

### CASE STUDY 3 INTERVIEW INFORMATION

The Wallace family submitted an application on 6/25/2008. On the application the following members were listed:

<i>Name</i>	<i>Relationship to Head of Household</i>	<i>Age</i>
Elle Wallace	Head of H/H	24
Ted Moore	Son	6
Lisa Moore	Daughter	5

- All members share meals. The household lives off reservation in an approved service area, but only Chris Wallace, Elle's husband, is an enrolled member of a federally recognized Indian Tribe. Elle provides his enrollment card from his Tribe.
- Chris is a Marine and is currently deployed to Iraq. All of his income is sent to his wife and step-children. Chris' leave and earnings statements show gross income of \$1,300 a month. In addition, he receives a family subsistence supplemental allowance of \$500 every month. This is an assistance program offered by DOD for low-income military families.
- Chris' earning and leave statement shows he contributes \$100 of his pretax earnings to a special medical savings account. Since this is pre-tax, it is not reflected on the earnings statement as part of gross income. His employer contributes \$50 a month to a special health and accident plan; and this contribution is reflected as a credit on the leave statement. Neither of these contributions is included in the \$1,300 gross income figure on Chris' leave and earnings statement.
- Elle opened a flower shop in 2007 and provided a copy of the Schedule C from her 2007 tax return. She stated that because of business start-up costs she has no savings.
- Ted and Lisa walk to the flower shop after school each day, so Elle does not have any child dependent care expenses.
- Elle also receives \$500 in child support each month from her ex-husband.

## FDPIR ELIGIBILITY WORKSHEET - Case 3

Case Name: Elle Wallace

Date of Application: 6/25/2008

### I. NONFINANCIAL ELIGIBILITY (✓ if applicable)

1. Household resides on reservation: \_\_\_\_\_
2. Household resides in approved near/service area: ✓
  - a. Is at least one household member recognized as a member of a federally recognized tribe? Yes ✓ No
  - b. Name of household member: Chris Wallace
  - c. Tribe: Seminole Tribe of Florida

### II. NONEXCLUDED RESOURCES (✓)

Applicable Resource Standard:

\$3,000 (2 or more members & at least one is 60 or over) \_\_\_\_\_

\$1,750 (all other households) ✓

Cash on Hand	\$		Resources are:
Checking Account	\$		
Savings Account	\$		Over _____
Cert of Deposit	\$		
I.I.M. Accounts	\$		Under <u>✓</u> _____
Other	\$		
<b>TOTAL:</b>	<b>\$</b>	<b>\$0</b>	

### III. NONEXCLUDED INCOME

To calculate gross monthly income for earned and unearned income for all household members:

- ♦ Multiply bi-weekly income by 2.15
- ♦ Multiply weekly income by 4.3
- ♦ Multiply monthly income by 1
- ♦ Multiply income received twice a month by 2

#### A. Earned Income: All wages, work/training allowances, etc.

Household Member	Employer	Gross Earnings	Gross Amount	Verified	Type of Verification
Chris Wallace	USMC	\$ 1400 x 1	= \$1400	Yes	L&E statement
Chris Wallace	USMC	\$ 500 x 1	= \$500	Yes	FSSA award ltr
		\$ x	= \$		
		\$ x	= \$		

1. Total: \$1,900  
 2. **TOTAL SECTION A** (line 1 minus 20%, or multiply line 1 by .80) **\$1,520**

#### B. Unearned Income: Social Security; SSI; TANF; general assistance; foster care payments; child support; interest on savings, stocks, bonds; unemployment; veteran's benefits; per capita payments; etc.

Household Member	Type of Payment	Amount	Gross Amount	Verified	Type of Verification
Elle Wallace	Child Support	\$ 500 x 1	= \$500	Yes	court order
		\$ x	= \$		
		\$ x	= \$		
		\$ x	= \$		

**TOTAL SECTION B** **\$500**

#### C. Student Grants, Scholarships and Loans:

Household Member	Type of Payment Grant/Loan etc.	Period of Time Funds Intended to Cover (semester/ school year etc.)	Amount	Verified	Type of Verification
		to	\$		

1. Tuition and mandatory fees \$
  2. Adjusted Total (Subtract line 1 from amount above) \$
  3. Divide line 2 by the total number of months payment is intended to cover \$
- TOTAL SECTION C\*** **\$ N/A**

\* Apply calculation above to other student grants, scholarships and loans as show on attached sheet.

