

SUBRECIPIENT TECHNICAL GUIDE FOR DETERMINING INCOME AND ALLOWANCES



Cobb County CDBG Program Office
192 Anderson Street, Ste. 150
Marietta, GA 30060
Phone: 770-528-1457
Email: info@cobbcountycdbg.com

HOUSEKEEPING

FYI

- Please sign-in the chat box with your name and organization name.
- Please mute your phone/computer
- You may ask questions using in the chat box
- Technical Difficulties - Try exiting the webinar and logging back in

TRAINING OVERVIEW

Subrecipients are required to calculate the income of households participating *in* Federal grant programs. Households must have incomes at or below 80% AMI, adjusted for household size, and determined annually by HUD or 125% of the Federal Poverty Guidelines for CSBG Programs.

Topics Discussed:

- Determining Whose Income Counts
- Verifying Income
- Samples of Income & Exclusions
- Assessing Income Information
- Calculating Income
- Determining Household Size & Certification
- CPD Income Calculator

DETERMINING WHOSE INCOME TO COUNT

- ❑ **HUD Programs** - income of all family members *must* be included in the determination of income.
- ❑ **DHS Programs** - income from the family member receiving the service.

Cobb uses the **Part 5 Definition of Annual Income** (provides specific guidance pertaining to whose income in a household must be included in that calculation).

Subrecipients must project a household's income in the future based on a "snapshot" of the household's current circumstances with the assumption that the income will continue for the *following 12 months.*

VERIFYING INCOME



Determine income eligibility of applicants by examining source documents (such as wage statements or interest statements) as evidence of annual income or no income through one of the verification procedures:

Third-Party Verification

A third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information to verify income. *Written release of information is required.*

Review of Documents

Documents provided by the applicant (e.g., pay stubs, tax returns, etc.)

Self Certification of Income

Written statement from the beneficiary documenting Annual (Gross) Income and household size

Self Certification of No Income

Written statement from the beneficiary documenting that they have zero income.

SAMPLE TYPES OF INCOME

- Employment/Self-employment income
- Tips, gratuities, etc.
- Unemployment compensation
- Income maintenance payments, benefits, income other than wages (i.e., welfare, Social Security, SSI, disability income, pensions)
- Alimony or child support
- Recurring contributions & gifts
- Scholarships, grants, and education benefits
- Net business income
- Dividends or interest income, including savings accounts
- Interest from sale of real property
- Zero income



INCOME EXCLUSIONS

- Income from employment of children under 18
- Payments received for the care of foster children
- Inheritance/insurance income
- Medical reimbursements
- Income of live-in aides
- Full amount of student financial aid assistance
- Armed forces hostile fire pay
- Amounts received under training programs funded by HUD
- Temporary, nonrecurring, or sporadic income (including gifts)
- Reparation payments paid by a foreign government
- Earnings in excess of \$480 for each full-time student 18 years or older



ASSESSING INFORMATION

Assess all the facts underlying the income information collected

Important Considerations:

Pay period. Determine the basis on which employees are paid (hourly, weekly or monthly, and with or without overtime). An employee who gets paid “twice a month” may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year). An annual salary is counted as annual income regardless of the payment schedule.

Variations in pay. For applicants whose jobs provide steady employment (e.g., 40 hours a week, 50 weeks a year), it can be assumed that there will only be slight variations in the amount of earnings reflected in monthly or bi-weekly pay stubs.

Three consecutive month’s worth of income documentation may be an appropriate amount upon which to base a projection of income over the following 12-month period.

ASSESSING INFORMATION **con't**

If annual employment is less stable or does not conform to a 12-month schedule (e.g., seasonal laborers, construction workers, teachers), examine income documentation that covers the entire previous twelve-month period.

Sources of earned income. In addition to hourly earnings, Subrecipients must account for all earned income. In addition to the base salary, this will include annual cost of living adjustments (COLAs), bonuses, raises, and overtime pay. In the case of overtime, it is important to clarify whether overtime is sporadic or a predictable component of an employee's income.

If it is determined that an applicant has earned and will continue to earn overtime pay on a regular basis, then calculate the average amount of overtime pay earned by the applicant over the pay period used to calculate income eligibility (3 months or 12 months).

