

FAA4.K Expenses and Payment Standard (EXNS EXPC)

01 **EXNS - EXPC - Purpose**

EXNS is used to key a budgetary unit's expenses and indicate appropriate payment standards (A1/A2). AZTECS calculates the maximum allowable deduction from income, based on allowable expenses. (See [Expenses and Payment Standard - Overview](#))

EXPC is used to convert expenses billed more often than monthly, to a monthly amount. (See [Expense Calculation - Overview](#))

02 **Expenses and Payment Standard - Overview**

REVISION 18
(10/01/11 - 12/31/11)

All programs are allowed certain deductions from income when determining benefit levels and eligibility. The deductible expenses must be verified.

AZTECS calculates the maximum allowable deductions based on expenses keyed on EXNS as follows:

- [Child Support Expenses](#) are considered for NA only.
- [Dependent Care Expenses](#) and Incapacitated Adult Care Expenses are considered for all programs.
- Medical Expenses are considered for NA only. (See [NA Medical Expenses](#))
- [Shelter expenses](#) and [utility expenses](#) are considered as follows:

For CA, the [payment standard](#) is based on an obligation to pay shelter costs.

For NA, the budgetary unit is allowed either of the following:

- [Shelter Cost Deduction](#)
- [NA Homeless Shelter Deduction](#)

Use EXPC to convert expenses billed more often than monthly to a monthly amount.

Policy and procedures regarding expenses are outlined as follows:

- [Expense Calculation Overview](#)
- [Types of Expenses](#)
- [Expenses of NA Participants](#)
- [CA Payment Standard](#)
- [Medical Expense Types](#)
- [Shelter Expense Types](#)
- [Utility Expense Types](#)
- [Expenses Exceed Income](#)
- [Verification of Expenses](#)
- [Budgeting Expenses](#)
- [Expense Changes](#)

03 Expense Calculation - Overview

Use EXPC to convert expenses billed more often than monthly to a monthly amount.

Do not convert an expense when it is less than a full month's expense due to the expense starting or stopping. Key the expected actual expense in this situation. (See [Expense Budgeting](#))

To access EXPC, key Y in the WS field, and press enter.

After keying the information on EXPC, press enter to return to EXNS. AZTECS processes EXPC and displays the converted expenses on EXNS.

04 Types of Expenses - Overview

Policy and procedures regarding types of expenses are outlined as follows:

- [Child Support Expense](#)
- [Dependent Care Expense](#)
- [NA Medical Expense](#)
- [Shelter Expense](#)
- [NA Utility Expense](#)

A Child Support Expense

REVISION 32
(10/01/14 –11/30/14)

Child support payments may be made by a participant to a person outside the home.

WARNING

Do not allow the child support expense when all of the following are in the same budgetary unit:

- The parent paying the child support.
- The child for whom the child support is being paid.
- The parent receiving the child support.

Do not key child support on UNIN in this situation.

Key court-ordered child support expenses on EXNS.

Policy and procedures regarding court-ordered child support expenses are outlined as follows:

- [Child Support Expenses - NA](#)
- [Child Support Expense Verification](#)
- [Budgeting Court-ordered Child Support](#)

.01 Court Ordered Child or Cash Medical Support Expenses - NA

REVISION 46
(01/01/18 –12/31/18)

Court ordered child support or cash medical support payments made by a participant to an agency (such as the Division of Child Support Services (DCSS)) or to the court are allowable expense deductions.

DCSS has the legal authority to add an arrears payment to a court order. When additional child or cash medical support arrearages are added to the court order and are recurring, budget the recurring arrearage amount that is being paid.

The allowable child or cash medical support expense cannot exceed the monthly court order unless the excess amount is due to DCSS adding arrearages to the court order.

When the participant pays less than the monthly court ordered amount, only the amount paid is allowable.

EXCEPTION

Do not allow the portion of the support expense that is paid with income that is considered not countable.

Recurring legally owed child or cash medical support arrearages are allowable for NA when the expense has been verified as paid.

Nonrecurring lump sum child or cash medical support expense is allowable for NA in the month the expense is paid. When the nonrecurring lump sum payment is more than the court order, budget the court ordered amount unless the expense includes recurring child or cash medical support arrearages or clearinghouse fees.

The participant may pay their legally owed child support or cash medical support payment to a third party in place of the cash payment in accordance with the court order. When this occurs, the payment is allowable for NA. Payments include, but are not limited to, the following:

- Mortgage payments
- Insurance payments
- Car payments
- Medical insurance and bills

Allow the lesser of either of the following:

- The court ordered amount
- The verified amount actually paid

WARNING

Do not allow employer charges for garnishment that are not part of the court-ordered child or cash medical support expense.

Key the amount of the court ordered support expense paid on **EXPC** using the following CS Expense Type Codes:

- CS for current court ordered child support
- CS AR for child support arrearages
- CS OT non-cash child support

For more information, see [Child Support Expense Verification](#).

B Dependent Care Expense

REVISION 07
(01/01/09 – 03/31/09)

Dependent care expenses are payments for the care of a child or incapacitated adult. The allowable amount is the amount billed.

Policy and procedures regarding eligibility for a deduction from income for dependent or incapacitated adult care expenses are outlined as follows:

- [CA Dependent Care Requirements](#)
- [NA Dependent Care Requirements](#)
- [NA Dependent Care Transportation Standard](#)
- [Dependent Care Deductions](#)
- [Keying Dependent Care Deductions](#)
- [Dependent Care Expense Verification](#)

.01 CA Dependent Care

REVISION 19
(01/01/12 – 03/31/12)

Dependent care expenses billed for the care of a child or incapacitated adult are allowable when all of the following apply:

- The expense is required to ensure care is provided for the dependent.
- The expense is required to allow the participant to continue to work.
- The wage earner is billed for the expense.
- The person receiving the care is included in the same CA or [CA Supportive Services](#) budgetary unit as the wage earner.

Dependent care expenses include payments to a provider caring for an incapacitated adult in the home. Incapacity is determined by a statement from a [medically qualified source\(g\)](#).

WARNING

Key dependent care expenses for a DI participant next to the eligible participant who is billed or pays the expense. Then AZTECS will allow the deduction.

For the maximum dependent care deduction, see [Dependent Care Deduction for CA](#).

.02 NA Dependent Care

REVISION 48
(01/01/20 - 12/31/20)

Dependent care expenses billed for the care of any of the following are allowable:

- A dependent child under the age of 18
- An incapacitated adult, when the cost is not a medical expense. (See [NA Medical Expenses](#))

The dependent care expense is only allowable when it is necessary to complete one of the following:

- Seek, accept or continue employment.

NOTE Participants must provide information about their search for employment. A participant's statement is acceptable verification unless questionable.

- Participate in [NA Employment & Training](#) activities.

NOTE Participants must provide information about NA E&T activities. A participant's statement is acceptable verification unless questionable.

- Attend training or pursue education to prepare for employment.

NOTE Attendance in one of the following is considered preparation for employment:

- High school
- GED classes

The following are allowable NA dependent care expenses:

- The provider charges a registration fee that the budgetary unit is required to pay.

NOTE When the registration fee is a one-time fee, the fee is an allowable expense in the month in which it is billed. When the registration fee is a recurring fee, prorate the fee over the period of time it is intended to cover.

- Activity or meal fees that are mandatory and separate from the daycare expense.
- Fees are billed by the provider, but care is not provided due to illness or vacation.
- Mandatory fees are billed for shuttle services from the provider to the elementary school.
- Alternative types of care are provided, which include any of the following:
 - After-school care
 - Special needs care
 - At-risk youth programs
 - Informal care arrangements
 - Adult day care or day services
- The provider waives the co-payments that the budgetary unit is required to pay.

Do not allow the following dependent care expenses:

- Any portion of an expense that has been allowed as an [educational expense](#). (See Educational Expenses)
- Costs paid to a facility or provider for [educational tuition\(g\)](#) of a dependent child.

NOTE Contact the facility or provider to determine whether the fees charged are for educational tuition or dependent care.

- Costs for care provided by any of the following:
Another participant in the case.
Reimbursements, including reimbursements made by [NA Employment & Training](#) (NA E&T), [Jobs](#), or [Transitional Child Care](#) (TCC).
[Vendor Payments](#).
- Costs for care provided out of the home when a [spouse\(g\)](#) or parent is in the home, and that spouse or parent meets all of the following:
Not working or actively looking for work.
Not registered for work.
Physically capable of caring for the dependent.
- Costs paid in the form of an [in-kind benefit](#) such as food, gas, room.
- Costs paid by a third party.

(See [Keying Dependent Care Expenses](#) for keying instructions.)

.03 NA Dependent Care Transportation Standard

REVISION 46
(01/01/18 - 12/31/18)

A transportation standard is allowed when a participant incurs an expense to transport their dependent:

- To a dependent care provider.
- From a dependent care provider.
- To and from a dependent care provider.

When transportation expenses are incurred to take a dependent to or from the dependent care provider, a transportation standard is allowed.

EXCEPTION

The transportation standard is not allowed when the budgetary unit resides with the dependent care provider.

The NA Dependent Care Transportation Standard is 20% of all allowable dependent care expenses.

AZTECS automatically calculates the 20% NA Dependent Care Transportation amount for each participant when the CF code is keyed in the TY field on EXNS. The transportation standard is displayed as an increased dependent care deduction amount on FSAD.

NOTE The participant statement may be used as verification of transportation expenses unless it is questionable.

(See [Keying Dependent Care Expenses](#) for keying instructions.)

