CLIENT DEPARTMENT PHILOSOPHY

A group's benefits for a month are based, in part, on a prospective income determination. A best estimate of income expected to be received by the group during a specific month is determined and used in the budget computation.

Get input from the client whenever possible to establish this best estimate amount. The client's understanding of how income is estimated reinforces reporting requirements and makes the client an active partner in the financial determination process.

DEPARTMENT POLICY

FIP, SDA, RAP, CDC and FAP

A group's financial eligibility and monthly benefit amount are determined using:

- Actual income (income that was already received).
- Prospected income amounts (not received but expected).

Only **countable** income is included in the determination; see BEM 500.

Each source of income is converted to a **standard monthly amount**, unless a full month's income will not be received; see standard monthly amount in this item.

DEFINITIONS

Benefit month: The month an assistance benefit payment covers. For CDC, benefit month is the month in which the pay period ends.

Available income: Income actually received or reasonably anticipated. Reasonably anticipated means that the amount of income can be estimated and the date of receipt is known. Available income includes garnisheed amounts and income received jointly; see BEM 500.

Stable income: Income received on a regular schedule that does not vary from check to check based on pay schedules or hours worked. Examples: a job in which the paycheck amounts do not vary and are paid on a regular schedule; or RSDI or SSI.

Fluctuating income: Income received on a regular schedule but that varies from check to check, such as a waitress' income whose hours vary each week.

Contractual/Single Payment Income: Income that is received in one month(s) that is intended to cover more than one month. For example, a teacher on a yearly contract who is paid over the nine-month school year; or the single payment distributed quarterly from casino profits.

Irregular income: Income that is not received on a regular schedule or that is received unpredictably, such as a person self-employed doing snow removal.

CDC Only

Temporary Excess Income: During 12-month continuous eligibility or at redetermination, an income increase that is greater than the income eligibility limit which is not expected to last more than six months; see RFT 270.

When excess income is reported, generate the MDHHS-5446, Child Development and Care (CDC) Temporary Excess Income Notice, to verify the excess income will not last more than six months. If the MDHHS-5446 and verification are returned and indicate excess income is not expected to last more than six months, CDC benefits should continue. If the MDHHS-5446 and verification are not returned, the CDC case should close.

Exception: If information is available that clearly indicates the income increase will last more than six months, do not generate the MDHHS-5446. Document in the case record what information was used to determine.

Note: When a case with previously established temporary excess income crosses over redetermination, or is discovered at redetermination, a policy exception and assistance from the Bridges Resource Center (BRC)are required to certify the eligibility; see BAM 210.

Determining Budgetable Income

FIP, SDA, RAP, CDC and FAP

Determine budgetable income using countable, available income for the benefit month being processed.

CDC Only

Note: When income eligibility is established in the first pay period of an application and a change in income is reported, the income change is not required to be verified for approval of subsequent pay periods.

Past Months

Use actual gross income amounts received for past month benefits, converting to a standard monthly amount, when appropriate; see Standard monthly amount in this item.

Exception: Prospective income **may** be used for past month determinations when all of the following are true:

- Income verification was requested and received.
- Payments were received by the client after verifications were submitted.
- There are no known changes in the income being prospected.

Current and Future Months

Prospect income using a best estimate of income expected to be received during the month (or already received). Seek input from the client to establish an estimate, whenever possible.

To prospect income, you will need to know:

- The type of income and the frequency it is received (such as, weekly).
- The day(s) of the week paid.
- The date(s) paid.

- The gross income amount received or expected to be received on each pay date.

Case Management Tip

Prospective budgeting requires knowledge of an individual's current, past and anticipated future circumstances. Asking the client questions, such as those that follow, will help establish the best estimate of future income.

- Do you have multiple jobs?
- When do you expect to receive a raise in pay?
- Do your work hours usually increase or decrease at a certain time of year?
- Have you recently received more or fewer hours than usual due to an unusual situation at work?

The reason you are doing the budget also affects the income budgeted. For example, if income is ending, past income will not be a good indicator of future income. Similarly, there may not be past income to use for a job that has just started.

BUDGETING INCOME

Use the following guidelines to budget income:

Child Support Income

Past Three Months

- Use the average of child support payments received in the **past three calendar months**, unless changes are expected. Include the current month if all payments expected for the month have been received. Do **not** include amounts that are unusual and not expected to continue.

  Note: The three month period used can begin up to three months before the interview date or the date the information was requested.