**D. Self-Employment:** If household has self-employment income, use last year's tax records if available and complete attached self-employment worksheet. Use the following tax schedules (Sch.), as applicable: Sch. C for business income, Sch. F for farm income, Sch. E for rental income & Form 4835 for farm rental income. Otherwise use other proof of self-employment costs and income and enter amounts on attached worksheet under "Other self-employment Income". Complete Self-Employment Section D. If negative amount, enter 0.

<b>1. Total Gross Income</b>	-\$11,500
From Self-Employment Worksheet.	
<b>2. Earned Income Deduction (Multiply line 1 x .80)</b>	\$
<b>3. Net Monthly Self-Employment Income</b> (Divide line 2 by the number of months income is intended to cover to arrive at monthly figure. # of months = _____)	<b>TOTAL SECTION D</b> \$0

**IV. MONTHLY NET INCOME CALCULATION:**

1. Earned Income (Total Section A)	\$1,520
2. Unearned Income (Total Section B)	+ \$500
3. Student Income (Total Section C)	+ \$0
4. Self-Employment Income (Total Section D)	+ \$0
5. Total Income (Add lines 1-4)	<b>= \$2020</b>
6. Dependent Care Paid by Household	- \$0
7. Child Support Paid by Household	- \$0
8. Medicare Part B&D Premiums Paid by Household	- \$0
9. Household's Monthly Net Income (Subtract lines 6-8 from line 5)	<b>= \$2020</b>

**V. HOUSEHOLD DETERMINATION: (√)**

- DENIED - REASON: excess income
- APPROVED
- Categorically Eligible
- Expedited Service
- Meets income/resource guidelines
- Household not participating in Food Stamp Program
- Verified by: \_\_\_\_\_ (contact information & date)
- Application signed and dated
- Household informed of rights and responsibilities

**VI. MONTHLY INCOME STANDARDS:**

1	\$985
2	\$1,275
3	<b>\$1,565</b>
4	\$1,864
5	\$2,178
6	\$2,492
7	\$2,782
8	\$3,072

For each additional member add \$290

Household Size: \_\_\_\_\_

Certification Period: \_\_\_\_\_ to \_\_\_\_\_

Certifier's Signature: *Jane Doe* 6/26/2008  
(date)

Notes: \$50 contributed by employer to special health and accident plan is excluded as  
a vendor payment  
See self-employment worksheet

**FDPIR SELF-EMPLOYMENT WORKSHEET - Case 3**  
(sample form)

**1. Farm Income (Schedule F)**

a. Line 36 (Net farm profit)	_____
b. Lines 7a & 7c (Loans)	- _____
<sup>1</sup> c. Lines 8b & 8d (Crop insurance proceeds/disaster payments)	- _____
d. Line 10 (Federal & state gas or fuel tax credit or refund)	- _____
e. Line 16 (Depreciation)	+ _____
<b>f. TOTAL Farm Income *</b>	<b>= \$ _____</b>

**2. Business Income (Schedule C)**

a. Line 31 (Net profit)	_____
b. Line 6 (Federal and state gas or fuel tax credit or refund)	- 9,500
c. Line 13 (Depreciation)	- 2000
	+ _____
<b>d. TOTAL Business Income *</b>	<b>= -11,500</b>

**3. Supplemental Income (Schedule E)**

<sup>2</sup> a. Line 3 (Rents received)	_____
b. Line 19 (Only expenses related to rental income)	- _____
c. Line 20 (Depreciation)	+ _____
<b>d. TOTAL Supplemental Income *</b>	<b>= \$ _____</b>

**4. Farm Rental Income/Expenses (Form 4835)**

**Note:** Only refer to Form 4835 IF income is reported on Schedule E, line 39)

a. Line 32 (Net farm rental income)	_____
b. Lines 4a & 4c (Loans)	- _____
<sup>1</sup> c. Lines 5b & 5d (Crop insurance proceeds/disaster payments)	- _____
d. Line 6 (Federal and state gas or fuel tax credit or refund)	- _____
e. Line 12 (Depreciation)	+ _____
<b>f. TOTAL Farm Rental Income *</b>	<b>= \$ _____</b>

