



POLICY CHANGE ALERT #15-008F

TITLE: SELF EMPLOYMENT FARMING INCOME

ISSUE DATE: 03/16/2015

EFFECTIVE DATE: EFFECTIVE IMMEDIATELY

Summary

Programs Impacted: NA and CA

This Policy Change Alert is being issued to inform staff of the changes to policy regarding Self Employment Farming Income. The policy has been revised to clarify farming income budgeting procedures.

To determine Self Employment Farming Income, average the prior 12 months.

Revision Details

The FAA Policy Manual will be updated to include the information in this Policy Change Alert during one of the next bimonthly revisions. Until then, an alert will be placed in each revised section with a link to this document as a reminder of the policy change.

POLICY REFERENCE: FAA4.J05G - FARMING

Income from a self employed farmer is COUNTABLE.

To be self employed as a farmer, the participant must meet either of the following criteria:

- Be engaged in a farming activity for the purpose of producing income
- Have direct involvement in the farming activity

NOTE A person who rents his land to another person to raise a crop is not a self employed FARMER.

When budgeting the income of a self employed farmer, average the prior 12 months.

When the participant's expenses to produce self-employment farming income are irregular, the income and expenses from the prior 12 months may be averaged.

NOTE Anticipate the annual income and expenses when the prior 12 months does not reflect participant's ongoing income because of a substantial change.

Self employment income losses from farming may be offset against OTHER COUNTABLE income. Farming losses occur when costs of producing self employment income are more than the income.



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To claim losses that exceed the self employment income, BOTH of the following must exist:

- The farmer must receive or anticipate receiving \$1,000 or more gross annual income from the farming business
- The farmer must have direct involvement in the farming activity

Calculate farming losses as follows:

- Anticipate and average the monthly losses
- Subtract the losses from the self employment income when income exists

NOTE When the farming income was annualized, **DO NOT** subtract monthly losses when the farmer stops farming during the approval period.

- Subtract any remaining losses from other **NET** self employment when other self employment income exists
- Subtract any remaining losses from **OTHER COUNTABLE** income

WARNING

Contact the [Policy Support Team](#) for special keying procedures when farming self employment income is less than the cost to produce the income.

When farming self employment is terminated, farm property (including land, equipment and supplies) are **NOT COUNTABLE** for the resource determination for 12 months. This period of exclusion begins on the date the self employment farming stops.

Complete the following on SEEI:

- Key N in the EXP field

NOTE Farming self employment does not use the **40% self employment expense deduction**. Subtract all countable expenses from the income.

- Key FA in the INCOME TYPE field
- Key the calculated amount from above in the MONTHLY GROSS field



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POLICY REFERENCE: FAA4.J06B – Annualizing Self Employment

When the self employment business has been in existence for 12 or more months and there are no significant changes, divide the annual income by 12 to calculate a monthly amount.

NOTE Annualize the income even when the participant receives another source of income.

EXCEPTION

NA and CA - Self employment income due to farming has special budgeting procedures. (See [Farming](#))

When determining a monthly amount, use the 12 full months of income that applies as follows:

- For new applications, use the 12 full months prior to the month of application.
- For renewal applications, use the 12 full months prior to the month of the timely renewal interview.
- For reported changes, use the 12 full months prior to the month the change was reported.

Please contact the FAA Policy Support Team by phone at (602) 774-5523 or by e-mail at FAAPolicyMgmt@azdes.gov with any questions or concerns regarding this broadcast.

Please consider the environment before printing this broadcast.

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