  If payments for the past three months vary, discuss the payment pattern from the past with the client. Clarify whether the pattern is expected to continue, or if there are known changes.

If the irregular pattern is expected to continue, then use the average of these three months. If there are known changes that will affect the amount of the payments for the future, then do **not** use the past three months to project. **Document the discussion with the client and how you decided on the amount to budget**.

Example 1: Janice applied for FAP on August 12. In discussion with Janice, you agree that the last 3 months payments are a reasonable estimate of future child support income, with one exception - one payment in June was unusually large. Janice confirms that this payment was a tax intercept payment and is **not** expected to recur. You use child support payments for May, June and July, excluding the large June payment.

Example 2: Mary receives child support for her son Joey sporadically. She received $70 in March, $0 in April, and $120 in May. Mary explains that Joey's father does not have steady work and pays as he is able. She is not aware of any changes in his circumstances that would impact his payments. You use the average of these 3 months payments ($190 divided by 3) when projecting for June.

One Month Projection

- If the past three months' child support is not a good indicator of future payments, calculate an expected **monthly** amount for the benefit month based on available information and discussion with the client.

  Example 1: Lisa calls on September 12 to report that she just received a $60 child support payment for her daughter, Rachel. The support order was established on September 3. You are projecting for October. The monthly order amount is $258. Budget $258 as the standard monthly amount for October.

  Example 2: Lisa calls you on October 27 to report that Rachel's father is not paying child support as ordered (as described in Example 1 above). She received only $60 in September, and so far in October, she has only received one $40 payment. You discuss with Lisa what to project for the future, and you agree that $40 is reasonable. You remind Lisa of her reporting requirements, and adjust the budget for November, projecting $40. **Document your discussion with Lisa and how you decided on the amount to budget.**

Non-Child Support Income

Using Past Income

Use past income to prospect income for the future unless changes are expected:

- Use income from the **past 30 days** if it appears to accurately reflect what is expected to be received in the benefit month.

  Note: The 30-day period used can begin up to 30 days before the interview date or the date the information was requested.

  Exception: For FAP only, when processing a semi-annual contact, the 30-day period can begin up to 30 days before the day the MDHHS-1046, Semi-Annual Contact Report, is received by the client or the date a budget is completed. Any 30-day period that best reflects the client's prospective income within these guidelines can be used.

  Discard a pay from the past 30 days if it is unusual and does not reflect the normal, expected pay amounts. Document which pay(s) is being discarded and why. For example, the client worked overtime for one week and it is not expected to recur.

Example: Mary works at Walmart and is paid every two weeks. Her income fluctuates but she is scheduled to work approximately 20 hours per week. In talking with Mary, you agree that the last 30 days income is an accurate reflection of future income. Using the two paychecks received in the last 30 days ($210.00 and $229.60), you determine the budgetable monthly income amount is $472.57 ($210.00 plus $229.60 divided by 2 times 2.15).

- Use income from the **past 60 or 90 days** for fluctuating or irregular income, if:

  - The past 30 days is not a good indicator of future income, and

  - The fluctuations of income during the past 60 or 90 days appear to accurately reflect the income that is expected to be received in the benefit month.

  Bridges will compute the average monthly income (and convert weekly and every other week amounts) based on the amounts and the number of months entered.

Note: The 60 or 90-day period used can begin up to 60 or 90 days before the interview date or the date the information was requested.

Change in Amount

When the income amount changes, adjust the amount(s) being budgeted for future pay periods.

For earned income:

- If the rate of pay changes, but hours are expected to remain the same, use the past hours worked times the new rate of pay to determine the amount to budget for future pay periods.

- If there is a change in expected hours, but no change in the rate of pay, use the expected hours times the rate of pay to determine the amount to budget per pay period.

If payments in the new amount have been received and they are accurate reflections of the future income, use them in the budget for future months.

For changes in self-employment income, determine the **monthly** gross income to budget based on discussion with the client of what he/she expects to receive on average per month.

Averaging Income

When income is received in one month but is intended to cover several months (such as, contractual income, farm income, etc.), establish a monthly average amount if the benefit month is one of the months covered by the income.

Establish the monthly average by dividing the income by the number of months it covers. This amount is considered available in each of the months covered by the income. Do not use overlapping months when averaging.

Bridges will compute the average monthly amount based on the amounts entered and the number of months you indicate the income covers.

