FS 270 Budgeting Fluctuating Income
Change #1-2006
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270.01 RULES FOR BUDGETING FLUCTUATING INCOME

A. Fluctuating income is income that varies by $1 or more each benefit or payment period. This includes Work First Family Assistance (WFFA) and Supplemental Security Income (SSI) that fluctuates due to the receipt of other income that fluctuates.

B. Budget all countable gross **fluctuating earned and unearned income** using the same procedures except for contract income, countable educational assistance, annualized self-employment, and alien sponsor's income. See Section 273, Special Budgeting Procedures, for these types of income. Also, see Section 265, Variable Income, for special types of income such as bonus pay, contract income, military pay, and countable educational assistance. **Exclude any money used to repay an overpayment to the same source.** For example, if wages are garnished to pay child support or the Internal Revenue Service, the gross amount is used. These are not repayments to the same source. For WFFA and SSI overpayments, see Section 265, Variable Income.

C. Determine the base period for ongoing income as follows when no change is expected.

1. If the fluctuating ongoing income is received on a monthly basis, or the fluctuating income is regular self-employment, verify and average (divide by 2):

   a. The income from the two calendar months prior to the month of initial application/reapplication; **or**

   b. The income from the two calendar months prior to the last month of the current certification period for applications for recertification. This is the base period for monthly income.

2. If the fluctuating income is received more frequently than monthly, use the **ongoing income** received in the month prior to the month of initial application/ reapplication or received in the month prior to the last month of the certification period for applications for recertification. **This is your base period.** This applies to both earned and unearned income, including child support received more often than monthly.

3. Use this base period income to project income for the new certification period.

D. To project income:

1. Add the income together and divide by the number of pay or benefit periods.

2. This includes adding in a zero for a pay or benefit period when no income was received in the base period and this is also indicative of the next certification period.

3. If the income received during the previous month(s) is not indicative of what the client expects to receive during the certification period, document that the income is not indicative, how this was determined, and the best estimate of income. Project using the best estimate of income for the certification period.

E. **Convert fluctuating income** to a monthly amount if a full month of income is expected to be received.

F. Use **actual plus projected income** when less than a full month of fluctuating income is expected to be received at a new or changed amount. This is fluctuating income already received and/or expected to be received in the month. Examples include new income, terminated income, or a change in income.

G. **Round income** to the nearest whole dollar before and after each calculation. Amounts below $.50 are rounded down; $.50 and above is rounded up. These procedures also apply to each child support payment received in the base period. The only exception to the rounding rule <u>is with social security income.</u> Social <u>Security Administration s</u> rounding procedure is used <u>when calculating all social security income</u>. Social security drops cents for social security benefits. When adding the Medicare premium <u>to calculate the total social security benefit</u>, use standard rounding procedures.

H. Determine the number of times the income was received in the base period. Remember to use the date the income was paid or made available to the FSU. Consider income mailed to the FSU as received on the third postal day after the mail date. If child support is verified through ACTS, remember, the date shown in the system is the date the check was written. It is mailed on the next workday.

EXAMPLE: Date shown in ACTS is a Thursday. Check is mailed on Friday, if it is a workday. Allow three postal mail days, that is, Saturday, Monday, and Tuesday. Tuesday is the date of receipt.

I. Request that the **FSU provide verification of fluctuating income** unavailable to the agency. (For example, the agency can access verification of SSA, WFFA, SSI, and UIB.) Offer assistance in obtaining verification of income if the FSU requests help.

J. If it is impossible to verify the FSU's fluctuating income (For example, the company has gone out of business or refuses to verify the employee s wages.), a signed and dated statement from the client may be used as the best estimate. Document in the case file why the income verifications were not available.

270.02 BUDGETING ONGOING FLUCTUATING INCOME EXPECTED TO CONTINUE

A. The budgeting of ongoing fluctuating income is based on earned or unearned income received by the FSU and no changes in income have occurred or are expected to occur up to the point of certification. **Refer to Manual Sections 400 through 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.**

B. A change in i earned income is defined as:

1. A change in the rate of pay; **or**

   An ongoing change in the number of work hours; **or**

3. A change of more than $100 in the amount of gross monthly earned income; **or**

4. A new source of income; **or**

5. A terminated source of income.

C. A change in unearned income is defined as:

1. A change in the award amount (increase or decrease in the number in the WFFA assistance unit; a sanction or penalty in WFFA or SSI; or the annual increase in SSA, SSI, VA, or other retirement, etc.); **or**

2. A change in the source of income; **or**

3. A change of more than $100 in the amount of gross monthly unearned income from private sources (i.e., contributions, child support); **or**

4. A new source of income; **or**

5. A terminated source of income.

NOTE: Budget child support income based on the frequency of receipt and use appropriate conversion factors. This means that child support income is budgeted in the same manner that other sources of unearned income are budgeted. This does not apply to lump-sum arrearage payments as they are considered a resource instead of income.