.04 Dependent Care Deductions

REVISION 07
(01/01/09 – 03/31/09)

When the [dependent care](#) requirements are met, AZTECS deducts the [maximum dependent care amount](#) from the countable earned income.

The maximum dependent care amount is based on both of the following:

- The age of the dependent.
- The number of hours the participant works.

NA EXCEPTION

The maximum dependent care amount does not apply.

.05 Keying Dependent Care Expenses

REVISION 46
(01/01/18 - 12/31/18)

Determine and verify the anticipated expense as follows:

- Allow the billed expense for the months the participant expects to be billed.
- When the billed amount is for more than one participant and individual amounts are not specified, complete the following:
Divide the total billed amount by the number of participants receiving care.

Round up the amount for one participant when the billed amount cannot be divided evenly.

(See Example [Dependent Expense](#))

Do not convert the dependent care expense when the expense is less than a full month's expense. This could be due to the expense starting or stopping.

For the CA program, key dependent care expenses as follows:

- Key CA in the TY field on EXNS for each participant with a dependent care expense.
- In the SUB field key the AZTECS position number for the participant who is responsible for the expense.
- Key the allowable amount of dependent care charges in the AMT field.

For the NA program, key dependent care expenses as follows:

- Key CF in the TY field on EXNS for the participant when a transportation expense is incurred to take the participant to a dependent care provider, from a provider, or to and from a provider.

NOTE AZTECS applies the NA Dependent Care Transportation Standard when the CF Expense Type Code is keyed.

- Key CN in the TY field on EXNS for the participant when there is no transportation expense to or from a dependent care provider.
- In the SUB field key the AZTECS position number for the participant who is responsible for the expense.
- Key the allowable amount of dependent care charges in the AMT field.

C NA Medical Expenses

REVISION 49
(01/01/21 - 12/31/21)

Medical expenses are allowable as a deduction for NA participants that are [elderly or have a disability](#). The medical expense must belong to and be billed to the participant.

An NA household may be eligible for a Standard Medical Deduction (SMD) of \$160 minus the \$35 disregard for a net total of \$125. When medical expenses exceed the SMD of \$160, the household may use

the actual monthly medical out-of-pocket expenses, minus the \$35 disregard whichever is higher.

For a household to be eligible for the SMD, a monthly medical expense of more than \$35 must be verified at the initial application or when new monthly medical expenses are reported.

AZTECS applies a one-time \$35 disregard to all medical expenses in the household, regardless of the number of elderly participants or participants with a disability included in the case.

The medical expenses of elderly participants or participants with a disability may be deducted from income. (See [Expenses of NA Participants](#))

Policy, procedures, and examples regarding medical expenses are outlined as follows:

- [Participants Eligible for NA Medical Expenses](#)
- [Medical Expense Types](#)
- [Changes in Medical Expenses](#)
- [Medical Expense Verification](#)
- [Medical Expense Example #1](#)
- [Medical Expense Example #2](#)
- [Medical Expense Example #3](#)

.01 Participants Eligible for NA Medical Expenses

[REVISION 49](#)
(01/01/21 - 12/31/21)

The following NA participants are eligible for a medical expense deduction when the amount of the medical expense is greater than \$35:

- [Elderly participants or participants with a disability.](#)
- Deceased participants, when both of the following requirements are met:

The deceased participant would have been eligible for the deduction in the month the expense was billed.

The remaining budgetary unit participants are legally responsible for the bill.

- Participants who are eligible for and receiving SSI. When the participant begins receiving SSI, allow excess medical expenses incurred from the latter of the following:

The date of the NA application.

The date when SSI eligibility began.

Households with elderly participants or participants with a disability may receive one of the following deductions from their income:

- A Standard Medical Deduction (SMD) of \$160 minus a \$35 disregard which equals \$125.
- An actual monthly out-of-pocket medical expense deduction, minus a \$35 disregard when expenses exceed the \$160 SMD amount.

AZTECS uses whichever medical deduction expense is higher to benefit the household.

At an initial application, or when the household is reporting new monthly medical expenses, staff must explain the SMD option to the household. The medical expenses must be verified before the medical deduction can be used as follows:

- At least \$35.01 when using the SMD
- All out-of-pocket expenses when they exceed \$160 per month

At an initial application, staff must complete the Standard Medical Deduction Worksheet (FAA-1813A) form explaining the SMD and the actual medical expense deduction. Upload the completed form into OnBase.

For renewal applications or a reported change on an existing expense, a client's statement can be used when it is not questionable or unclear. (See [questionable or unclear](#))

Allow as a deduction the total medical expense cost that is not covered by [Medicare](#) or other [health insurance coverage](#). This amount is used to calculate the medical deduction. AZTECS deducts only one \$35 disregard per household.

The following are allowable medical expenses:

- [Service Animals](#)
- [Hospital Costs](#)
- [Medical and Dental Care Fees](#)
- [Medical Assistants](#)
- [Medical Insurance Premiums](#)
- [Medical Lodging](#)
- [Medical Supplies](#)
- [Medical Transportation](#)
- [Medicare Premiums](#)
- [Medication and Prescriptions](#)

The following medical expenses are not allowable:

- Charge accounts used for both medical expenses and other miscellaneous expenses

NOTE When a portion of the bill that is for medical expenses can be determined, allow only that portion. Medical expenses paid in monthly installments are considered billed when the statement is received. When no due date is indicated for a medical expense, consider it due in the month following the billing date.

- Charge account interest when medical expenses are paid in monthly installments
- Medical Bills that were paid before a new application month
- Amounts carried forward from past billing periods and late charges even when included with the most recent billing and actually paid by the participant
- Expenses covered by a reimbursement or vendor payment
- Expenses covered by a second mortgage, treat as a shelter expense

.02 Insured Medical Expenses - NA

REVISION 03
(01/01/08 – 03/31/08)

NA Budgetary Unit participants only receive a medical deduction after all reimbursements and payments have been made. Determine during the interview when the budgetary unit participant can reasonably expect reimbursement for part or all of the expense.

NOTE Participants may be insured by more than one health insurance.

When the medical expense is a hospital bill, the total amount shown on the final bill is considered as a medical expense. The FINAL bill reflects the amount due after all insurance payments have been made.

When Medicare or other insurance covers the medical expense, 20% of the total bill is allowed, unless verification is provided that insurance covers less than 80% of the expense.

Allow the participant's portion of medical expenses that remain after those that have been covered by vendor payment or reimbursement have been deducted. Verification of payment or nonpayment by the vendor must be provided by the budgetary unit.

D Shelter Expenses - Overview

A shelter expense may result in an expense deduction for NA. (See [Expenses of NA Participants](#))

CA EXCEPTION

The following shelter expenses qualify for the [A1 payment standard](#):

- Rent
- Mortgage
- Homeowner association fees
- Taxes

Policy and procedures regarding shelter expenses are outlined as follows:

- [Shelter and Utility Allowance](#)
- [Shelter Expense Types](#)
- [Shelter Expense Verification](#)

.01 NA Shelter and Utility Allowance

REVISION 37
(08/01/15 - 09/30/15)

AZTECS calculates the shelter and utility allowance based on expenses keyed on EXNS.

The monthly shelter and utility allowance is the amount that exceeds 50% of the budgetary unit's net income (after all other deductions have been allowed) not to exceed the [maximum shelter deduction amount](#).

EXCEPTION

A budgetary unit that contains a participant who is [elderly or has a disability](#) is not subject to a maximum shelter deduction.

NOTE Special Considerations do not apply to participants who are Elderly or have a disability and they are [disqualified](#) from participation for any reason.

A homeless budgetary unit is eligible for the greater amount of either the excess shelter deduction or the [NA homeless shelter deduction](#).

.02 NA Homeless Shelter Deduction

AZTECS allows the NA homeless shelter deduction instead of the excess shelter deduction when it is to the benefit of the budgetary unit. (See [Homeless Shelter Amount](#)) Budgetary units that meet both of the following are eligible to receive the deduction:

- [Homeless\(g\)](#)
- Incur a shelter expense

AZTECS compares the excess shelter deduction to the NA Homeless Shelter Deduction and allows the greater amount when the following criteria are met:

- Y is keyed in the HOMELESS field on INDA
- Shelter costs and actual utility expenses are keyed on EXNS

E NA Utility Allowance - Overview

[REVISION 46](#)
(01/01/18 - 12/31/18)

Use the utility expenses billed separate from or itemized with rent or mortgage payments on a regular basis, to determine the allowable utility allowance for the NA budgetary unit. Do not use the utilities that are paid completely by an [energy assistance payment](#).

A [utility allowance amount](#) is used to allow a standard amount in place of the ACTUAL expenses.

AZTECS uses the utility allowance amount to calculate the shelter deduction.

Policy and procedures regarding utility allowances are outlined as follows:

- [NA Utility Expenses](#)
- [Qualifying for a Utility Allowance](#)
- [Utility Expense Types](#)
- [Utility Allowance Verification](#)

.01 NA Utility Expenses

[REVISION 23](#)
(01/01/13 - 03/31/13)

The budgetary unit is allowed a utility allowance based on the budgetary unit's obligation to pay utility expenses.

For allowable utility expenses, see [Utility Expense Types](#).

Key all utility expense types and amounts on EXNS. This information is displayed on HOSU and is used to assist the worker in tracking [Expenses Exceed Income](#) (EEI) cases.

NOTE Key the correct [verification code](#) for each of the expenses on EXNS. (See [utility allowance verification](#) for verification requirements).

