

Question: Under what circumstances would income from a child cause a reduction in the SSI cash payment of an SSI eligible parent?

A VCU Technical Assistance (TA) Liaison recently received a call from a CWIC who stated that a single mother who was an SSI recipient had a reduced SSI payment due to unearned income. The single mother had two children. One child received child support, and the other received child support plus a Title 2 child's benefit off of the record of his father. There was no other income being received from any other source. How can this be?

Under certain circumstances, the head of household or "householder" who is an SSI recipient can be considered to be receiving unearned income from other household members, regardless of their age. In order to understand the circumstances where this may occur, we will reference material from POMS SI 00835.340 – Computation of In-Kind Support and Maintenance (ISM) from Inside a Household, and POMS SI 00835.450- Cash Income from within and Outside Households.

Summary of Guidance from the SSA POMS

An eligible individual who is the householder may receive cash income as well as ISM from other members of his/her household. Household members' cash contributions that exceed the household's total operating expenses result in cash income to the individual. Cash payments for the support and maintenance of an SSI recipient are unearned income for SSI purposes, unless excluded by law or regulations (ex: energy assistance.).

What is considered to be In-kind Support and Maintenance (ISM) from inside a household?

The purpose of computing ISM from inside a household is to determine the actual value of food and/or shelter that other household members provide to an individual when the value of the one-third reduction (VTR) does not apply.

If the individual lives only with children, as in the example above, SSA will assume that there is no ISM received from within the household **unless**:

- The children have income (e.g., title II); and
- The household is not a public assistance household; and
- There is either an indicator of unstated income or in the claims representative's judgment there is a probability of inside ISM.

Since the family in our example contains children with income, and the household is not considered a public assistance household, then inside ISM would be developed. Cash contributions from within the household that help an individual to meet his/her pro rata share of household operating expenses are counted as inside ISM.

When is an SSI eligible parent considered to be receiving cash income from inside the household?

When an SSI eligible parent has children with income and funds are pooled to share household expenses, he/she derives cash income from the excess contributions of the other members to the extent that the pooled funds plus direct bill payments exceed total household operating expenses. In our example above, inside ISM would be charged for the amount of funds equal to the eligible parent's contribution less their pro rata share; any income pooled income in excess of that amount would be considered cash income to the SSI eligible parent.

What is a public assistance household?

A public assistance household is one in which **every member** receives some kind of public income- maintenance payments, such as TANF, SSI, or state or local government assistance programs based on need (ABON). Note that SNAP (Food Stamps) are not in this category.

How SSA Determines the Amount of ISM and Unearned Income to Charge

SSA determines whether an SSI eligible parent receives cash income from within a household by comparing the household's operating expenses to the household's cash contributions (i.e., cash contributions from all household members including the recipient). Only certain household costs are considered when computing household operating expenses.

Household expenses include:

- Food
- Mortgage (including property insurance **required** by the mortgage holder)
- Real property taxes (less any tax rebate/credit)
- Rent
- Heating fuel
- Gas
- Electricity
- Water
- Sewer
- Garbage removal

Here is the formula SSA uses to determine the amount of cash income a recipient receives:

Amount of Recipient's cash contributions	
Minus amount of recipient's pro rata share of expenses	
Balance equals recipient's "excess" cash contribution	

Total household cash contributions (including recipient's)	
Minus recipients "excess" cash contribution	
Balance of household cash contributions	
Minus total household operating expenses	
Cash income to recipient	

NOTE: The reduction of the household's total cash contributions by the amount of excess cash contributed by the recipient is an essential step in the computation. This step eliminates the possibility of charging the recipient with unearned income because of an excess contribution that the recipient may have made.

Example:

Using the scenario described above, names and numbers are added below to illustrate how unearned income might be determined:

Sara Beck, an SSI recipient, lives in an apartment and has rental liability. She shares the apartment with her two children. Neither child receives public assistance payments. Ms. Beck states that one child receives child support in the amount of \$225, and the other child receives child support of \$150 and a Title 2 child's benefit of \$75 from his father. Household operating expenses average \$975 a month. The family's pooled income is \$1124. Ms. Beck meets her pro rata share of expenses; therefore, no ISM is charged to her. The cash income to Ms. Beck is computed as follows:

Amount of Ms. Beck's Cash Contribution	\$325
Minus Amount of Ms. Beck's Pro Rata Share of Expenses	<u>-325</u>
Balance Equals Ms. Beck's "Excess" Cash Contributions	\$ 0
Total Household Cash Contributions	\$1124
Minus Ms. Beck's "Excess" Contribution	<u>0</u>
Balance of Household Cash Contributions	\$1124
Minus Total Household Operating Expenses	<u>- 975</u>
Cash Income to Ms. Beck	\$ 149

SSA charges Ms. Beck with \$149 cash income.

Now, let's look at an example of ISM and unearned income being charged:

Bill Bailey is an SSI recipient who lives in a home with his two children. Neither child receives public assistance payments. Mr. Bailey states that each child receives child support payments of \$250.00, in addition to a Title 2 child's benefit of \$75.00 each. Household operating expenses total \$850.00.

Since there are three people in the household, each person's pro rata share is \$283.30. However, Mr. Bailey only contributes \$250.00. Each child contributes \$325.00. The difference between his pro rata share and his contribution is \$33.30, which is the amount that SSA charges as PMV to Mr. Bailey. The difference between the total

household expenses and the total household contribution is \$50.00, which SSA counts as cash income to Mr. Bailey.

As you can see, decisions about whether to charge ISM or cash contributions from within a household are complex, and are best left to the Claims Representative at SSA. The role of the CWIC in this situation is to investigate the factors leading to the determination with SSA staff, in order to more accurately advise the SSI recipient about the basis for the SSI payment and source of the unearned income. Having accurate information about the current financial situation forms the basis for benefits planning and work incentive counseling.