

Medi-Cal Program Guide Letter (MPG) # 807

August 28, 2014

Subject	Changes to Student Deductions for MFBU's that Include ABD-MN Persons
Effective	Upon receipt
Reference	ACWDL # 14-17
Purpose	To inform staff of changes to student deductions for aged, blind or disabled persons.
Background	Certain deductions are allowed for students in the Medi-Cal Family Budget Unit (MFBU) of an aged, blind or disabled Medi-Cal Needy Individual.
Highlighted Changes	<p>Beginning January 1, 2001, the amount of the student income deductions increased in accordance with Appendix A. The monthly and yearly limits are adjusted annually based on increases to the cost of living.</p> <p>In addition, effective April 1, 2005, the student income deduction was extended to all individuals in the budget unit who are working students under age 22. The student must be in the MFBU of an aged, blind, or disabled individual to receive the deduction. The deduction will apply to earnings from an ineligible spouse or parent(s) and to joint earned income of eligible couples when both members are under age 22 and are working students. Deductions will be taken from the earned income of each student.</p>
Required Action	Staff must apply these changes at application, redetermination, fair hearing or whenever a case is brought to the county's attention.
Automation Impact	No Impact

Forms Impact No Impact

ACCESS Impact No Impact

Imaging Impact No Impact

PA (CalFresh or CalWORKs) Program Impact No Impact

Quality Control (QC) Impact Upon resumption of desk reviews, Quality Control (QC) will cite the appropriate error on any case that does not comply with the requirements outlined in this letter.

Summary of Changes The table below shows the changes made in the MPG cites.

Section	Summary of Change
10.06.03E	• Changes to Student Deduction for Blind or Disabled Persons

Approval for Release , 9-3-14

EM

10.06.03 Deductions for MFBUs that Include ABD-MN Persons (Except Special Percent Programs)

A. Introduction

The deductions detailed below are subtracted, as appropriate, from nonexempt income of MFBUs that include ABD-MN persons except for MFBUs for the Special Percent Programs. These deductions are allowed only if a member of the MFBU applies, and is found eligible as aged, blind or disabled.

B. Educational Expenses

General

Certain educational expenses for college or similar training, which are incurred by a beneficiary, are deducted from income received for educational purposes or from any loan received for educational purposes which is counted as property.

Income for Educational Purposes

Income for educational purposes from which allowable expenses can be deducted includes, but is not limited to:

- Exempt student loans, grants, or fellowships (as detailed in [MPG Article 10, Section 3](#));
- Nonexempt student loans, grants, or fellowships which do not require repayment;
- Social Security and Veterans Administration payments to a child attending school which are based on a deceased or disabled parent's entitlement; and
- Veterans Educational Assistance Program payments.

Allowable Educational Expenses

Allowable educational expenses shall be deducted from educational income if they are incurred by a beneficiary for college or similar training. These expenses must be documented to be allowed as deductions. Allowable educational expenses include:

- Tuition;
- Books
- Fees;
- Equipment and Supplies;
- Special clothing needs;
- Child care services; and
- Transportation.

The cost of transportation to and from school is based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets these

criteria, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven each month. Allowable transportation costs include, but are not limited to, car payments, car insurance, registration, and gasoline.

How to Deduct Educational Expenses

Documented allowable expenses will be deducted in the following order:

Step	Action
1	Deduct allowable expenses from totally exempt loans or grants detailed in MPG Article 10, Section 3 .
2	Deduct any remaining educational expenses from other loans for educational purposes that are considered property, as detailed in MPG Article 9 .
3	Deduct any remaining allowable educational expenses from other income received for educational purposes.

Apportionment of Educational Expenses

Apportion educational expenses over the period of time they are intended to cover to determine the monthly deduction.

Reimbursed Educational Expenses

Applicants/beneficiaries may not use reimbursed expenses as deductions from loans or grants (for example, Welfare to Work Child Care, ESP Training Related Expenses).

**C.
Support
Payment from
an Absent
Parent**

Timely Payments

One-third of the timely child support payments (payments due in the current month received) made by an absent parent for the support of a disabled or blind child is an allowable deduction.

Delayed Payments

Delayed Payments are payments made timely, but received by the beneficiary in a subsequent month. Delayed payments are eligible for the one-third disregard if they meet the following criteria:

- The payments for past months are received by the family member in the current month.
- The delayed payment was made by the absent parent in the month the payment was due, but receipt was delayed for reasons beyond the payer’s control. For example, a payment was made to the child support authority timely, but reached the child in a subsequent month.

One-third of delayed child support payments made by an absent parent for the support of a disabled or blind child is an allowable deduction

Arrearage Payments

Arrearage payments are not eligible for the one-third deduction.

Staff will follow instructions outlined in [BENDS 5396](#) for required CalWIN entries

MPG LTR 754 (08/12)

D. \$20 Deduction Workers must follow the actions in the table below for the \$20 Deduction.

Step	Action
1	Deduct \$20 from the combined nonexempt unearned income of all aged, blind or disabled MN persons and the spouse or parents of these persons. Note: This deduction is added back into the budget for LTC recipients.
2	Subtract any remaining portion of the \$20 deduction from earned income as detailed in G , below.

E. Student Deductions

Beginning January 1, 2001, the amount of the student income deductions increased as indicated in [Appendix A](#) . The monthly and yearly limits will be adjusted annually based on increases to the cost of living.

Criteria:

- Is under age 22;
- Is unmarried;
- Is not a parent; and
- Is presently enrolled or will be enrolled for at least eight hours a week during one month of either the:
 - Current calendar quarter; or
 - Next calendar quarter.

In addition, effective April 1, 2005, the student income deduction was extended to all individuals in the budget unit who are working students under age 22. The student must be in the MFBU of an aged, blind, or

disabled individual to receive the deduction. The deduction will apply to earnings from an ineligible spouse or parent(s) and to joint earned income of eligible couples when both members are under age 22 and are working students. Deductions will be taken from the earned income of each student.

Criteria:

- Is under age 22; and
- Is enrolled or will be enrolled for at least eight hours a week during one month of either the:
 - Current calendar quarter; or
 - Next calendar quarter.

Method of Deduction

The worker shall document in case comments the duration and amount of the monthly deduction.

MPG LTR 806 (05/2014)

Appendix A Student Earned Income Deductions allowed per month and year

For Year	Monthly Exclusion	Maximum exclusion for calendar year
2014	\$1,750	\$7,060
2013	\$1,730	\$6,960
2012	\$1,700	\$6,840
2011	\$1,640	\$6,600
2010	\$1,640	\$6,600
2009	\$1,640	\$6,600
2008	\$1,550	\$6,240
2007	\$1,510	\$6,100
2006	\$1,460	\$5,910
2005	\$1,410	\$5,670
2004	\$1,370	\$5,520
2003	\$1,340	\$5,410
2002	\$1,320	\$5,340
2001	\$1,290	\$5,200

ACWDL
14-17