.02 Qualifying for an NA Utility Allowance

[REVISION 46](#)

(01/01/18 - 12/31/18)

Budgetary units billed for utility expenses are allowed one of the following utility allowances:

- [Standard Utility Allowance](#)
- [Telephone Utility Allowance](#)

When more than one budgetary unit shares the same housing unit and each has separate utility expenses, see [Sharing Expenses](#).

AZTECS determines the allowable utility allowance from the following:

- Expenses keyed on EXNS
- Household size keyed in SEPA

.03 Standard Utility Allowance

[REVISION 36](#)

(06/01/15 - 07/31/15)

To qualify for the standard utility allowance (SUA), the NA budgetary unit must have the obligation to pay and are not receiving full [Energy Assistance](#) payments for any of the following utility expenses:

- Coal
- Electric
- Garbage or Sewer
- Gas
- Oil
- Utility Installation Fees
- Water

- Wood

See [Utility Allowance Verification](#) for additional verification requirements.

See [Utility Allowance Current Amount](#) for the current amount of the allowance.

.04 Telephone Utility Allowance

To qualify for the telephone utility allowance (TUA), the budgetary unit must have the obligation to pay only a telephone utility expense. (See [Utility Expense Types](#))

See [Utility Allowance Current Amount](#) for the current amount of the allowance.

.05 Shared Utilities

Policy and procedures regarding shared utility expenses are outlined as follows:

- [Shared Utilities- One Housing Unit](#)
- [Shared Utilities- Separate Housing Units](#)

.06 Shared Utilities in One Housing Unit

[REVISION 23](#)
(01/01/13 – 03/31/13)

More than one budgetary unit may live in the same housing unit (house, apartment, trailer, etc.) and share utility expenses. One budgetary unit may also share a housing unit with others who do not receive NA. When either situation occurs, the budgetary unit is entitled to a [utility allowance](#) based on utility expenses keyed.

A utility allowance is allowed regardless of the percentage of the utilities paid. When one budgetary unit pays the expense and receives a fixed monthly amount from another budgetary unit for utilities, each budgetary unit is allowed the utility allowance.

.07 Shared Utilities in Separate Housing Units

When budgetary units that incur utility expenses live in separate housing units (house, apartment, trailer, etc.) and share a meter with each other, each budgetary unit is entitled to a utility allowance. Determine the utility expense.

(See Examples [Shared Utilities 1](#) and [Shared Utilities 2](#))

NOTE This situation is common when two separate housing units are located on the same property or when the homeowner rents out a separate apartment within their home.

05 Expenses of NA Participants - Overview

NA budgetary units are allowed certain deductions from countable income. Deductions are only allowed when expenses are incurred by a budgetary unit. Expenses that result in a deduction from income must be reported and verified by the budgetary unit or its representative.

Deductions from income are calculated by AZTECS based on the expenses keyed on EXNS. Key the allowable expense when any of the following applies:

- The participant is billed for the allowable expense. It does not matter when the budgetary unit actually pays the expense.
- The allowable expense is billed in someone else's name, but the budgetary unit is responsible for paying the expense.
- The allowable expense is paid by a third party as a loan that must be repaid. (See [Loans - Unearned Income](#))

Do not key any portion of an expense that is paid by any of the following:

- [Vendor Payment](#)
- [Reimbursement](#)
- Rental Discount
- [In-kind Payments](#)

Policy and procedures regarding expenses of NA participants are outlined as follows:

- [Expenses of Disqualified NA Participant](#)
- [Shared Expenses](#)
- [NA Standard Deduction](#)
- [CA Reduced By](#)
- [Court-ordered Child Support](#)
- [Shelter Expense](#)
- [Utility Expense](#)
- [Utility Allowance](#)
- [NA Homeless Shelter Deduction](#)
- [NA Medical Expense](#)

A Disqualified NA Participants

REVISION 23
(01/01/13–03/31/13)

The following expenses of the disqualified participant are counted in full or prorated to the remaining participants in the budgetary unit, depending on the disqualification reason:

- [Child Support Expenses](#)
- [Shelter Expenses](#)
- [Utility Expenses](#)
- [Dependent Care Expenses](#)

Disqualified participants are not included when determining the budgetary unit size or when assigning a benefit level. Disqualified participants are included when determining the correct Standard Utility Allowance (SUA) amount for the budgetary unit.

A participant who meets one of the following criteria has their expenses counted in full:

- [NA Work Requirement disqualification](#) - (When DE is keyed in the PT field on SEPA)
- [Intentional Program Violation](#) (When DF is keyed in the PT field on SEPA)
- [NA Fleeing Felon](#) (When DF is keyed in the PT field on SEPA)
- [Felony drug conviction](#) (When DF is keyed in the PT field on SEPA)
- A conviction for any of the following (When DF is keyed in the PT field on SEPA):
 - Trading NA for controlled substances
 - Trading controlled substances for NA
 - Trafficking NA benefits
 - Making fraudulent statements concerning identity or residence in order to receive multiple NA benefits
- [Voluntary job quit](#) - reduction in work effort (When DE is keyed in the PT field on SEPA)
- The following [Nonqualified noncitizen](#) participants (When DI is keyed in the PT field on SEPA):
 - Diplomats
 - Students
 - Tourists
 - Undocumented noncitizens
 - Visitors

A participant who meets one of the following criteria has their expenses prorated:

- Noncompliance with the [SSN enumeration requirements](#) (When DI is keyed in the PT field on SEPA)
- The following [Nonqualified noncitizen](#) participants (When DI is keyed in the PT field on SEPA):
 - LPR's not meeting the five year residency requirement
 - Parolees
 - Special agricultural workers admitted for temporary residence

Key the expense on EXNS as follows:

- When the expense is paid by or billed to the disqualified participant, key the expense next to the disqualified participant. (See Example [Disqualified Participants 1](#))
- When both the disqualified and a participant receiving benefits pay the expense, key the identified portion of the expense next to the disqualified participant and participant receiving benefits. (See Example [Disqualified Participants 2](#))

EXCEPTION

When the expense is billed to the disqualified participant and the participant receiving benefits PAYS the expense, do not prorate the expense. Key the expense next to the participant receiving benefits. (See Example [Disqualified Participants 3](#))

NOTE When the participant receiving benefits pays the expense with money provided by the disqualified participant, key the expense next to the disqualified participant. (See Example [Disqualified Participants 4](#))

When the PI in a CA and NA case is the disqualified participant and the only income is CA, do not prorate the expenses. Key the expenses next to the participant receiving benefits. (See Example [Disqualified Participants 5](#))

B Shared Expenses

More than one budgetary unit may share the same housing unit and each has separate [shelter expenses](#), or [utility expenses](#). When this occurs, each budgetary unit is entitled to the actual shelter expense amount billed and a [utility allowance](#). (Also see [Shared Utilities](#))

When an NA budgetary unit shares expenses with persons outside the budgetary unit, only the amount actually paid by the budgetary unit is allowable as an expense.

When the amount paid by the budgetary unit cannot be determined, complete both of the following:

- Divide the expenses evenly by the number of persons actually paying the expenses
- Allow only the budgetary unit's share

When two budgetary units are living together and one budgetary unit is renting from the other budgetary unit who is buying the home, the following apply:

- The budgetary unit that is paying rent receives a rental expense.
- The rent paid to the budgetary unit buying the home is countable as unearned income.
- The budgetary unit buying the home receives the full mortgage expense. (See Example [Shared Expenses 1](#))

NOTE When a portion of the mortgage is paid as a [vendor payment](#), subtract the amount of the vendor payment from the mortgage payment amount. Allow the remaining balance of the mortgage payment as an expense to the homeowner.

When two or more NA budgetary units equally share all expenses for [rent](#), [utilities](#), or [telephone](#), key the number of budgetary units sharing the expenses in the # OF HH SHARING field. Key the total amount of the expenses. AZTECS evenly divides the expense by the number of budgetary units keyed and displays the amount.

The following edit message displays:

EXPENSE AMOUNT(S) DIVIDED BY # OF HH SHARING

EXCEPTION

When a budgetary unit does not equally share rent or expenses, do not use the # OF HH SHARING field. Calculate each participant's share and key their obligation on EXNS. (See Example [Shared Expenses 2](#))

When a budgetary unit pays a flat rate for rent key the # of HH SHARING field and ALL expenses on EXNS with the appropriate Expense Code. Multiply the amount of the rent the participant pays by the number in the # of HH SHARING field and key the amount on EXNS. (See Example [Shared Expenses 3](#))

When the budgetary unit claims actual utility expenses, calculate each budgetary unit's share of the expense and key that amount.

C NA Standard Deduction

AZTECS calculates a [standard deduction amount](#) for each budgetary unit, based on budgetary unit size, regardless of income.

D CA Reduced By

Do not count income, including CA, that is intended for a participant who is not included in the NA benefit.

When a child is included in the CA benefit, but is away at boarding school, determine the child's portion of CA that must not count for NA.

Key the expense on EXPC using the AF Expense Code.

06 CA Payment Standard - Overview

REVISION 47
(01/01/19 - 12/31/19)

There are two payment standards for CA. CA payment levels are determined based on whether the participant has a shelter cost obligation, as follows:

- [A1](#) (D1 for Grant Diversion) is used when the budgetary unit has an obligation to pay allowable shelter costs.
- [A2](#) (D2 for Grant Diversion) is used when the budgetary unit does not have an obligation to pay shelter costs or is not eligible for the A1 Payment Standard.

EXCEPTION

The shelter cost obligation is not required for [Kinship Care](#) (KS), [Kinship Foster Care](#) (KF), [Legal Permanent Guardian](#) (LPG), and [Pascua Yaqui \(PY\) Tribal TANF](#). Always identify the payment standard as A1 for KS, KF, LPG, and PY.

