewing official and earnings statement of service members living in privatized housing. ***The exclusion only applies to service members living in housing covered under the Military Housing Privatization Initiative. Housing allowances for households living off-base in the general commercial/private real estate market are counted as income.***

(c) Combat Pay is excluded if it is;

(i) Received in addition to the service member's basic pay;

(ii) Received as a result of the service member's deployment to or service in an area that has been designated as a combat zone; and

(iii) Not received by the service member prior to his/her deployment to or service in the designated combat zone.

(iv) Combat pay as described is extended to Deployment Extension Incentive Pay (DEIP). DEIP is given to active-duty service members who agree to extend their military service by completing deployment with their units without re-enlisting. This exemption applies only until the service members return to their home station. DEIP payments provided to service members that are not considered deployed are not exempt. For more information, see: SP 06-2010, CACFP 03-2010, SFSP 04-2010: Exclusion of Military Combat Pay, <https://www.fns.usda.gov/cn/exclusion-military-combat-pay>

(d) Payments received from a foster care agency or court for the care of foster children;

(e) Student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships awarded to meet educational expenses and not available to pay for meals;

(f) Loans, such as bank loans, since these funds are only temporarily available and must be repaid; and

(g) Infrequent earnings received on an irregular basis, such as payment for occasional baby-sitting or yard work.

(h) With regard to eligibility determinations for the CNPs, FNS has adopted the income exclusions provided under the Social Security Act and other Federal laws. A number of these exclusions are discussed below. This manual does not list all sources of income excluded from the eligibility determination. To view a list of all income sources excluded by the Social Security Act, please see: Section 1612 of the Social Security Act (https://www.ssa.gov/OP_Home/ssact/title16b/1612.htm#ACT-B1612-B)

(i) To see a list of income sources excluded by other Federal laws, see: Appendix to Subpart K of Part 416—List of Types of Income Excluded under the SSI Program as Provided by Federal Laws Other Than the Social Security Act (http://www.socialsecurity.gov/OP_Home/cfr20/416/416-app-k.htm)

(j) For OCONUS only (does not include Guam), BAH (Basic Allowance for Housing), OHA (Overseas Housing Allowance), LQA (Living Quarters Allowance) paid to OCONUS civilians, BAH RC/T rate (this is used when calculating CYP Parent Fees based on TFI) per DOD Memo, 24 December 2008, *“This memo revises the computation of household income to determine the eligibility of DoD school-age dependents attending DoD overseas schools for free or reduced-price meals. Government-provided housing allowances shall be excluded from such computations.”*

DETERMINING HOUSEHOLD COMPOSITION

Household composition for the purpose of making an eligibility determination for free and reduced priced benefits is based on economic units. An economic unit is a group of related or unrelated individuals who are not residents of an institution or boarding house but who are living as one economic unit, and who share housing and/or significant income and expenses of its members. Generally, individuals residing in the same house are an economic unit. Refer to USDA Eligibility Manual for School Meals to determine “special situations.” For example, deployed Service members should be considered part of household even if deployed.

CURRENT INCOME/CONVERSIONS

- (1) For the purposes of certification of eligibility for free or reduced price meals or free milk, the household must provide their current income which is based on the most recent information available.
- (2) This may be for the current month, the amount projected for the month for which the application is filled out or for the month prior to application. If the household’s current income is not a reflection of income that will be available over the school year, the household should contact the local installation approving authority for assistance who would determine the amount and frequency of income available during the school year for households.
- (3) If there are multiple income sources with more than one frequency, the reviewing/approval authority must annualize all income by multiplying:
 - (a) Weekly income by 52;
 - (b) Bi-weekly income (received every two weeks) by 26;
 - (c) Semi-monthly income (received twice a month) by 24;
 - (d) Monthly income by 12.
 - (i) NOTE: Do not round the values resulting from each conversion. Add all of the un-rounded converted values and compare the un-rounded total to the appropriate IEG for annual income for the household size