

10 **Expenses Exceed Income (EEI) - Overview**

Expenses exceed income (EEI) situations exist when a budgetary unit reports bills that are more than its reported gross income. EEI also exists when there is no evidence that liquid resources have been used or are available to be used to meet ongoing expenses.

Participants whose living expenses exceed their income must provide proof of how they are meeting their expenses. They must provide verification of an additional source of income or have available, and use, sufficient liquid resources to meet their living expenses. When the participant does not provide verification of how they are meeting their expenses, deny or close the case for failure to provide.

When the local office receives information that indicates the expenses of the budgetary unit exceed their gross income, explore with the participant how they are managing their finances. This includes, but is not limited to, the following:

- Is the budgetary unit receiving income or are they using resources to meet their expenses?
- How long has the budgetary unit managed its finances under these circumstances?
- Does the participant show receipts for paid expenses? The participant must provide verification of where the income was obtained to pay these expenses.
- Is someone making contributions to the budgetary unit?

Document how the participant is meeting expenses on the [documentation forms](#).

When otherwise eligible, approve the benefits when the budgetary unit meets all of the following:

- Recently lost a source of income
- Do not know how its finances will be managed
- Provided information that is not questionable

Set an alert on EWAL for the first day of the third month of approval to review EEI situations.

EXCEPTION

Do not set an alert on EWAL for the first day of the third month for any case that is assigned ONLY to [Simplified Reporting](#). The participant is not required to verify EEI during an approval period.

Monitor EEI situations through EWAL.

When the EWAL is received, send the [C003 notice](#) to the PI.

The PI must return the C003 within ten days. The participant is required to provide verification of how the budgetary unit continues to meet its expenses.

Review the returned C003 for the following:

- [Returned mail](#)
- No change (See [Continued EEI](#))
- [Reported changes \(Standard\)](#)

EXCEPTION

Participants assigned ONLY to Simplified Reporting are not required to respond to the C003. Do not close the CA or FS when the participant does not respond or provide verification.