

Policy Clarifications - LIHEAP - All PLA14168650

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Agency:CAOs

Citations:

Subject: LIHEAP - Unearned Income Deductions

Can legal fees and other expenses incurred to receive unearned income be used as deductions for LIHEAP?

Response By: DFPPM/LIHEAP

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The LIHEAP State Plan does not specifically address the treatment of legal fees as an unearned income deduction for LIHEAP. LIHEAP generally follows TANF policy regarding treatment of income to maintain consistency between programs. Section 160.3 of the Cash Assistance Handbook - "Unearned Income Deductions" states that a "client receiving unearned income is entitled to a deduction for any expenses which he must pay to be eligible for or to receive the income. These expenses include, but are not limited to the following:

Attorney fees

Court costs

Transportation costs

The amount paid to a rental agency to handle rental property

Court ordered fees paid to a guardian who controls the client's income."

These deductions also apply to the LIHEAP program.

NOTE: Apply the unearned income deduction prior to calculating eligibility using the gross income test for earned income.