CALCULATING INCOME



- Once all sources of income are known and verified, owners must convert reported income to an annual figure.
- If collecting pay stubs, subrecipients must be able to document two consecutive months of pay for HUD and 1-month for CSBG.
- Pay stubs must then be averaged for an accurate calculation of pay.

Convert periodic wages to annual income by multiplying:

1. Average weekly wages x **52**
2. Average bi-weekly wages (paid every other week) x **26**
3. Average semi-monthly wages (paid twice each month) x **24** and
4. Average monthly wages x **12**

To annualize other than full-time income, multiply the wages by the actual number of hours or weeks the person is expected to work. ¹⁰

DETERMINING HOUSEHOLD SIZE

The income limits are adjusted by household size. One of the first steps in determining eligibility is to determine the size of the applicant household.

Some households may include persons who are not considered as family members for the purposes of determining household size and income eligibility, including:

- Foster children;
- Foster adults;
- Live-in aides; and
- Children of live-in aides.



These persons should not be counted as household members when determining household size, and their annual income.

COMPARING HOUSEHOLD INCOME TO THE HUD LIMITS

To compare a household's annual income information to the HUD income limits, follow these steps:

1. Obtain the current year, program specific HUD Income Limits or CSBG Poverty Guidelines during income certification.
2. Find the column that corresponds to the number of persons in the household (i.e., family size).
3. Compare the verified income of the household with the income limit for that household size.
4. Each time income is certified, print the limits, indicate where the household falls on the chart, and place it in the client file.

EXAMPLES

Family of 7 has income of \$1200 bi-weekly before taxes. Her husband makes \$350 a week.

$$\begin{aligned} \$1200 \times 26 \text{ weeks} &= \$31,200 \\ \$350 \times 52 \text{ weeks} &= \$18,200 \end{aligned}$$

Total household income
\$49,400

HUD: Income < 50% AMI
CSBG: Income meets 125% Poverty Guidelines

FY2021 CDBG INCOME LIMITS EFFECTIVE JUNE 1, 2021

Household Size	Extremely Low Income 30%	Very Low Income 50%	Low Income 80%
1	\$18,100	\$30,200	\$48,300
2	\$20,700	\$34,500	\$55,200
3	\$23,300	\$38,800	\$62,100
4	\$25,850	\$43,100	\$68,950
5	\$27,950	\$46,550	\$74,500
6	\$30,000	\$50,000	\$80,000
7	\$32,100	\$53,450	\$85,500
8	\$34,150	\$56,900	\$91,050

FAMILY SIZE	125% OF POVERTY GUIDELINE
1	\$15,900
2	\$21,550
3	\$27,150
4	\$32,750
5	\$38,350
6	\$43,950
7	\$49,550
8	\$55,150

TIMING OF INCOME CERTIFICATIONS

All households that receive federal grant assistance must be income-eligible at the time assistance is provided.

Income Verification

CDBG, CSBG, HOME & ESG

clients' incomes should be verified prior to providing assistance.

Subrecipients should use the current income limits at the time of verification.

Updated documentation must be provided to verify income.

Recertification

CDBG: Each time a client receives a new service.

HOME: Every 6 months until service is provided.

ESG: *Homeless Prevention:* Recertify income every three (3) months

Rapid Re-housing: Recertify income annually

CSBG: Annually

CPD INCOME ELIGIBILITY CALCULATOR AND INCOME LIMITS



Assists in accurately calculating and documenting income determinations of CPD HUD program beneficiaries.



Generates a summary of results for each beneficiary with current income limits and % of AMI.



Stores your calculations in a secure dashboard.



The Calculator is a tool to help calculate income, but it does not verify income

IMPORTANT LINKS

CPD Income Eligibility Calculator and Income Limits

<https://www.hudexchange.info/incomecalculator/>

Exhibit 5-1: Income Inclusions and Exclusions

https://www.hud.gov/sites/documents/DOC_35699.PDF

Sample Format For Calculating Part 5 Annual Income

<https://files.hudexchange.info/resources/documents/Sample-Format-for-Calculating-Part-5-Annual-Income.doc>

QUESTIONS & TECHNICAL ASSISTANCE

The Cobb County CDBG Program Office is committed to ensuring your organization's project is successful.

Please contact us with any questions you have or to set up any technical assistance needed.