**5. Other Self-Employment Income (No tax forms submitted)**

a. Gross Income	_____
b. Expenses	- _____
c. Depreciation	+ _____
<sup>3</sup> d. Other	+ _____
<b>e. TOTAL Other Self-Employment Income *</b>	<b>= \$ _____</b>

**TOTAL SELF-EMPLOYMENT INCOME**

(Add lines 1f, 2d, 3d, 4f and 5e. Enter total on Section D, line 1.) **\$ -11,500**

**Footnotes:**

- 1 Crop insurance proceeds are excluded from income if they are paid as a nonrecurring lump-sum payment. If paid in installments, proceeds are counted as income.
- 2 If royalty income is reported on line 4, it should be considered unearned income and averaged over a 12-month period.
- 3 Other unallowable expenses include payments on principal of purchase price of income-producing real estate, capital assets, equipment etc., net losses from previous periods, federal/state/local income taxes, money set aside for retirement purposes, and other work-related personal expenses, such as transportation to and from work.

\* If total is a negative amount, enter -0-

**SCHEDULE C  
(Form 1040)**

**Profit or Loss From Business  
(Sole Proprietorship)**

OMB No. 1545-0074

**2007**

Attachment  
Sequence No. **09**

Department of the Treasury  
Internal Revenue Service (99)

▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B.

▶ Attach to Form 1040, 1040NR, or 1041. ▶ See Instructions for Schedule C (Form 1040).

Name of proprietor	Social security number (SSN)
<b>A</b> Principal business or profession, including product or service (see page C-2 of the instructions)	<b>B</b> Enter code from pages C-8, 9, & 10
<b>C</b> Business name. If no separate business name, leave blank.	<b>D</b> Employer ID number (EIN), if any
<b>E</b> Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code	
<b>F</b> Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶	
<b>G</b> Did you "materially participate" in the operation of this business during 2007? If "No," see page C-3 for limit on losses <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>H</b> If you started or acquired this business during 2007, check here <input type="checkbox"/>	

**Part I Income**

1 Gross receipts or sales. <b>Caution.</b> If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/>	1		
2 Returns and allowances	2		
3 Subtract line 2 from line 1	3		
4 Cost of goods sold (from line 42 on page 2)	4		
5 <b>Gross profit.</b> Subtract line 4 from line 3.	5		
6 Other income, including federal and state gasoline or fuel tax credit or refund (see page C-3).	6		
7 <b>Gross income.</b> Add lines 5 and 6	7		

**Part II Expenses.** Enter expenses for business use of your home **only** on line 30.

8 Advertising	8			18 Office expense	18		
9 Car and truck expenses (see page C-4)	9			19 Pension and profit-sharing plans	19		
10 Commissions and fees	10			20 Rent or lease (see page C-5):	20a		
11 Contract labor (see page C-4)	11			a Vehicles, machinery, and equipment	20b		
12 Depletion	12			b Other business property	21		
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13			21 Repairs and maintenance	22		
14 Employee benefit programs (other than on line 19).	14			22 Supplies (not included in Part III)	23		
15 Insurance (other than health)	15			23 Taxes and licenses	24		
16 Interest:				24 Travel, meals, and entertainment:	24a		
a Mortgage (paid to banks, etc.)	16a			a Travel	24b		
b Other	16b			b Deductible meals and entertainment (see page C-6)	25		
17 Legal and professional services	17			25 Utilities	26		
				26 Wages (less employment credits)	27		
				27 Other expenses (from line 48 on page 2)			
28 <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27 in columns					28		
29 Tentative profit (loss). Subtract line 28 from line 7					29		
30 Expenses for business use of your home. Attach <b>Form 8829</b>					30		
31 <b>Net profit or (loss).</b> Subtract line 30 from line 29.					31		
• If a profit, enter on both <b>Form 1040, line 12</b> , and <b>Schedule SE, line 2</b> , or on <b>Form 1040NR, line 13</b> (statutory employees, see page C-7). Estates and trusts, enter on Form 1041, line 3.							
• If a loss, you <b>must</b> go to line 32.							
32 If you have a loss, check the box that describes your investment in this activity (see page C-7).							
• If you checked 32a, enter the loss on both <b>Form 1040, line 12</b> , and <b>Schedule SE, line 2</b> , or on <b>Form 1040NR, line 13</b> (statutory employees, see page C-7). Estates and trusts, enter on Form 1041, line 3.					32a	<input type="checkbox"/>	All investment is at risk.
• If you checked 32b, you <b>must</b> attach <b>Form 6198</b> . Your loss may be limited.					32b	<input type="checkbox"/>	Some investment is not at risk.