For procedures regarding verification of the payment standard, see [Payment Standard Verification](#).

(See [CA Income Standard](#) for the payment standard amounts)

A A1 CA Payment Standard

REVISION 47
(01/01/19 - 12/31/19)

The annual A1 payment standard is 36% of the 1992 Federal Poverty Level (FPL) for all CA programs. When the participant has an obligation to pay an allowable shelter cost, the A1 payment standard applies.

(See the [A1 Standard Table - CA](#) for the monthly payment standard)

Allow the A1 payment standard when any of the following apply:

- The participant is obligated to pay a shelter cost, including any of the following:
 - Homeowner association fees
 - Mobile home space or taxes
 - Mortgage
 - Property taxes (home or land)

Rent (home or land)

- The participant is the [leaseholder\(g\)](#) of a housing unit subsidized by a local, state, tribal, or the federal government. Federal government subsidy includes [negative rent](#), credits, or cash allowances.
- The participant works in exchange for rent.
- The participant has shelter costs paid by a third party for fewer than three months.
- A participant in the military receives Basic Allowance for Housing (BAH).

NOTE Military allowances are shown on the Leave and Earnings Statement (LES) as additions and deductions.

- The participant who has the shelter cost obligation is in foreclosure action and the mortgage company will accept back payments.
- All Kinship Care, Kinship Foster Care, Legal Permanent Guardian, and Pascua Yaqui Tribal TANF cases. (No shelter cost obligation is required.)

NOTE A participant statement is acceptable as verification for the obligation to pay a shelter expense when no other verification is available at the time of the interview.

When an allowable shelter cost is verified, key EXNS as follows:

- Key A1 in the STD LVL field on EXNS. (Key D1 for Grant Diversion)
- Key the Expense Code and the amount next to the participant that has the shelter obligation.

NOTE When the CA participant pays rent to an NA participant in the same NA case, see [Housing Allowance](#).

B A2 CA Payment Standard

REVISION 47
(01/01/19 - 12/31/19)

The annual A2 Payment Standard is 23% of the 1992 Federal Poverty Level (FPL) for all CA programs.

(See the [A2 Standard Table - CA](#) for the monthly payment standards)

The A2 Payment Standard applies to any of the following:

- The participant has no obligation to pay a shelter cost.
- The shelter costs are paid on an ongoing basis by a third party for three or more months in a row.

NOTE The payment must be made directly to the landlord, mortgage company, owner, or other lien holder.
(See [Vendor Payments](#))

When the participant has no obligation to pay shelter costs, or fails to verify the cost, key A2 in the STD LVL field on EXNS. (Key D2 for Grant Diversion.)

EXCEPTION

The shelter cost obligation is not required for [Kinship Care](#) (KS), [Kinship Foster Care](#) (KF), [Legal Permanent Guardian](#) (LPG), and [Pascua Yaqui \(PY\) Tribal TANF](#). Always identify the payment standard as A1 for KS, KF, LPG, and PY.

07 Medical Expense Types - Overview

The following are types of medical expenses:

- [Service Animals](#)
- [Hospital Costs](#)
- [Medical and Dental Care Fees](#)
- [Medical Assistants](#)
- [Medical Insurance Premiums](#)
- [Medical Lodging](#)
- [Medical Supplies](#)
- [Medical Transportation](#)

- [Medicare Premiums](#)
- [Medication and Prescriptions](#)

For procedures regarding verification of medical expenses, see [Medical Expense Verification](#).

A Service Animals

REVISION 47
(01/01/19 - 12/31/19)

The costs to secure and maintain professionally trained service animals that assist elderly or disabled NA participants in performing normal living activities are allowable.

Service Animals include, but are not limited to the following:

- Seeing-eye animals
- Hearing-ear animals

A service animal is defined as an animal that is trained to do work or perform tasks for the elderly/disabled NA participant. To determine if the service animal meets the requirements, obtain a [participant statement](#) that addresses the following:

- The service animal is required because of a medical issue
- The animal is specifically trained to perform work or tasks for the participant

It is not a requirement that a physician or medical professional prescribe the need for the animal when the participant meets the [Elderly/disability NA requirements](#).

Maintenance costs include the following:

- Purchase of animal food
- Veterinary services
- Kennel fees
- Training

NOTE Breeding and whelping fees are not deductible.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

B Hospital Costs

REVISION 18
(10/01/11 - 12/31/11)

The costs for hospital stays, nursing home care, or outpatient treatment are allowable expense deductions for NA only, when authorized by a licensed practitioner or [U.S. medically qualified source\(g\)](#). The total amount shown on the final bill reflects the amount due after all insurance payments have been received. This is considered the allowable amount.

NOTE Allow these expenses for any participant who was in an NA budgetary unit immediately before entering a hospital or nursing home.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

C Medical and Dental Care Fees

REVISION 47
(01/01/19 - 12/31/19)

Medical and dental care fees are allowable for NA only. This includes the following medical fees:

- Psychotherapy
- Rehabilitation services
- Acupuncturists, massage therapists, herbalists, and other alternative medicine practitioners licensed and recognized by the State Medical Board and prescribed by a State-licensed practitioner

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

D Medical Assistants

The costs for employing any of the following are allowable medical expenses for NA only:

- Attendant
- Homemaker
- Home health aide
- Nurse
- Housekeeper
- Dependent care service

When the participant provides two or more of the assistant's daily meals, an amount equal to the maximum NA allotment for a one person budgetary unit is allowable for NA only. (See [Thrifty Food Plan](#))

NOTE The deduction for the meal-related expenses is the NA benefit in effect at the initial approval or when the deduction is first claimed. Update the deduction at the next scheduled renewal.

WARNING

When the budgetary unit has assistant care costs that could qualify as a medical or dependent care expense, allow the cost as a medical expense.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

E NA Medical Insurance Premiums

REVISION 49
(01/01/21 - 12/31/21)

For NA only, medical and hospitalization insurance premiums intended to cover medical expenses are allowable. This includes health, dental, and vision insurance. When a group policy does not specify how much of the premium is for each person, divide the amount among those included in the policy. Budget only the portion of the insurance premium assigned to the elderly or disabled participant.

Key the expense on EXPC using the ME Expense Code.

When keying Medicare premiums as an expense see [Medicare Premiums](#).

Do not allow costs for accident and disability insurance benefits. These include the following:

- Benefits payable in lump sum settlements for death or dismemberment.
- Income maintenance policies that cover mortgage or loan payments (including auto loans) while the policyholder or beneficiary is disabled.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

F Medical Lodging

The cost of lodging to obtain medical treatment or services such as doctor or dental visits and supplies, are allowable for NA only. (Also see [Medical Transportation](#))

Allow up to \$40 per day for lodging when the participant must travel over 50 miles to obtain medical treatment or services. Medical treatment or services include, but are not limited to, the following:

- Prescriptions
- Eye Glasses
- Dentures

- Hearing Aids
- Sickroom Equipment

NOTE Do not allow the cost of food as a deduction.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

G Medical Supplies

REVISION 38
(10/01/15 - 11/30/15)

The following medical supply costs are allowable for NA only when authorized by a [U.S. medically qualified source\(g\)](#):

- Syringes
- Oxygen
- Sickroom equipment
- Purchase of other medically necessary medical supplies
- Cost of or Rental fees for prescribed equipment
- The initial purchase, replacement, or repair of any of the following:
 - Dentures
 - Eyeglasses or Contact Lenses, when prescribed by an ophthalmologist or optometrist
 - Hearing Aids
 - Telephonic aids for the hearing impaired
 - Prostheses

NOTE This does not include the cost of special diets.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

H Medical Transportation

[REVISION 45](#)
(01/01/17 – 12/31/17)

The cost of transportation to obtain medical treatment or services such as doctor or dental visits and supplies, are allowable for NA only. (Also, see [Medical Lodging](#))

Medical treatment or services include, but are not limited to, the following:

- Prescriptions
- Eye glasses
- Dentures
- Hearing aids
- Sickroom equipment

Determine the amount of the transportation cost using the following:

- The [mileage standard](#) when private vehicles are used.
- The actual cost of fare when public transportation or common carrier is used.

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

Key the expense on EXPC using the ME Expense Code.

I NA Medicare Premiums

[REVISION 49](#)
(01/01/21 - 12/31/21)

For NA only, Medicare insurance premiums for participants who are eligible to receive Social Security Administration (SSA) benefits are allowable.

Key the expense on EXPC using the ME MC Expense Code.

Medicare premiums paid by the State of Arizona are considered [vendor payments](#). Key the VP Unearned Income Code in the INC TYPE field on UNIN.

To determine when the payer is the State of Arizona, review one of the following screens:

- In HEAplus, [SOLQI](#) (See page three of the [SOLQI Desk Reference Guide](#) located for internal use only in the FAA Policy Support SharePoint Site Doc Library)
- In AZTECS, AZ displays in the PREMIUM PAYER field on [BDXI](#)

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

J NA Medication and Prescriptions

[REVISION 49](#)
(01/01/21 - 12/31/21)

For NA only, the following expenses are allowable deductions:

- Prescription drugs.
- Over-the-counter medication purchases (including insulin) can be allowed as medical deductions when approved by a [U.S. medically qualified source\(g\)](#).
- Shipping, handling and postage for mail order or online prescription drugs.

Key the expense on EXPC using the ME Expense Code.

The following purchases are not allowed as a deduction:

- Any item that can be purchased with NA benefits. (See [Allowable Purchases](#))
- Any item that is considered as a special diet
- [Medicinal marijuana\(g\)](#)

For policy and procedures regarding the expense, see [NA Medical Expenses](#).

