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| INFORMATIONAL LETTER | TRANSMITTAL: 94 INF-56
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TO: Commissioners of DIVISION: Economic
Social Services Security

DATE: December 15, 1994

SUBJECT: PA and FS Budgeting: Initial Earnings

SUGGESTED

DISTRIBUTION: Public Assistance Staff
CAP Coordinators
Services Staff
Food Stamp Staff
Employment Staff
Staff Development Coordinators

CONTACT PERSON: Greg Nolan, 1-800-343-8859, ext. 4-9313

ATTACHMENTS: None

FILING REFERENCES

Previous ADMs/INFs	Releases	Dept. Regs.	Soc. Serv.	Manual Ref.	Misc. Ref.
	Cancelled		Law & Other Legal Ref.		
93 ADM-11				PASB	
93 ADM-9				XII-A-3	
90 ADM-31				FSSB VI-B-all	

This is to clarify the Department's policy regarding the initial budgeting of earned income when a PA or FS recipient starts a job.

PA Policy

In the past, many districts (SSD's) budgeted earnings as soon as possible following verification of the expected income amount. The worker did not wait until the recipient actually received the first paycheck to close or reduce the case. Thus, if the worker verified that a recipient was going to receive a first paycheck on August 10th, the grant would be adjusted for August 1st despite no actual pay being received on the first. Many districts have expressed concern about this because recipients can be left without any income during this crucial period of transition from public assistance to self-sufficiency. This is to remind districts that they must not begin budgeting earned income until the initial paycheck is actually received.

Examples will illustrate how this process works:

Example 1

A PA recipient begins employment on September 15th. The recipient will be paid every two weeks and will get a first paycheck on October 4th. The recipient will earn \$5.00 per hour for 40 hours per week. The district waits until the recipient gets paid then adjusts the PA budget for October 16th and provides timely notice of the change in grant. An overpayment will also be calculated for the first half of October.

Example 2

A PA recipient begins employment and on September 15th, the recipient receives the first pay of \$200. The agency has already verified the amount of expected wages prior to September 15th, but waits until that date to process the change in grant. On September 15th (or as soon as possible thereafter) the agency rebudgets the recipient and provides timely notice of the change for October 1st. The agency then calculates an overpayment for September and processes the closing (since the recipient is ineligible) for October 1st.

Note that the delay in budgeting initial earnings can cause problems when a recipient needs child care. This occurs because the child care disregard is not provided until the income is actually budgeted. Districts can authorize child care with EAF when this occurs if the family is otherwise eligible.

FS Policy

Income cannot be counted for food stamps if the amount or date of receipt is uncertain, i.e., a basis has not been established. If the exact amount of the income is not known, that portion which can be reasonably anticipated with reasonable certainty must be considered as income.

Example

A FS recipient has been receiving UIB for the past three months. The person reports that he is going back to work sometime in the next month. He does not know exactly what his earnings will be. He should continue to be budgeted for the UIB income and told to report the income change when he receives his first paycheck. When the income is reported, change reporting procedures should be followed (FSSB Section VI-B-all).

Two days later, on September 10th, the person calls back to say that his employer has told him he will be paid \$200 on September 20th. The eligibility worker must now process the change for the month following the month the change was reported. In this case, since the worker had ten days to process and ten days to provide timely notice, food stamps will change beginning October 1st. Had the person waited until September 22nd to report the receipt of the new income the FS budget would be changed November 1st. However, the effective date of the notice is ten days from the notice processing date, or October 2nd.

This information will be included in the next PASB and FSSB updates.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Economic Security