



Office of Temporary and Disability Assistance

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Informational Letter

Section 1

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Subject:	Temporary Assistance Budgeting: Guidance on <i>Allen</i> , <i>Rice</i> , and <i>Swift</i> Budgeting Methodologies
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Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
94-ADM-10 82-ADM-78 82-ADM-75		352.2 352.20 352.30 352.31	101 131-a	TA Source Book Chapter 13, Section J; ABEL Manual Section G	ABEL Transmittal 10-3

Section 2

I. Purpose

The purpose of this Informational Letter (INF) is to remind social services districts (districts) of *Allen*, *Rice*, and *Swift* budgeting methodologies and when each is used. There is no change in Public Assistance, also known as Temporary Assistance (TA), policy.

II. Background

Allen, *Rice*, and *Swift* budgeting methodologies are used as the result of litigation in the court cases *Allen v. Blum* (*Allen*), *Rice v. Perales* (*Rice*), and *Swift v. Toia* (*Swift*). *Allen* and *Rice* concerned the treatment of income and resources of a nonapplying or ineligible legally responsible relative (LRR) who resides in the TA applicant/recipient's (A/R's) household. An LRR is a parent for a child under twenty-one years old or a spouse. *Swift* concerned the treatment of income and resources of a nonapplying non-legally responsible individual who resides in the TA A/R's household.

III. Program Implications

A. *Allen* Budgeting:

Unless required to be in the TA household, LRRs of a dependent child or spouse may choose whether or not to apply for TA. The income and presence in the home of an LRR who chooses not to apply for, or who is ineligible for, TA must be considered. Such individuals include, but are not limited to, individuals who are ineligible by reason of their immigration status or their receipt of nonrecurring lump sum income. The TA budget for a household residing with a nonapplying LRR is calculated as follows:

1. The needs of the TA household are calculated as if the nonapplying or ineligible individual were applying for TA as a member of the TA household.
2. The pro rata share of the needs calculated in (1), which is attributable to the nonapplying or ineligible individual, is determined.
3. If the nonapplying or ineligible individual's income is less than his or her pro rata share of the needs in (1), such individual's needs and income are not counted when calculating the budget deficit or surplus of the TA household. Only the needs and income of the applying individuals are considered.
4. If the nonapplying or ineligible individual's income is equal to or greater than their pro rata share of the needs in (1), such individual's needs and income (including any deductions or exemptions) are counted when calculating the budget deficit or surplus of the TA household, as if the individual were applying for TA.
5. The resources of the TA household include the nonapplying individual's resources regardless of the amount of such individual's income. With respect to a nonapplying individual who is in receipt of Supplemental Security Income (SSI), resources which are exempt for purposes of SSI are not taken into consideration.

It is important to note that for *Allen* budgeting, when it is determined that the income of the LRR must be included in the case, the LRR is not considered a case member. The following applies to these individuals:

- The individual is included in the household and case counts;
- The individual's income is budgeted;
- Federal reporting requirements apply;
- Program requirements (e.g., employment) do not apply, as the individual is not a case member.

Example 1

A family living in Suffolk County consists of three people: A mother, her 7-year-old child, and her applying 18-year-old child. In this example, the mother has gross earned income of \$300 per month. In addition, she receives \$300 per month in child support for the 7-year-old. The 18-year-old has no income. The rent is \$800 per month and heat is included. The mother does not want to apply for herself or for the 7-year-old child. The mother and the 7-year old do not have to apply because the applicant is over age 17. However, the mother is still an LRR for the applying 18-year-old so *Allen* budgeting must be performed to see if her income should be counted against the case.

First determine if the mother and her income should be included by finding her pro rata share of the TA needs:

TA needs for 2 in Suffolk County (mother and 18-year-old applicant)

Basic	\$252.00
HEA	\$22.50
SHEA	\$17.00
Shelter	<u>\$358.00</u>
Total Needs =	\$649.00 (rounded down)

The mother's pro rata share of the needs is half of \$649 or \$324 (rounded down).