08 Shelter Expense Types - Overview

The following are types of shelter expenses:

- [Disaster Costs](#)
- [Homeowner Association Fees](#)
- [Housing Allowance](#)
- [Shelter Insurance](#)
- [Mortgage](#)
- [Negative Rent](#) (Utility Reimbursement)
- [Public Housing](#)
- [Rent](#)
- [Rental Space](#)
- [Subsidized Housing](#)
- [Taxes](#)
- [Unoccupied Shelter Costs](#)

For procedures regarding verification of shelter expenses, see [Shelter Expense Verification](#).

A Disaster Costs

REVISION 08
(04/01/09 – 06/30/09)

Disaster cost expenses, including charges for the repair of a home damaged or destroyed by a natural disaster, such as a fire or flood, are allowable for NA only.

A disaster cost expense may exist when the following apply:

- Damage was caused by a natural disaster.
- The damage effected one or more homes.

NOTE Designation of a disaster area by a local, state, or federal agency is not required.

The participant has the option of using the expense as a one-time deduction or prorating the expense over the remainder of the certification period.

EXCEPTION

The cost of repair or replacement that has been or will be reimbursed by relief agencies, insurance companies, or other sources is not an allowable expense.

(See [Shelter Expenses](#))

When a participant has disaster cost expenses, elevate the circumstances, all available verification, and the budgeting option selected by the participant to the [Policy Support Team](#) (PST). The PST will provide keying instructions.

Verification of disaster cost includes the following:

- The damage was caused by a natural disaster.
- The cost of repair or replacement.
- The expense will not be reimbursed by a relief agency, insurance company, or other source.

B Homeowner Association Fees

Mandatory homeowner association (HOA) fees are allowable for NA only. (See [CA Payment Standard](#))

Key the expense on EXPC using the MO HF Expense Code.

C Housing Allowance

A CA budgetary unit may be paying rent to an NA budgetary unit, and both are part of the same NA case. When this occurs, key the [rent](#) amount for the CA participant using the HA code. AZTECS allows the [A1 Payment Standard](#), and does not allow the rent amount as an additional expense for NA.

(See [Shelter Expenses](#))

Key the expense on EXPC using the HA Expense Code.

D Shelter Insurance

REVISION 45
(01/01/17 – 12/31/17)

The following shelter insurance expenses are allowable:

- Fire insurance expenses billed separate from a mortgage for the shelter.

Mandatory fees billed by a rural fire department for fire protection.

NOTE Average fire protection mandatory fees over the number of months the bill is intended to cover, no matter how long the approval period is or when it started. (See [Averaging Expenses](#))

- Flood Insurance for the home itself.
- Vehicle insurance (comprehensive and collision) when the participant is living in the vehicle. (See [Mortgage](#))
- Lenders Interest Coverage that is a required part of the insurance coverage on the property.
- Private Mortgage Insurance (PMI) required by the lender for protection in case of foreclosure.
- Homeowners Insurance for the home itself.
- Rental Insurance for the structure itself.
- Any portion of personal liability insurance that covers the structure

The following insurance payments are not allowable:

- Disability Insurance
- Death-Life Insurance
- Rental Insurance (when insuring furniture or personal belongings)
- Personal Liability Insurance that does not cover the structure

For procedures regarding verification of shelter insurance, see [Shelter Insurance Verification](#).

(See [Shelter Expenses](#))

Key the allowable insurance expenses on EXPC using the IN Expense Code.

EXCEPTION

When expenses that are not allowed are itemized with expenses that are allowed, key only the allowable expenses on EXPC. When the amounts are not itemized and cannot be separated, key the entire amount.

E Mortgage

REVISION 24
(04/01/13 – 06/30/13)

Mortgage payments are an allowable expense deduction for NA, and affect the [CA payment standard](#). To receive the expense, the [housing unit](#) must be occupied by the budgetary unit. When the housing unit is not occupied by the budgetary unit, see [Unoccupied Shelter Costs](#). Mortgage payments include the following:

- All mortgage payments, regardless of why the money was obtained or how it was used.

NOTE When a mortgage is obtained for medical expenses, treat the repayment as a shelter expense and not a medical expense.

- Home equity loan payments, regardless of why the money was obtained or how it was used.
- Interest payments.
- Payments for a connecting piece of property to a participant's home and lot, when financed by a second mortgage or other loan secured by the home and lot.
- Portions of the closing costs on a home that are identified as taxes and insurance.

- Other continuing charges that lead to ownership of the housing unit. Continuing charges include the following:
 - Bills for mortgage during foreclosure proceedings.
 - Payments on loans issued for the repair of housing units given to participants under the Homestead Act.
 - Personal loan payments that are secured by a lien on the property.
 - Charges for buying land on which a mobile home is located.
 - Vehicle payments when the participant is living in the vehicle.
 - Vehicle insurance (comprehensive and collision) when the participant is living in the vehicle. (See [Shelter Insurance](#) for keying instructions)

EXCEPTION

A [Reverse Mortgage\(g\)](#) is not an allowable expense deduction for NA and does not affect the CA payment standard.

The following are not allowable as part of the mortgage payment:

- Penalties for late payments, arrearages, and closing costs.
- Down payments on a home.
- Federal Housing Authority (FHA) mortgage payments made during any moratorium period granted by FHA.
- License plate fees on a vehicle that the participant is living in.

For procedures regarding verification of mortgages, see [Shelter Expense Verification](#).

(See [Shelter Expenses](#))

Key the expense on EXPC using the MO Expense Code.

F Negative Rent

REVISION 47
(01/01/19 - 12/31/19)

Participants may have some or all of their utilities paid by [Negative Rent](#), also known as [Energy Assistance](#), when one of the following apply:

- They live in public housing and their rent is zero
- They live in Section 8 Project based Rental Housing
- They are recipients of a Section 8 Housing Choice Voucher

Verify the following information for these budgetary units:

- Rental obligation amount
- Utility Allowance amount
- Utility reimbursement amount
- Energy Assistance amount

Energy Assistance can be paid directly to one of the following:

- The participant
- Utility company

The NA budgetary unit does not qualify for the utility allowance when they have no out of pocket utility expense.

When the energy assistance is paid directly to the participant and the payment is less than the utility expenses, complete the following:

- Deduct the assistance amount received from the utility expenses. Apply the assistance to the telephone bill last.
- After deducting the energy assistance, key any remaining balance of utility expenses on EXNS. (See Example [Negative Rent](#))
- Document the case file to support the determination.

See [Energy Assistance Payments](#) when the payment is more than the utility expense.

When the payment is paid directly to the utility company, it is considered a [vendor payment](#).

EXCEPTION

Allow all utility costs for budgetary units who receive Low Income Home Energy Assistance Program (LIHEAP) payments, even when paid as a vendor payment. (See [Energy Assistance](#))

G Public Housing

REVISION 06
(10/01/08 – 12/31/08)

When the participant lives in public housing, FAX an Authorization to Release Information (FAA-1765A) form to the Public Housing Agency to determine whether the budgetary unit is receiving a [negative rent](#) payment or an [energy assistance](#) payment.

NOTE When faxing documents containing confidential information use the Fax Cover Sheet (DES-1078A) form.

For procedures regarding verification of utility allowances, see [Shelter Expense Verification](#).

Key the shelter expense on [EXPC](#) using the RE PH Expense Code. (See www.azhousing.gov/ for more information on public housing)

H Rent

REVISION 45
(01/01/17 – 12/31/17)

Rent, rental taxes, and mandatory surcharges that are billed to every tenant as part of the rent for a primary housing unit, are allowable for NA, and affect the [CA payment standard](#).

NOTE Do not allow late charges, deposits, and additional non mandatory fees for such things as pets, tool sheds, washers, dryers, and furniture. Do not allow rental insurance for furniture and personal belongings, even when it is mandated by the landlord or on the lease.

WARNING

When the participant lives in government [subsidized housing\(g\)](#) and does not pay rent, check for possible [negative rent](#) utility reimbursements.

Allow rental shelter expenses for the primary housing unit, including the following:

- Rent and taxes on a motel or hotel room.
- Public housing rent, minus the amount of the utility allowance.
- Fees for a campground space.
- Charges for renting land where a mobile home is located. (See [Rental Space](#))
- The portion of rental insurance that is for the structure only. When structure coverage is not known, the entire amount of the rental insurance is not an allowable expense.
- The portion of personal liability insurance that is for the structure only. When structure coverage is not known, the entire amount of the personal liability insurance is not an allowable expense.

NOTE When a CA participant is paying rent to an NA participant and the CA participant is in the same NA case, see [Housing Allowance](#).

For procedures regarding verification of rent, see [Shelter Expense Verification](#).

(See [Shelter Expenses](#))

Key the allowable expense on EXPC using the RE Expense Code.

EXCEPTION

When expenses that are not allowed are itemized with expenses that are allowed, key only the allowable expenses on EXPC. When the amounts are not itemized and cannot be separated, key the entire amount.

I Rental Space

Charges for rent on a space or lot for a mobile home in which the budgetary unit resides, are allowable as a shelter deduction for NA and affect the [CA payment standard](#).

For procedures regarding verification of rental space, see [Shelter Expense Verification](#).

(See [Shelter Expenses](#))

Key the expense on EXPC using the RS Expense Code.

J Subsidized Housing

REVISION 06
(10/01/08 – 12/31/08)

When the participant lives in subsidized housing, FAX an Authorization to Release Information (FAA-1765A) form to the Public Housing Agency and determine whether the budgetary unit is receiving a [negative rent](#) payment or an [energy assistance](#) payment. (See [Utility Allowance](#))

NOTE When faxing documents containing confidential information use the Fax Cover Sheet (DES-1078A) form.

