Definition of Adjusted Income

Annual income less allowable deductions:
  • Dependent
  • Child care expenses
  • Elderly household
  • Disability assistance
  • Medical expenses

The resulting, adjusted income is used to determine whether the household is income-eligible for a particular program.
Dependent

The deduction for a dependent is $480 per qualified dependent.

A qualified dependent is a household member who is not the applicant or their spouse that is:

• 17 years of age or younger
• An individual with a disability
• A full-time student
Dependent Deduction – Applicant Emily

Applicable Low-Income Limit: $42,400

Applicant:
Emily - 45 years old and legally blind

Dependents: Three children ages 6, 10, and 18 years old, and full-time students

Household’s
Annual Income: $60,000
Deductions ($480 x 3) - $1,440
Adjusted Income: $58,560
Reasonable unreimbursed child care expenses for the care of children age 12 and under can be deducted if:

• The care enables a household member to work, actively seek employment, or go to school;
• No other adult household member is available to care for the children; and
• The expenses deducted do not exceed the income earned by the household member enabled to work. This limitation does not apply if child care allows the household member to go to school or seek employment.
To qualify for the deduction, the applicant must:

- Identify the children receiving the care
- Identify the household member who is enabled to work, seek employment, or attend school as a result of the care
- If the expenses enable a family member to go to school (full or part time), identify the educational institution
- Demonstrate there is no adult household member to care for the children
- Identify the childcare provider, the hours of care provided, and the costs
Child Care Expenses – Applicant Emily

Applicable Low-Income Limit: $42,400

Household:
Emily - 45 years old and legally blind
Three children - 6, 10, and 18 years old and full-time students

Household’s Annual Income $60,000
Dependents ($480 x 3) - $1,440
Child Care Expenses - $6,000
Adjusted Income $52,560
Elderly Household

A household is classified as an elderly household when the applicant is 62 years of age or older or an individual with a disability.

Deduction = $400
Applicable Low-Income Limit: $42,400

Household:
Emily - 45 years old and legally blind
Three children - 6, 10, and 18 years old and full-time students

Household’s Annual Income $60,000
Dependent ($480 x 3) - $1,440
Child Care Expenses - $6,000
Elderly Household - $400
Adjusted Income $52,160
Disability Assistance Expenses

Reasonable expenses in excess of 3% of the household’s annual income can be deducted provided the expenses don’t exceed the amount earned by the person enabled to work.

The applicant must:

• Identify any household member with a disability on the application,
• Describe the nature and provide documentation of unreimbursed expenses for that household member’s attendant care/auxiliary apparatuses,
• Demonstrate that the expenses enable an adult household member (with or without the disability) to work.
Disability Assistance Expense Examples

- Home medical care/nursing services
- Housekeeping and errand services
- Interpreters for hearing-impaired
- Wheelchairs, ramps, and adaptations to vehicles
- Special equipment to enable a sight-impaired person to read or type
Disability Assistance Expenses – Applicant Emily

Annual Household Income - $60,000 x 3% = $1,800

Total allowable expenses $4,100
Minus 3% of annual income $1,800
Equals allowable deduction $2,300
Disability Assistance Expenses Deduction – Applicant Emily

Applicable Low-Income Limit: $42,400

Household:
Emily - 45 years old and legally blind
Three children - 6, 10, and 18 years old and full-time students

Household’s Annual Income $60,000
Dependent - $ 1,440
Child Care Expenses - $ 6,000
Elderly Household - $ 400
Disability Assistance Expenses - $ 2,300
Adjusted Income $49,860
Medical Expenses

• For elderly households ONLY – the applicant must be:
  • 62 years or older
  • Individual with a disability

• Deduction:
  • Unreimbursed medical expenses for the entire household
  • Combine with any disability assistance expenses
  • Expenses in excess of 3% of the household’s annual income

• Expenses are anticipated and projected for the next 12 months
Medical Expense Examples

- Services of physicians & health care facilities
- Medical, Medicare, and long-term care premiums
- Medicine prescribed by a physician
- Dental expenses
- Eyeglasses, contact lenses, and eye exams
- Medical/health products or apparatus
- Attendant care
Unreimbursed medical expenses for the entire household:

- Health insurance premiums $450/mo. x 12 = $5,400
- Dr. payments for surgery $150/mo. x 12 = $1,800
- Dental co-payments $75 x 4 household members x 2 times / year (every 6 months) = $600
- Payments for braces (18 yr. old) $75/mo. x 12 = $900
- Eyeglasses – 1 pair/yr. = $300
- Monthly prescription co-payments $44 x 12 = $540

Total = $9,540
<table>
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<th>Category</th>
<th>Amount</th>
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<tr>
<td>Household’s Annual Income</td>
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<tr>
<td>Dependent</td>
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<td>Child Care Expenses</td>
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<td>Adjusted Income</td>
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Adjusted Income – Program Eligibility

Compare the calculated adjusted income to the income limits for the programs which can be found at:

http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do

(the automated calculator performs this calculation for you)

To qualify:

• 502 program - adjusted income cannot exceed the low-income limit for the applicable location and household size.

• 504 programs - adjusted income cannot exceed the very low-income for the applicable location and household size.
The Importance of Accurately Determining Adjusted Income

• Program Eligibility
• Payment Assistance Determination
• Loan Terms
• Authorized vs. Unauthorized Assistance
Are you interested in learning more about the Single Family Housing Direct Direct Programs?

Please contact your applicable RD State Office: https://www.rd.usda.gov/contact-us/state-offices

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