The mother's countable earned income is \$96.60. It is calculated as follows, allowing for the appropriate deductions and exemptions:

\$300.00 = monthly gross earned income
<u>-\$90.00</u> = earned income disregard
\$210.00
<u>-\$113.40</u> (\$210 x 54% earned income disregard)
\$96.60 = mother's countable income

The mother's countable income of \$96.60 is less than her pro rata share of the needs of \$324. Therefore, her needs and income are not included in the eligibility determination of the applying 18-year-old. The budget for the 18-year old is calculated as follows:

TA needs for 1 in Suffolk County

Basic	\$158.00
HEA	\$14.10
SHEA	\$11.00
Shelter	<u>\$309.00</u>
Total Needs =	\$492.10 = \$492 (rounded down)

The 18-year-old's TA grant is \$492 per month.

Example 2

A family living in Suffolk County consists of three people: A mother, her 7-year-old child, and her applying 18-year-old child. The mother has unemployment income of \$100 per week. The 18-year-old has no income. The rent is \$800 per month and heat is included. The mother does not want to apply for herself or for the 7-year-old child. The mother and the 7-year-old do not have to apply because the applicant is over age 17.

First, determine if the mother and her income should be included by finding her pro rata share of the TA needs:

TA needs for 2 in Suffolk County (mother and 18-year-old applicant)

Basic	\$252.00
HEA	\$22.50
SHEA	\$17.00
Shelter	<u>\$358.00</u>
Total Needs	\$649.00 (rounded down)

The mother's pro rata share of the needs is half of \$649 or \$324 (rounded down).

The mother's total monthly income is \$433.33 per month (\$100 x 4.3333). Since the mother's income of \$433 is more than her pro rata share of the needs, the mother and her income must be included in the TA calculation. The budget for the 18-year-old is calculated as follows:

TA needs for 2 (mother and applying 18-year-old)	\$649.00
Minus the mother's monthly income	<u>-\$433.33</u>
	\$215.67 = \$215 (rounded down)

The 18-year-old's TA grant is \$215 per month.

The mother must report changes even though she is not actually a TA recipient. That is because changes may affect the amount of the TA grant.

Please note that in both examples, only the applying person and the LRR with income are considered. The 7-year-old's needs, and income are not considered unless the mother decides to include herself and the 7-year-old in the application.

B. *Rice* Budgeting:

Rice budgeting applies when an SSI recipient is an LRR in a Safety Net Assistance (SNA) household without TANF-eligible children. In addition, SNA cases that are eligible to be claimed for Maintenance of Effort (MOE) cannot have *Rice* budgeting applied.

For cases involving *Rice* budgeting, the SSI individual will be included in the household count, but not the case count. The rest of the household will receive a prorated grant. The SNA recipient's income must be counted against the resulting prorated share of their needs. However, the income and resources of the SSI recipient are not counted against the SNA household member's prorated needs.

With respect to a nonapplying individual who is in receipt of SSI, resources which are exempt for purposes of SSI are not taken into consideration. Resources that are not exempt for purposes of SSI must be taken into consideration when determining the TA household's resources.

Example

Mr. Smith, an SNA recipient who lives in Suffolk County, resides with his wife who receives SSI benefits. Mr. Smith has no income. The rent is \$800 per month and heat is included.

Mrs. Smith is legally responsible for her husband. Therefore, her presence in the household must be considered in determining Mr. Smith's SNA grant. The district calculates an SNA budget for 2 and authorizes half of the SNA budget for 2 to Mr. Smith. The budget would be calculated as follows:

TA needs for 2 in Suffolk County	
Basic	\$252.00
HEA	\$22.50
SHEA	\$17.00
Shelter	<u>\$358.00</u>
Total Needs =	\$649.00 (rounded down)

Mr. Smith's TA grant is \$324 per month which is half of \$649.00 (rounded down).

C. *Swift* Budgeting:

Districts must not use proration as a budgeting methodology for allocating income and needs among individual household members in cases containing nonapplying, non-legally responsible individuals. These individuals must not be included in the needs calculation for the TA unit. The income and resources of the nonapplying, non-legally responsible individual are invisible for TA budgeting purposes unless the individual is providing a contribution solely to meet the needs of the members of the TA household.