For procedures regarding verification of utility allowances, see [Shelter Expense Verification](#).

Key the shelter expense on EXNS using the RE SU Expense Code.

K Taxes

Property taxes, (state and local assessments on the structure or the

property itself, billed separately from the mortgage), are allowable shelter expense deductions for NA, and affect the [CA payment standard](#).

NOTE Average these expenses over the number of months the bill is intended to cover, no matter how long the approval period is or when it started. (See [Averaging Expenses](#))
(See Example [Taxes](#))

For procedures regarding verification of taxes, see [Shelter Expense Verification](#).

(See [Shelter Expenses](#))

Key the expense on EXPC using the TX Expense Code.

L Unoccupied Shelter Costs

Shelter costs of a temporarily unoccupied home are allowable for NA only when ALL of the following apply:

- The budgetary unit intends to return to the home.
- The home is not leased or rented to others.
- The home is unoccupied because of any of the following reasons:
 - Illness
 - Employment or training away from home
 - Abandonment
 - Natural disaster
 - Casualty loss

(See [Multiple Shelters -Same Month](#) when the budgetary unit has lived in more than one housing unit during the month)

When [utility expenses](#) are claimed for the unoccupied shelter and another shelter the budgetary unit is only allowed one [utility allowance](#).

(See [Shelter Expenses](#))

.01 Multiple Housing Units in the Same Month

Shelter costs for the budgetary unit for two housing units in the same month, are allowable for NA only when either of the following applies:

- The budgetary unit occupies and is billed for shelter costs on two housing units because of employment or training away from home.
- The budgetary unit moves and is billed for shelter expenses for two housing units during the same month.

NOTE The budgetary unit may move from a housing unit where another budgetary unit continues to be eligible for shelter costs. When this occurs, the shelter costs cannot be allowed for both budgetary units.

When utility expenses are claimed for two housing units in the same month, only one [utility allowance](#) is allowed.

(See [Shelter Expenses](#))

09 Utility Expense Types - Overview

The following are types of utility expenses:

- [Coal](#)
- [Electricity](#)
- [Garbage, Sewer, and Trash](#)
- [Gas and Propane](#)
- [Oil](#)
- [Telephone](#)
- [Utility Installation Fees](#)
- [Water](#)
- [Wood](#)

For procedures regarding verification of utilities, see [Verification - Expenses](#).

A Coal Expense

REVISION 46
(01/01/18 - 12/31/18)

The cost of coal used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable for NA only.

(See [Utility Expenses](#))

Key the expense on EXPC or EXNS using the CW Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

B Electricity Expense

REVISION 46
(01/01/18 - 12/31/18)

Electricity service expenses billed separate from or itemized with rent or mortgage payments, are allowable for NA only.

Key the expense on EXPC of EXNS using the EL Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

C Garbage, Sewer, and Trash Expenses

REVISION 46
(01/01/18 - 12/31/18)

The following utility expenses billed separate from or itemized with rent or mortgage payments, are allowable for NA only:

- Garbage
- Sewer
- Trash
- Portable toilet rental when no bathroom exists
- Septic maintenance

(See [Utility Expenses](#))

Key the expense on EXPC or EXNS using the GB Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

D Gas and Propane Expense

[REVISION 46](#)
(01/01/18 - 12/31/18)

Gas, propane, and propane tank rental utility expenses billed separate from or itemized with rent or mortgage payments, are allowable for NA only.

Key the expense on EXPC or EXNS using the GS Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

E Oil Expense

[REVISION 46](#)
(01/01/18 - 12/31/18)

The cost of oil used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable for NA only.

(See [Utility Expenses](#))

Key the expense on EXPC or EXNS using the CW Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter expense total. Key shelter expenses and utility expenses separately on EXPC.

F Utility Installation Fees

[REVISION 48](#)
(01/01/20 - 12/31/20)

Initial utility installation fees may be an allowable utility expense in the month the expense is billed.

Consider the following when determining if the utility installation fee is an allowable [NA Utility Expense](#):

- The utility installation fee is for an initial installation of a utility.
- The utility installation is performed by the utility provider.

NOTE One-time deposits are not included.

Utility installation fees can include but are not limited to the following:

- Electrical wiring
- Gas pipes
- Septic Tank
- Solar panels
- Water pipes

Key the expense on EXPC or EXNS using the UI Expense Code.

G Telephone Expense

[REVISION 49](#)
(01/01/21 - 12/31/21)

Telephone expenses billed separate from or itemized with rent or mortgage are allowable for NA only. (See [Utility Expenses](#))

When the telephone expense amount is itemized with the rent or mortgage payment, deduct the telephone expense amount from the shelter expense. Budget the expenses separately on EXNS.

Allow a telephone expense when the participant is responsible for the charges (even when it is billed to another person). When the participant is allowed a cell phone expense, document the name of the cell phone service carrier.

When the budgetary unit participates in the Lifeline Assistance Program, determine whether a telephone expense obligation remains. Allow a telephone expense when one or both of the following apply:

- The discount program does not pay the expense in full

- Extra airtime is purchased after exhausting free minutes

NOTE A participant may use a cell phone obtained through a government-subsidized free cell phone program and not incur an allowable expense. Documentation of the free, subsidized cell phone usage is required when the participant is not responsible for paying for cell phone-related services.

Some acceptable forms of verification are as follows:

- The telephone bill or proof of payment for minutes attached to a specific device
- A receipt from the cell phone service carrier
- A screenshot from the cell phone (when the customer only makes payments through the device)
- An email from the cellular phone service provider verifying the expense
- A [participant statement](#)

Allow a telephone expense when the budgetary unit has an obligation to pay any portion of the cell phone expense.

Key the telephone expense on EXPC or EXNS using the TL Expense Code.

H Water

[REVISION 46](#)
(01/01/18 - 12/31/18)

The following utility expenses billed separate from or itemized with rent or mortgage payments are allowable for NA only:

- Water services expense.
- Well maintenance expenses, which include, but are not limited to, the following:
 - Chemicals for water treatment
 - Service and repair
- The expense of purchasing water, when onsite water is not available.

(See [Utility Expenses](#))

Key the expense on EXPC or EXNS using the WA Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter payment total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

I Wood

REVISION 46
(01/01/18 - 12/31/18)

The cost for wood used as a utility, billed separate from or itemized with rent or mortgage payments, is allowable for NA only.

NOTE Do not allow costs connected with cutting wood such as cutting permits, gas for chain saws or trucks, and equipment such as chain saws.

(See [Utility Expenses](#))

Key the expense on EXPC or EXNS using the CW Expense Code.

When the utility amount is itemized with the rent or mortgage payment, remove the utility amount from the shelter payment total. Key shelter expenses and utility expenses separately on EXPC or EXNS.

10 Expenses Exceed Income (EEI) - Overview

REVISION 05
(07/01/08 - 09/30/08)

Expenses Exceed Income (EEI) situations exist when a budgetary unit reports expenses that are more than both of the following:

- The budgetary unit's reported gross income.
- The budgetary unit's available resources.

Participants whose living expenses exceed their income must provide proof of how they are meeting their expenses.

Verification of how expenses are being met includes, but is not limited to, any of the following:

- Receipts that show unpaid expenses.
- Additional source of income.
- Bank statements indicating sufficient resources are available and have been used to meet living expenses.

Policy and procedures regarding when EEI must be verified are outlined as follows:

- [EEI at interview](#)
- [EEI during approval period](#)

A Expenses Exceed Income (EEI) – At Interview

[REVISION 45](#)
(01/01/17 – 12/31/17)

When [EEI](#) is discovered at the interview, the participant must provide verification of [how expenses are being met](#).

When receipts for paid expenses are provided, explore with participant how they are managing their finances. This includes, but is not limited to, the following:

- The budgetary unit received income or used resources to meet their expenses.
- The budgetary unit received one or more of the following:

[Loans](#)

[Cash Contributions](#)

[Noncash Contributions](#)

[Vendor Payments](#)

Document how the participant is meeting expenses on the documentation forms.

NOTE When the PI contacts the local office and indicates that they are unable to provide the verification, assist the PI in obtaining acceptable verification.

When otherwise eligible, approve benefits when the budgetary unit provides verification of [how expenses are being met](#).

NOTE The circumstances of the EEI must be resolved at the interview even in cases where the participant has just lost their job. Their statement may be they are not sure how expenses will be made. As long as the statement makes sense and is not questionable, use the CS as verification.

After approval, for programs assigned to [Simplified Reporting](#), verify Expenses Exceed Income (EEI) at the next renewal interview.

After approval, for programs assigned to [Standard Reporting](#), set the EE Pre-defined ACTS Alert when all of the following occur:

- The budgetary unit was determined eligible
- The budgetary unit's expenses exceed their income

When the participant does not provide verification of how expenses are being met, complete the following:

- Deny benefits using the VI Denial Closure Reason Code
- Send the following notices on NORE allowing for [NOAA](#) for the applicable program:
For CA A200 notice
For NA F200 notice

B Expenses Exceed Income (EEI) – During the Approval Period

[REVISION 50](#)
(01/01/22 – 12/31/22)

For programs assigned to [Simplified Reporting](#), verify Expenses Exceed Income (EEI) at the next renewal interview.

For programs assigned to [Standard Reporting](#), set the EE Pre-defined ACTS Alert when **all** of the following occur:

- The budgetary unit was determined eligible.
- The budgetary unit's expenses exceed their income.