Other variations in income are considered fluctuations. Do not rebudget based on normal fluctuations in income.

NOTE: When WFFA reacts to any of the changes listed above, the food stamp caseworker must react to the subsequent **change** in the WFFA amount.

Refer to 270.03 and 270.04 for procedures on budgeting fluctuating income changes.

D. Calculate the ongoing fluctuating income to be budgeted from **each source separately** using the following steps.

1. Verify all fluctuating income received in the base period.

a. If the fluctuating ongoing income is received on a monthly basis, or the fluctuating ongoing income is regular self-employment, verify and average (divide by 2):

(1) The income from the two calendar months prior to the month of initial application/reapplication; **or**

(2) The income from the two calendar months prior to the last month of the current certification period for applications for recertification.

b. If the fluctuating income is received more frequently than monthly, use the **ongoing income** received in the month prior to the month of initial application/reapplication or received in the month prior to the last month of the certification period for applications for recertification. **This is your base period.** This applies to both earned and unearned income, including child support received more often than monthly.

2. If a member has more than one source of earned income, calculate and convert each source to a monthly amount separately. Total these two amounts, and enter into FSIS as a monthly amount.

3. Determine the number of times the income was received in the prior month(s). **Remember to use the date the income was paid or made available to the FSU.** Consider income mailed to the FSU as received on the third postal day after the mail date. If child support is verified through ACTS, remember, the date shown in the system is the date the check was written. It is mailed on the next workday.

EXAMPLE: Date shown in ACTS is a Thursday. Check is mailed on Friday, if it is a workday. Allow three postal mail days, that is, Saturday, Monday, and Tuesday. Tuesday is the date of receipt.

NOTE: Use client statement, bank statement, etc. for verification purposes if the client states that the actual date of receipt is different from the ACTS date of receipt. This may apply when checks are mailed or when income is received via direct deposit.

4. Add the appropriate fluctuating income and divide the total by the number of income receipt dates to get the average income per receipt date. Calculate **each** source of fluctuating income separately. Round up or down after each calculation.

5. Enter the averaged amount into FSIS. FSIS converts the fluctuating income to a monthly amount according to the frequency of receipt:

   a. Calculated weekly income x 4.3;

   b. Calculated biweekly income x 2.15; **or**

   c. Calculated semi-monthly income x 2.

6. Budget this fluctuating income until the next recertification or reported change.

7. Enter the calculated **earned** income amount in field 80-F on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

8. Enter the calculated **unearned** income amount in field 80-J on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

E. Income received on a **daily or sporadic basis** may be difficult to project. If the FSU s income is received on a daily or sporadic basis, verify the income received during the prior month. Use this income as a monthly amount. **Do not convert the income.** Document that the income is received sporadically. If the prior month s income is not indicative of what will be received in the certification period, use best available information and document the reason.

270.03 BUDGETING NEW OR CHANGED FLUCTUATING INCOME

A. Initial Application/Reapplication

If the FSU reports new or changed fluctuating income in the base period **or** in the month of initial application/reapplication, **or** expects new or changed fluctuating income during the certification period, determine and document the best estimate of the new monthly income.

1. To determine and document the best estimate for the new source or change in fluctuating income reported at **initial application/reapplication**, take the following steps.

   a. Use any available earned or unearned income already received if the FSU has received one or more **full** payments. Use **only** full pay or benefit periods to obtain the fluctuating income amount. Use the received full payments to project the expected income.

b. If the **earned** income received by the FSU is a partial payment or the new/changed fluctuating earned income has not been received, verify the anticipated income. Request the FSU member's hourly pay rate, expected number of work hours per pay period, the pay dates, and frequency of receipt to determine the new/changed income.

c. If the **unearned** income received by the FSU is a partial payment or the new/changed fluctuating unearned income has not been received, verify the new/changed income with the source.

d. Use actual plus projected income in any month the FSU will **not** receive a full month's fluctuating income at the new or changed amount. This is income already received **and/or** expected to be received in the month. Enter as a monthly amount. Use the appropriate code in field 80-F for **actual** fluctuating **earned** income. Use the appropriate code in field 80-J for actual fluctuating **unearned** income.

e. Use converted monthly income if a full month of income is expected to be received.

f. Budget this fluctuating income until the next recertification or reported change.

2. Enter the fluctuating earned income amount in field 80-F on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

3. Enter the fluctuating **unearned** income amount in field 80-J on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

B. During The Certification Period

If the FSU reports new/changed fluctuating income during the certification period, determine and document the best estimate of the new/changed income. **Refer to Manual Sections 400 through 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.**

1. To determine and document the best estimate for the new source or change in fluctuating income reported **during the certification period,** take the following steps.

a. Use any available earned or unearned income already received if the FSU has received one or more **full** payments. Use **only** full pay or benefit periods to project the fluctuating income.

b. If the **earned** income received by the FSU is a partial payment or the new/changed fluctuating earned income has not been received, verify the anticipated income. Request the FSU member's hourly pay rate, expected number of work hours per pay period, the pay dates, and frequency of receipt to determine the new/changed income.

c. If the **unearned** income received by the FSU is a partial payment or the new/changed fluctuating unearned income has not been received, verify the new/changed income with the source.