If the individual contributes toward the shelter expense, the amount the individual contributes must be subtracted from the actual shelter expense and the remainder must be considered the TA household's shelter expense.

If the individual contributes money to the TA household that is not earmarked for shelter expense, the amount contributed must be counted as unearned income to the TA household.

Example 1

Mr. Brown, a 25-year-old SNA recipient, resides in an apartment in Suffolk County with his mother. Mr. Brown is the tenant of record. Mr. Brown has no income. The rent is \$800 per month and heat is included. Mr. Brown's mother receives the SSI individual "living with others" rate and contributes \$600 per month toward the rent.

Because Mrs. Brown is not legally responsible for her son, the district cannot automatically count her presence nor her income or resources. However, since she contributes money towards the rent, the amount she contributes must be subtracted from the rent and the remainder must be considered Mr. Brown's shelter expense. Therefore, Mr. Brown's TA budget would be calculated as follows:

TA needs for 1 in Suffolk County

Basic	\$158.00
HEA	\$14.10
SHEA	\$11.00
Shelter	<u>\$200.00</u> (\$800-\$600 contribution)
Total Needs =	\$383.10 = \$383 (rounded down)

Mr. Brown's TA grant is \$383 per month.

Example 2

Mrs. Green and her 6-year old daughter reside in Suffolk County. The rent is \$800, and heat is included. Also, in the household is Mrs. Green's aunt. Mrs. Green has no income; however, her aunt gives her \$200 a month toward her car payment and gas. Since this money is not earmarked for rent, the \$200 must be budgeted as unearned income. Mrs. Green's budget is calculated as follows:

TA needs for 2 in Suffolk County

Basic	\$252.00
HEA	\$22.50
SHEA	\$17.00
Shelter	<u>\$358.00</u>
Total Needs	\$649.00 (rounded down)

Minus the aunt's unearned income contribution	<u>- \$200.00</u>
	\$449.00

Mrs. Green's TA grant is \$449.00

IV. Systems Implications

Upstate WMS - Rest of State (ROS)

A. *Allen* Budgeting

Complete a scratchpad budget to determine if the LRR has sufficient income to meet his/her needs:

1. Include the LRR in the Household Count with other applying members
2. Enter the number of LRRs (1 or 2) in the Case Count
3. Enter the household needs as if the LRR were applying.
4. Enter the actual shelter expense and fuel type for the LRR and the applying household members. TA Additional Allowances (restaurant allowances, chattel mortgages, home delivered meals, expense incident to pregnancy, other shelter needs, etc.) for the LRR should be entered if applicable.
5. Enter the earned and unearned income of the nonapplying LRR only, allowing for the appropriate deductions and exemptions. (In-kind support is not included as income.)

If the calculated budget is a deficit (TA S/D indicator = "D"), then the LRR does not have sufficient income to meet their prorated share of the needs. The LRR should not be included in the Household Count or the Case Count of the applicants. Needs are budgeted for the applying household members only and the LRR's income is not budgeted.

If the calculated budget is a surplus (TA S/D indicator = "S"), the LRR has sufficient income to meet their prorated share of the needs.

- Include the LRR in both the Household Count and the Case Count along with the other applying household members.
- Enter the full shelter expense of the LRR and the applying household members.
- Enter the appropriate fuel type.
- Enter any TA Additional Allowances for the LRR and the applying household members.
- Enter the LRR's gross earned and unearned income along with incomes from other applying household members. Apply appropriate deductions and exemptions.
- Do not include in-kind support as income.

B. *Rice* Budgeting

Include the SSI recipient in the Household Count but not in the Case Count. This results in the TA needs being prorated in the same manner as cooperative cases.

The SSI recipient's income is not included in ABEL.

C. *Swift* Budgeting

Do not include the nonapplying non-legally responsible individual in the Household Count or Case Count. In addition, the income and resources of the nonapplying non-legally responsible individual are not entered in ABEL.

If the nonapplying non-legally responsible individual pays a portion of the shelter cost, that amount must be subtracted from the actual shelter cost, and the remainder must be entered as the shelter expense for the TA household.