When the ACTS alert is received, send the Expenses Exceed Income (C003) notice allowing the PI 10 calendar days to return the verification.

NOTE Extend the EE ACTS Alert for the workday after the information due date.

Review the returned notice or verification for the following:

- [Returned mail](#)
- No change
- Reported changes (See [Effecting Changes](#))

When verification provided indicates that the budgetary unit's unpaid expenses continue to exceed their income, no action is required.

When one of the following applies, stop the benefits assigned to Standard Reporting using the VI Denial or Closure Reason Code. Allow for [NOAA](#):

- Verification provided with the C003 indicates the budgetary unit's paid expenses continue to exceed the reported income.
- The participant fails or refuses to provide verification for how expenses are being met.

11 **Verification of Expenses - Overview**

Policy and procedures regarding EXNS and EXPC verification are outlined as follows:

- [Expenses Verification Requirement](#)
- [Shelter Expense Verification](#)
- [Payment Standard Verification](#)

A Expense Verification

Budget only expenses that have been verified. (See [Verification/Cooperation](#))

[REVISION 47](#)
(01/01/19 - 12/31/19)

Verify expenses whenever any of the following occurs:

- New application
- Renewal application
- When a reported change in expenses is received
- When the expense amount is [questionable or unclear](#)

WARNING

Do not upload expense verification into OnBase when it shows the actual address of an [Address Confidentiality Program \(ACP\)](#) participant.

When requested verification is not provided determine the benefit level without allowing the unverified expense.

NOTE When the budgetary unit resides in [public housing \(g\)](#) or [subsidized housing \(g\)](#), accept the participant's statement for the type of housing in which they reside.

A participant may report a change in expenses during the approval period that would result in an increase in benefits. When the change is not verified, see [Benefit Increases - Verification Not Provided](#).

Specific verification requirements are outlined for the following:

- [Shelter Expense Verification](#)
- [Utility Allowance Verification](#)
- [Payment Standard Verification](#)
- [Child Support Expense Verification](#)
- [Dependent Care Expense Verification](#)
- [Medical Expense Verification](#)

.01 Child Support Expense Verification

[REVISION 48](#)
(01/01/20 - 12/31/20)

Verify the legally obligated child support amount and the pay history before allowing the expense.

Acceptable verification of the legally obligated child support amount includes the following:

- Court records
- Pay records from the Clerk of the Court in Arizona or another state
- Division of Child Support Services (DCSS) documents showing the amount of support required to be paid
- SSA or SSI pay history from the HEAplus State Online Query Internet (SOLQI) screen or the SSA award letter when the child support is taken out of the benefit

Acceptable verification of the pay history includes the following:

- Pay records from the Clerk of the Court in Arizona or another state
- Division of Child Support Services (DCSS) documents showing the amount of current support paid
- Copies of cancelled checks or money order receipts made out to the custodial parent
- Receipts and pay histories from any state's child support centralized payment processing center
- Paycheck stub with garnishment amount
- Written statement from a person not in the budgetary unit to whom payments are made (See [Written Verification](#))
- SSA or SSI pay history from the HEAplus State Online Query Internet (SOLQI) screen or the SSA award letter when the child support is taken out of the benefit

See [Expense Verification](#) for additional information.

.02 Dependent Care Expense Verification

REVISION 28
(02/01/14 - 03/31/14)

Verify dependent child or incapacitated adult care expenses before allowing the expense.

NOTE For NA, verify the expense when it is questionable.

Acceptable verification includes the following:

- A current statement from a physician or psychologist indicating that the incapacitated adult requires supervision or personal care.
- A signed and dated statement from the provider of the care.
- Paid receipt or participant's cancelled checks.
- [Collateral contact](#) when other documentation is unavailable.

Verification documentation must contain the following information:

- Name
- Address
- Telephone number
- Amount billed
- How often billed
- Period of time it covers
- The name of the participant receiving the care

See [Expense Verification](#) for additional information.

.03 NA Medical Expense Verification

[REVISION 49](#)
(01/01/21 - 12/31/21)

The obligation to pay [NA Medical Expenses](#) must be verified when any of the following occur:

- A new application is submitted or new changes in out-of-pocket medical expenses is reported during the certification period:

When the household is potentially eligible for the [Standard Medical Deduction \(SMD\)](#) verification of \$35.01 must be provided.

When the household is potentially eligible for medical expenses, which exceed the SMD, all medical expenses must be verified.

- Renewal applications:
Households receiving the SMD can use a [participant statement](#) as verification unless it is [questionable](#).
Households receiving their actual medical expense in excess of the SMD can use a participant statement for changes less than \$25. Changes in actual medical expenses of more than \$25 must be verified.
- The expense amount is questionable or unclear.

When the household does not provide verification of the actual medical expenses that exceed the SMD, but provides verification of at least \$35.01, the household receives the SMD.

Acceptable verification includes, but is not limited to, the following:

- Medical bills
- Insurance receipts (latest payment or billing)
- Current statement from a [medical provider\(g\)](#) responsible for providing care
- [Collateral contact](#) with the medical provider or insurance company
- For renewal applications or a reported change on an existing medical expense, a [participant statement](#) can be used when it is not questionable or unclear

Acceptable verification of a [Medicare\(g\)](#) expense includes, but is not limited to, the following:

- Award or benefit letter from SSA
- [State Verification Exchange System \(SVES\)](#)
- Collateral contact with SSA
- See [Home-Based Interview Procedures](#) when verification must be obtained through a home visit

B Shelter Expense Verification

REVISION 42
(06/01/16 – 07/31/16)

The shelter expense must be verified when ANY of the following occur:

- Initial and renewal application
- A change of address is reported
- A change in shelter cost is reported (See [Effecting Changes](#))
- Information is [questionable](#)

A participant statement is acceptable as verification for shelter expenses when no other verification is available at the time of the interview.

EXCEPTION

The participant statement is not acceptable verification when either of the following occur:

- The expense is in another person's name who is outside the budgetary unit.
- The participant statement is questionable.

WARNING

Do not upload into [OnBase\(g\)](#) or HEAplus any document that shows the actual address of an [Address Confidentiality Program \(ACP\)](#) participant.

Procedures regarding verification of shelter expenses are outlined as follows:

- [Verification of Utility Allowance](#)
- [Verification of Shelter Insurance](#)
- [Verification of Mortgage](#)
- [Verification of Rent](#)
- [Verification of Rental Space](#)
- [Verification of Shelter Taxes](#)

.01 Utility Allowance Verification

REVISION 42
(06/01/16 – 07/31/16)

Verification for [utility allowance](#) eligibility is required when ANY of the following occur:

- Initial and renewal application
- A change of address is reported
- A change in the type of utility expenses being billed is reported
- Information is [questionable](#)

Acceptable verification includes, but is not limited to, the following:

- A landlord statement when the statement identifies that the landlord is paid an amount for utilities separate from the amount paid for rent
- A lease agreement that shows a portion of the amount paid is used to pay specific utilities
- A utility bill
- A Low Income Home Energy Assistance Program (LIHEAP) payment
- A [participant statement](#) when verification is not available at the interview

For allowable utility expenses, see [Utility Expense Types](#).

EXCEPTION

The participant statement is not acceptable verification when either of the following occurs:

- The utility expense is in another person’s name who is outside the budgetary unit.
- The participant statement is questionable.

When the utility expense is billed to someone outside the budgetary unit, one of the following must be used to verify who is responsible to pay the expense:

- A collateral contact (CC) with the person billed for the expense

- A signed statement from the person billed for the expense

NOTE The CC documentation or the signed statement must include the type of utility expense and must state that the budgetary unit has the responsibility to pay the utility expense.

Do not request verification of the nonparticipant's separate billing statement or separate residential address.

To be eligible for the standard utility allowance, only one utility expense, that is not a telephone expense, must be verified. Acceptable verification may include:

- [Documented](#)
- [Collateral contact](#)
- [Participant statement](#)

NOTE Key all expense types and amounts on EXNS. This information is displayed on HOSU and is used to assist the EI in tracking [Expenses Exceed Income](#) (EEI) cases.

WARNING

Do not upload into [OnBase\(g\)](#) or HEAplus any document that shows the actual address of an [Address Confidentiality Program \(ACP\)](#) participant.

.02 Shelter Insurance

[REVISION 22](#)
(10/01/12 - 12/31/12)

Acceptable verification includes, but is not limited to, the following:

- Insurance bill
- Insurance receipt
- [Collateral contact](#) to the insurance company

- Yearly escrow statement from mortgage lender
- Authority To Release Information (FAA-1765A) form

WARNING

Do not upload verification of expenses that show the actual address of an [Address Confidentiality Program \(ACP\)](#) participant into OnBase.

.03 Mortgage

REVISION 22
(10/01/12 - 12/31/12)

Acceptable verification includes, but is not limited to, the following:

- Mortgage receipt
- Mortgage record
- Mortgage agreement
- [Collateral contact](#) to the mortgage company
- Mortgage payment book

WARNING

Do not upload verification of expenses that show the actual address of an [Address Confidentiality Program \(ACP\)](#) participant into OnBase.

.04 Rent

REVISION 22
(10/01/12 - 12/31/12)

Acceptable verification includes, but is not limited to, the following:

- Rent receipt
- [Collateral contact](#) to the landlord

- Lease
- Verification of Living Arrangements/Residential Address (FAA-0065A) form

WARNING

Do not upload verification of expenses that show the actual address of an [Address Confidentiality Program \(ACP\)](#) participant into OnBase.