EXCEPTION: Attempt to contact the employer or source if the change in income decreases benefits. If information cannot be verified timely, accept the FSU's statement of income until the next recertification.

d. Use all the received full payments to project the fluctuating income or best estimate of the fluctuating income. Convert the fluctuating income to a monthly amount for the month following the expiration of the Notice of Adverse Action, DSS-8553.

e. Budget this fluctuating income until the next recertification or reported change.

2. Enter the fluctuating **earned** income amount in field 80-F on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

3. Enter the fluctuating **unearned** income amount in field 80-J on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

C. At Recertification

1. Determine and document the best estimate of new or changed monthly income if the FSU reports new/changed fluctuating income received or expected to be received:

a. In the base period; **or**

b. In the month the application for recertification is due; **or**

c. During the new certification period.

2. To determine and document the best estimate for the new source or change in fluctuating income reported **at recertification,** take the following steps.

a. Use any available earned or unearned income already received if the FSU has received one or more **full** payments. Use **only** full pay or benefit periods to project the fluctuating income.

b. If the **earned** income received by the FSU is a partial payment or the new/changed fluctuating earned income has not been received, verify the anticipated income. Request the FSU member's hourly pay rate, expected number of work hours per pay period, the pay dates, and frequency of receipt to determine the new/changed income.

c. If the **unearned** income received by the FSU is a partial payment or the new/changed fluctuating unearned income has not been received, verify the new/changed income with the source.

d. Use all the received full payments to project the fluctuating income or best estimate of the fluctuating income. Use converted monthly income if a full month of income is expected to be received.

e. Use actual plus projected income in any month the FSU will **not** receive a full month's fluctuating income at the new or changed amount. This is income already received **and/or** expected to be received in the month. Enter as a monthly amount. Use the appropriate code in field 80-F for **actual** fluctuating **earned** income. Use the appropriate code in field 80-J for actual fluctuating **unearned** income.

f. Budget this fluctuating income until the next recertification or reported change.

3. Enter the fluctuating **earned** income amount in field 80-F on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

4. Enter the fluctuating **unearned** income amount in field 80-J on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

270.04 BUDGETING TERMINATED FLUCTUATING INCOME

A. Initial Application/Reapplication

To determine countable income when an FSU reports terminated fluctuating income at **initial application/reapplication** (income terminating in the month of application or the following month), take the following steps.

1. For fluctuating **earned** or unearned income, verify the FSU member's terminated income for the month of application and the following month.

2. Count the actual plus projected income received in or expected in the month of termination if this is the last month the fluctuating income will be received **and** a full month of income is **not** expected. Enter as a monthly amount. **Do not convert the income.**

3. Convert income to a monthly amount if a full month is expected to be received in the month of termination.

4. If the fluctuating income will not terminate until the month following the month of application and a full month is expected in the initial month, convert the income for the initial month.

5. If the fluctuating income will not terminate until the month following the month of application but a full month of income is **not** expected in the initial month, count actual plus projected income for the initial month. Enter as a monthly amount. Do not convert the income.

6. **Do not count terminated income in any month after the month the fluctuating income is last received.**

7. Enter the fluctuating **earned** income amount in field 80-F on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

8. Enter the fluctuating **unearned** income amount in field 80-J on the DSS-8590. Select the code that represents the frequency of receipt, i.e., weekly, biweekly, semi-monthly, or monthly. FSIS will convert the income to a monthly amount.

B. During The Certification Period

To determine countable income when a FSU reports terminated fluctuating income **during the certification period**, take the following steps. **Refer to Manual Sections 400 through 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.**

1. For fluctuating **earned** or **unearned** income, verify when the FSU member's income terminates.

2. Count actual plus projected income to be received in the following month when a full month of terminated income is not expected. Enter as a monthly amount.

3. Continue to count converted income in the following month if a full month of fluctuating income is expected to be received.

4. Do not count terminated income in any month after the month the fluctuating income is last received.

C. At Recertification

To determine countable income when a FSU reports terminated fluctuating **income** at **recertification,** take the following steps.

1. For fluctuating **earned** or **unearned** income, verify when the FSU member's income terminates.

2. Count actual plus projected income in the first month of the new certification period if a full month of income is **not** expected to be received from the terminated source. Enter as a monthly amount.

3. Count converted income in the first month of the new certification period if a full month of fluctuating income is expected to be received.

4. Do not count terminated income in any month after the month the fluctuating income is last received.