**Part III Cost of Goods Sold** (see page C-7)

**33** Method(s) used to value closing inventory:      **a**  Cost                      **b**  Lower of cost or market                      **c**  Other (attach explanation)

**34** Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation . . . . .  Yes       No

<b>35</b> Inventory at beginning of year. If different from last year's closing inventory, attach explanation . . . . .	<b>35</b>	
<b>36</b> Purchases less cost of items withdrawn for personal use . . . . .	<b>36</b>	
<b>37</b> Cost of labor. Do not include any amounts paid to yourself . . . . .	<b>37</b>	
<b>38</b> Materials and supplies . . . . .	<b>38</b>	
<b>39</b> Other costs . . . . .	<b>39</b>	
<b>40</b> Add lines 35 through 39 . . . . .	<b>40</b>	
<b>41</b> Inventory at end of year . . . . .	<b>41</b>	
<b>42</b> <b>Cost of goods sold.</b> Subtract line 41 from line 40. Enter the result here and on page 1, line 4 . . . . .	<b>42</b>	

**Part IV Information on Your Vehicle.** Complete this part **only** if you are claiming car or truck expenses on line 9 and are not required to file Form 4562 for this business. See the instructions for line 13 on page C-4 to find out if you must file Form 4562.

**43** When did you place your vehicle in service for business purposes? (month, day, year) ► ..... / ..... / .....

**44** Of the total number of miles you drove your vehicle during 2007, enter the number of miles you used your vehicle for:

**a** Business ..... **b** Commuting (see instructions) ..... **c** Other .....

**45** Do you (or your spouse) have another vehicle available for personal use? . . . . .  Yes       No

**46** Was your vehicle available for personal use during off-duty hours? . . . . .  Yes       No

**47a** Do you have evidence to support your deduction? . . . . .  Yes       No

**b** If "Yes," is the evidence written? . . . . .  Yes       No

**Part V Other Expenses.** List below business expenses not included on lines 8-26 or line 30.


<b>48</b> <b>Total other expenses.</b> Enter here and on page 1, line 27 . . . . .	<b>48</b>	
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## **CASE STUDY 3 WALLACE SOLUTION NOTES**

Categorical Eligibility: No

Expedited Service: No

Household Composition: 3-person household

- Per Policy Memo FD-033 (date August 31, 2004), Chris Wallace would be considered a non-household member for the purposes of household size since he is deployed to Iraq.
- Elle provides documentation of Chris' tribal enrollment. So, although Chris is deployed to Iraq, the household will retain its status as an Indian Tribal Household.

Resources: None

Income:

- The pay that Chris sends home is counted as income to the household.
- The family subsistence supplemental allowance (FSSA) received by Chris is counted as earned income to the household (see Policy Memo FDD-012 (dated March 31, 2003)). Service members receiving FSSA are not prohibited from receiving food stamps or commodities.
- Policy Memo FD-035 (dated August 31, 2004) defines the handling of flexible benefit packages. The \$100 Chris contributes each month to the special medical account is legally obligated and otherwise payable to Chris. Therefore, it is not considered a vendor payment and must be included as earned income when determining household eligibility.

The \$50 dollars contributed by Chris's employer, however, is not legally obligated and otherwise payable to Chris. Therefore, it is counted as vendor payment and is not counted as part of his gross earnings. See paragraph 4542 of FNS Handbook 501.

- Elle's 2007 income tax return shows a business loss of \$9,500. This loss may not be used to offset other income. Therefore, for FDPIR eligibility determination purposes, her self-employment income is \$0.

Eligibility Determination and Certification Period:

- The household is denied eligibility because it is over income for a 3-person household.