NOTE For verification of shelter expenses, follow the verification process. A participant statement is acceptable as verification for shelter expenses when no other verification is available at the time of the interview.

.05 Rental Space

[REVISION 22](#)
(10/01/12 - 12/31/12)

Acceptable verification includes, but is not limited to, the following:

- Rental space receipt
- Lease
- [Collateral contact](#) to the rental agent

WARNING

Do not upload verification of expenses that show the actual address of an [Address Confidentiality Program \(ACP\)](#) participant into OnBase.

.06 Shelter Taxes

[REVISION 22](#)
(10/01/12 - 12/31/12)

Acceptable verification includes, but is not limited to, the following:

- Tax receipt
- Tax bill
- [Collateral contact](#) to the tax assessor office

- Yearly escrow statement
- Authority To Release Information (FAA-1765A) form completed by the County Assessor's office

WARNING

Do not upload verification of expenses that show the actual address of an [Address Confidentiality Program \(ACP\)](#) participant into OnBase.

C Payment Standard Verification

Policy and procedures regarding the [CA payment standard](#) are outlined as follows:

- [A1 Payment Standard Verification](#)
- [A2 Payment Standard Verification](#)

.01 Verification of A1 Payment Standard

REVISION 06
(10/01/08 – 12/31/08)

The obligation to pay a shelter expense must be verified when ANY of the following occur:

- New application.
- Three years from the date the expenses were last verified when the case is ongoing. When the three year period expires before the approval period ends, verify the shelter expense at the next renewal.
 - A change of address is reported.
 - A change from [A2](#) to [A1](#) is reported.
 - [Information is questionable.](#)

WARNING

Place the most current verification of the shelter expenses in the [case file\(g\)](#).

Give the participants ten calendar days to provide verification. (See [Verification Time Frames](#))

NOTE When the verification has not been received, use the A2 Payment Standard.

Acceptable verification for A1 includes the following:

- Rental receipt
- Landlord's statement
- Lease agreement
- Mortgage records, receipts, or payment booklet
- Tax assessment notice
- Verification of Living Arrangements/Residential Address (FAA-0065A) form
- [Collateral contact](#) to any of the following:
 - Landlord
 - Leasing agent
 - Mortgage company
 - Tax assessor's office

.02 Verification of A2 Payment Standard

Acceptable verification for the A2 Payment Standard includes the following:

- The participant's verbal or written statement that they do not have an obligation to pay a shelter expense.
- A written statement from the individual who is paying the shelter expense for the participant.

12 Budgeting Expenses - Overview

Policy and procedures regarding budgeting expenses are outlined as follows:

- [Projecting Expenses](#)
- [Averaging Expenses](#)
- [Converting Expenses](#)
- [Budgeting Child Support Expenses](#)

A Projecting Expenses

The NA budgetary unit expenses are calculated based on the expenses for which the budgetary unit expects to be billed during the approval period.

When the actual amounts of expenses for a budget month are unknown project the expense based on the most recent month's bill, unless the participant is reasonably certain a change will occur. The following apply to projecting expenses:

- Project expenses for the approval period based on bills for the same period of the previous year, updated by rate increases as provided by the utility company.
- Past medical receipts showing stable and recurring medical expenses that establish the basis for projecting future expenses.

Verification of the future [medical expenses](#) is not required when the expense has been projected based on past medical expense receipts. (See [Projecting Medical Expenses](#))

.01 Projecting Medical Expenses for NA

Establish the basis for projecting future expenses for NA by using past medical receipts showing stable or recurring medical expenses. When projecting medical expenses for which a due date is not indicated, consider the bill is due in the month following the billing date. Budget the expense to the participant's advantage, using one of the following options:

- Average the expense. (See [Averaging Medical Expenses](#))
- Budget the entire expense in the month after it is incurred or billed.
- Budget past due amounts in the month due or average the amount over the approval period, when there is a payment agreement in place, when determining benefits for future months.
- Use the actual amount billed each month when the participant has established a repayment agreement.

Allow the total amount of the uninsured expense when verification has been provided.

NOTE Allow only the portion of the medical expense that is not covered by [Medicare](#) or other [health insurance coverage](#). Determine at the interview, whether the participant can reasonably expect reimbursement for all or part of the expense.

B Averaging Expenses

Budgetary units may elect to have expenses that vary averaged over the approval period.

Expenses that are billed less often than monthly may be averaged over the period the billings are intended to cover. (See [Averaging Medical Expenses](#))

Do not average past expenses, such as utility bills for the last several months to project utility costs for the approval period.

.01 Averaging Medical Expenses for NA

Allow the average monthly medical expenses billed before the approval period when the expenses are anticipated to continue. Determine when to allow medical expenses as follows:

- Average fluctuating medical expenses only when all of the following apply to the expense:

Regularly occurring

Reasonably anticipated

Verified

- Budgetary units reporting one-time only medical expenses may be given the option of either of the following:

A one-time medical deduction for the month after the month the expense is incurred or billed.

Average the expense over the month the change became effective through the end of the approval period.

A one-time only medical expense may be averaged over more than one approval period when a past due amount is being carried over from previous months.

- Prior medical expenses cannot automatically be averaged and allowed. Determine whether the expense is likely to continue as follows:

Monthly payments have been established.

A past due amount has been carried forward from a previous month.

- Recurring medical expenses that were initially verified may be averaged instead of submitting actual receipts on a monthly basis.
- When an expense is billed less than on a monthly basis, convert the expense to a monthly amount.

C **Converting Expenses**

Convert expenses billed more often than monthly.

Use one of the following methods to convert expenses to a monthly amount, based on the frequency of billing:

- [Expenses Billed Weekly](#)
- [Expenses Billed Bi-weekly](#)
- [Expenses Billed Monthly](#)
- [Expenses Billed Semi-monthly](#)
- [Expenses Billed Quarterly](#)
- [Expenses Billed Annually](#)
- [Expenses Billed Semi-annually](#)
- [Expenses Billed Occasionally](#)

WARNING

The court ordered child or cash medical support expense is allowable when the expense is verified as paid.

.01 Expenses Billed Weekly

Key the WK Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a weekly basis.

NOTE AZTECS converts the expense keyed by multiplying the weekly amount by 4.3.

.02 Expenses Billed Bi-weekly

Key the BW Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a bi-weekly basis.

NOTE AZTECS converts the expense keyed by multiplying the bi-weekly amount by 2.15.

.03 Expenses Billed Monthly

Key the MO Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a monthly basis.

NOTE AZTECS converts the expense keyed by multiplying the monthly amount by 1.

.04 Expenses Billed Semi-monthly

Key the SM Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a semi-monthly basis.

NOTE AZTECS converts the expense keyed by multiplying the semi-monthly amount by 2.

.05 Expenses Billed Quarterly

Key the QR Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a quarterly basis.

NOTE AZTECS converts the expense keyed by dividing the quarterly amount by 3.

.06 Expenses Billed Annually

Key the AN Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on an annual basis.

NOTE AZTECS converts the expense keyed by dividing the annual amount by 12.

.07 Expenses Billed Semi-annually

Key the SE Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on a semi-annual basis.

NOTE AZTECS converts the expense keyed by dividing the semi-annual amount by 6.

.08 Expenses Billed Occasionally

Key the OC Frequency Code in the FREQ field on EXPC when the budgetary unit is billed or anticipates expenses billed on an occasional basis.

NOTE AZTECS converts the expense keyed by multiplying the amount by 1.

D Budgeting Child Support Expenses

REVISION 48
(01/01/20 - 12/31/20)

Determine the child or cash medical support expense paid by the participant using the last 30 days or longer. (See [Child Support Expense Verification](#))

Convert the child or cash medical support expense when the expense is verified as paid more often than monthly. Use the appropriate frequency code to convert the expense regardless of the amount being paid. (See [Converting Expenses](#).)

Budget the expense as follows:

- The converted amount when it is less than the court ordered amount
- The court ordered amount when the converted amount is more than the court has ordered unless the excess is due to arrearages or clearinghouse fees

Document how the amount budgeted was determined.

EXCEPTION

DCSS has the legal authority to add an arrears payment to a court order. When additional child or cash medical support arrearages are added to the support order and are recurring, budget the recurring arrearage amount of support that is being paid.

DCSS is also required to charge a clearinghouse fee. When clearinghouse fees are recurring, budget the recurring amount that is being paid.

NOTE When the court ordered amount includes spousal maintenance, allow as an expense only the portion identified as court ordered child support, cash medical support, arrearages, or clearinghouse fees.

Average the expense when one or more of the following occurs:

- Paid less often than monthly
- Paid with no established frequency
- Unpredictable
- Zero paid month

To manually average the expense, complete the following:

- Use the most recent prior three consecutive months. (See Example [Budget Child Support](#))
- Add all payments paid in the prior three consecutive month that were used
- Divide the total payments by three. This amount is the average monthly expense deduction. Key one of the following on EXNS using the MO frequency code:

The average amount when it is less than the court ordered amount.

The court ordered amount when the average amount is more than the court ordered amount unless the excess is due to arrearage or clearinghouse fees.

13 Expense Changes - Overview

Participants must report changes according to the change standard assigned to the budgetary unit. (See [Participant Initiated Changes](#))

For policy and procedures regarding other expense changes, see the following:

- [Changes in Utility Allowance](#)

A Utility Allowance Changes

When an NA budgetary unit reports an address or utility change, review the utility allowance eligibility, and complete the following:

- Remove the utility expense when a participant moves to a housing unit where they are no longer obligated to pay for utility expenses.
- When an NA budgetary unit moves into a housing unit where utility expenses have been verified, key the expenses on EXNS.

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