

Exhibit 3-2

Minimum Income Reviews

Applicants and participants who claim minimum income are subject to further review using the AHFC *Minimum Income Worksheet*. The threshold is the greater of either \$100 (gross) per month per household member or the PFD received per household member. Use of the worksheet will assure all sources of income have been accounted for and help determine whether a participant family is subject to 90 day reviews.

A. MINIMUM INCOME WORKSHEET

The *Minimum Income Worksheet* is used to evaluate applicant and participant families who report income that is less than the Minimum Income Threshold. The information is used to verify how household items are purchased.

Review the *Minimum Income Worksheet* to find out how the family accounts for the expenses when they fall below the income threshold.

- Contributions for medical expenses in Item #4 are not counted as part of the family income,
- Except for Item 4, all contributions for Items #1 through #10 are counted as income with the following exceptions:
 - Food stamps or other contributions of food from an agency or food bank.
 - Groceries provided by persons not living in the household.
 - Only consider the car payments of a vehicle registered to an adult.
 - Bus passes and travel vouchers for disabled persons are not included as income.
 - Bus passes for students to attend school are not included as income.
- If the household expenses exceed the Minimum Income Threshold, the family must document how they pay the expenses.

Example: Riva Ridge (72) has 3 children. His reported annual income is 4 PFDs at \$950 each - \$3,800. The annual Minimum Income expected for this family is calculated at \$100 x 12 x 4 family members = \$4,800. The threshold is the higher of the two, or \$4,800.

Item 1. Riva reports spending \$200 per month on food, receives food from the food bank, the children receive free lunches at school, and he takes the family to weekly dinners at his church (\$2,400 out-of-pocket expense.) Riva's ex sends \$100 per month for food. **(\$1,200 is contributed for food)**

Item 2. He reports spending \$50 per month for cleaning, grooming and paper products, makes his own soap from local vegetation and the older children shower at school. Riva's mother drops off about **\$75 each month** each month in diapers and other incidentals for the family (\$600 out-of-pocket expense; **contributions by his mother of \$900 is counted as income.**)

Item 3. Riva reports he spends about \$15 per month for clothing expenses at Good Will, chooses clothes from the church clothes bank, and cleans the clothes on a washboard with his home-made soap (\$180 out-of-pocket expense.) Riva's aunt buys clothes for the children once in a while sometimes spending up to \$50 at a time. **(Sporadic contributions are NOT counted as income.)**

Item 4. Denali Kid Care covers the medical expenses for the children. Riva claims he is never sick.

Item 5. Riva owns a 1981 Dodge wagon. He spends \$100 per month for gas, maintenance, and tires. His father pays **\$50 each month** to Riva's car insurance company. (Riva has \$1,200 out-of-pocket expense; **\$600 contributed by his father is counted as income.**)

Item 6. Basic cable service is supplied by the landlord. Riva's mother pays **\$30 each month** for movie and cartoon channels for the children. Riva estimates he spends \$20 per month on other entertainment for the children. (\$240 out-of-pocket expense; **\$360 contributed by his mother is counted as income.**)

Item 7. Riva smokes **5 cartons of cigarettes a month.** His mother buys them for him at **\$40 per carton (\$2,400 counted as income.)**

Item 8. Riva pays about \$75 per month for phone service and long distance calls. He also has a cell phone costing **\$50 each month** and internet connection costing **\$30 per month**, both paid for by the mother of his children (\$900 out-of-pocket expenses; **\$960 contributed for cell phone & internet is counted as income.**)

Item 9. Riva is responsible for the electric and gas utilities in his lease. The children's mother pays the bills directly to the utility companies, averaging **\$150 each month (\$1,800 is counted as income.)**

Item 10. Riva contributes \$10 per month to his church (\$120 out-of-pocket expense). His aunt pays a baby sitter **\$30 each month** to watch the children for Riva's "me time" (**\$360 is counted as income.**)

A.1 Computing income from the example above

Annual income includes all amounts, monetary or not, that are received by the family on a regular basis. For brevity sake, the above example includes the possibility of regular outside contributions coming into the household. An example of a completed Minimum Income Worksheet is attached.

1. **Scenario 1 – Income with contributions.** In this scenario, the family declares that there are regular contributions from outside sources as described in the example. For items 1 through 10, contributions from other sources equal \$8,580. The contributions will be added to the reported income. In this case, his gross income will be \$12,380 (\$3,800 + \$8,580.) The countable income now exceeds the Minimum Income Threshold; therefore, Riva is no longer subject to 90 day reviews.
2. **Scenario 2.** In this scenario, Riva can explain how he actually lives within his declared income of four PFD's and \$3,800 is counted as income. The income falls beneath the Minimum Income Threshold; therefore, he is subject to 90 day reviews and is scheduled for an interim at that time.

B. VERIFICATION

The family's signature on the *Minimum Income Worksheet* will serve as self certification of the amounts claimed. The AHFC interviewer may request verification of contributions and out-of-pocket expenditures if the amounts claimed do not seem logical. AHFC will review any documents the family may submit if the family disputes AHFC assessment of the expenditures.

C. INSTRUCTIONS TO COMPLETE MINIMUM INCOME WORKSHEET CALCULATION FORM

The calculation form compiles the information from the worksheet to assess the amount of income AHFC will count for the family. The worksheet compares the amount of money the family has reported to the amount of money the family claims they pay toward expenses. The worksheet also tracks regular contributions made by persons out-side of the family.

- Items in column (a) reflect the amount of money **the family actually pays** out of their own pocket toward expenses, not what is owed.
 - Contributions in column (a) are compared to the amount of income the family has reported.
- Items in column (b) reflect the contributions the family receives on a regular basis. Except for item 4, regular contributions (cash or otherwise) for items 1 through 10 are counted as income.

If the amount expended exceeds the amount of income and contributions reported, review the worksheet with the client to resolve discrepancies.

Minimum Income Worksheet Calculation

Except for item 4, regular contributions cash or otherwise are counted as income. Groceries contributed by persons not living in the household are not counted in the Section 8 New Program.

Out-of-pocket expenses paid by the family are calculated to account for the income reported by the family.

Item number	Family Out-of-Pocket Contribution(a)	Other Contribution (b)
1. Food	\$2,400	\$1,200
2. Grooming, paper products	\$600	\$900
3. Clothing	\$180	\$0
4. Medical expenses	\$0	(do not count, for information only)
5. Transportation	\$1,200	\$600
6. Entertainment	\$240	\$360
7. Tobacco	\$0	\$2,400
8. Communications	\$900	\$960
9. Shelter/Utilities	\$0	\$1,800
10. Miscellaneous	\$120	\$360
TOTALS	\$ 5,640	\$8,580

A. Family out-of-pocket contribution, column (a) \$ 5,640

B. Amount of reported income (see instructions) \$ 3,800

C. Amount of discrepancy (line A – line B) \$ 1,840

(If negative, show as \$0.00)

D. Other contributions, column (b) \$ 8,580

Add column (b) "Other Contributions" to the family income, code "N".