If the nonapplying non-legally responsible individual contributes money to meet the needs of the TA household, unearned income source code "18" (Income from Friends or Non-Legally Responsible Relatives) should be used.

Downstate WMS – New York City (NYC)

A. *Allen* Budgeting

1. On the NSBL02 Household Screen enter the number of LRRs (1 or 2) in the # LRR field.
2. On any TA active (AC, AP, SI) NSBL06 Individual Screen, enter the LRR individual's income in the INCOME fields: SRC, GROSS and FREQ. Enter Program Code L in the INCOME:PROG field. See Pages C-8 to C-18 for Income Source and Frequency Codes. Any Income Source Code is valid with Program Indicator Code L except for Income Source Codes 31, 79, and 96 (SSI Income). Do not input the LRR individual's income on a NSBL06 Individual Screen that is inactive for TA. Income associated with Program Indicator Code L will be applied to both TA and SNAP budgeting, depending on the Income Source Codes used (earned, unearned or exempt) and any income disregards. The number in the # LRR field must equal the number of Income Source Codes entered with Program Indicator Code L. Entry of Program Indicator Code L determines which suffix(es) will be considered as Allen Budgeting in multi-suffix budget situations.

After entering all the Income Source Codes associated with Program Indicator Code L, press ENTER. The NSBL80 Budget Results Screen will be displayed with the semi-monthly prorated TA Needs for the number in the TA Household and includes the LRR individual if their income is equal to or greater than their prorated needs after applying any deductions or exemptions. The system calculates the prorated needs of the LRR individual by determining the ratio of LRR individuals to the total household. For example, if the number of LRRs is 1, and there are 3 active TA Household Members, the prorated needs of the LRR individual is 1/4 of the Total Household Needs for 4.

3. Prorating SNAP for LRR not Allowed in TA Household Situations:
When the income attributable to the LRR individual is less than their prorated needs, the NSBL80 Budgets Result Screen displays the message "LRR NOT ALLOWED TO BE IN PA HOUSEHOLD." Do not authorize this budget. Instead, recalculate a new budget without the LRR person. On the NSBL02 Household Screen, delete the value in the # LRR field. Remove all Income Source Codes associated with Program Indicator Code L, including the corresponding Income Gross Amount and Income Frequency Codes. For SNAP, enter the total Gross Income on the SNAP ineligible alien's Individual NSBL06 Screen along with INC SRC Code 92, INV Code equal to Y and F in PROG (Program Indicator).

B. *Rice* Budgeting

In order to obtain the appropriate proration of TA benefits and the correct SNAP amount for the household, it is necessary to perform the following two step calculation:

- Enter code 1 in the LRR field of the Household Screen (NSBL02). Remember to enter the actual rent paid up to the maximum for the household size in the SHEL: AMT field of the NSBL02 screen.
- Access the individual screen (NSBL06) for the TA recipient and enter income source code 52. DO NOT enter income in the GROSS field. Enter code 1 for the FREQ and code P for the PROG.
- Access the individual screen (NSBL06) for the NTA/legally responsible SSI recipient. Enter code 31 (SSI Income) in the income source field, the income amount in the GROSS field, code 1 for the FREQ and code F for the PROG.
- Access the budget results screen (NSBL80). Note the amount in the TA grant field which you must use in Step 2 of the calculation.

- Return to the Menu Screen (NSBL00). Enter 08 and the Case Number to access the recalculation function.
- Enter the line number of the TA recipient at the bottom of the Household Screen (NSBL02).
- Access the individual screen (NSBL06) for the TA recipient and enter the TA grant in the GROSS field (next to the income source code 52 entered in Step 1).

C. *Swift* Budgeting

If the SSI recipient is not legally responsible for anyone in the TA household, Code N is entered in the Relationship Indicator field. This will indicate to WMS that the individual's needs should not be prorated from the TA Grant Amount. For this situation, the SSI recipient will be ignored in the calculation. Any income and needs associated with the individual receiving Income Source Code 31 or 96 will be ignored. The income and needs associated with Income Source Code 79 will still be included in the calculation. For example, in a household of 3 TA active individuals and 1 non-legally responsible SSI recipient, the TA household will receive the full TA Benefit Amount for a household of 3.

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