Exception: **For FAP only**, see BEM 610, Migrant/Seasonal Farmworkers.

Starting Income

For starting income, use the best available information to prospect income for the benefit month. This may be based on expected work hours times the rate of pay. Or if payments from the new source have been received, use them in the budget for future months if they accurately reflect future income.

If the payment is not hourly, use information from the source (e.g., from the employer on the MDHHS-38), along with information from the client, and/or any checks the client may already have received to determine the prospective amount.

For starting self-employment income, determine the **monthly** gross income to budget based on discussion with the client of what he/she expects to receive on average per month.

Stopping Income

For stopping income, budget the final income expected to be received in the benefit month. Use the best available information to determine the amount of the last check expected. Use information from the source and from the client. Remove stopped income from the budget for future months.

FAP Only

Note: See BEM 233B for non-deferred FAP clients with job terminations within 30 days of application.

Standard Monthly Amount

A standard monthly amount must be determined for each income source used in the budget.

Stable and Fluctuating Income

Convert stable and fluctuating income that is received more often than monthly to a standard monthly amount. Use one of the following methods:

- Multiply weekly income by 4.3.
- Multiply amounts received every two weeks by 2.15.
- Add amounts received twice a month.

This conversion takes into account fluctuations due to the number of scheduled pays in a month.

Exception: Do **not** convert income for the month income starts or stops if a full month's income is not expected in that month. Use actual income received or income expected to be received in these months.

Example 1: On 10/18 the client reports being laid off from her job. She will receive one pay check in November. Stop budgeting the standard monthly amount for November. Process a change to budget only one week of wages for November. Process a change for December to remove the income entirely, unless the client reports another change.

Example 2: You are processing an application and are determining eligibility for August benefits. The client started a new job at the end of July and will be paid every two weeks. Her first check will be received on 8/7, but will be for only one week's wages. A full two-week pay check is expected on 8/21. Complete the August budget using the expected pays and do **not** convert the income to a standard monthly amount. (Bridges will convert or not convert automatically if questions are answered correctly). Process a change for September to project a full month's pay and to convert to a standard monthly amount.

Contractual/Single Payment Income

For income received in one month intended to cover several months, establish a standard monthly amount by dividing the income by the number of months it covers. Consider this amount available during each month covered by the income.

Irregular Income

For irregular income, determine the standard monthly amount by adding the amounts entered together and dividing by the number of months used.

Bridges will convert or average income automatically, when appropriate, based on the information you enter about the income.

WHEN TO COMPLETE A BUDGET

FIP, SDA, RAP, and FAP

Client reporting requirements **do not** necessarily affect when a budget must be completed.

Complete a budget when either:

- The department is made aware of, or the client reports a change in income that will affect eligibility or benefit level.
- A reported change results in the need to convert income to or from a standard monthly amount.

Example 1: The client reports a change on 11/15 in unearned income of $5 that will continue beyond December. Complete a new budget to reflect the change in income. (Even though the client did not have to report the change, once reported, a budget must be completed.)

Example 2: The client reports on 11/23 that her job is on 3 week-shut down, due to an equipment changeover. She will receive only two checks in November and only three instead of four in December. She is paid weekly. You cannot affect November benefits. Complete a budget for December, entering zero income for the pay date in which she will not receive a check. Convert income (Bridges will do this for you) - add the check amounts together (including the $0), divide by 4, and then multiply by 4.3. Complete another budget for January, using a full month’s income.

CDC Only

Complete a budget only when the client reports a change that will positively affect eligibility; see BAM 220; Case Actions.

Income Decrease

FIP, SDA and RAP

Income decreases that result in a benefit increase must affect the month after the month the change is reported or occurred, whichever is earlier, provided the change is reported timely. Do not process a change for a month earlier than the month the change occurred. Supplements are not issued to correct underissuances caused by the group's failure to report timely.

Example 1: On 11/12 a client reports there will be a permanent reduction in work hours starting 11/15. Complete a budget to affect December benefits.

Example 2: On 11/01 a client reports being laid off on 10/29. Since the income decrease was reported timely, you must affect the month after the change occurred. Complete a budget for November, prospecting the reduced income, and supplementing for any underissuance. Also complete a budget for December to remove the stopped income.

Note: Had the client reported the change on 11/10 (a late report), December would be the effective month.

Example 3: On 10/17 the client reports she will miss one week of work in November due to her son's surgery, so will not receive a paycheck on 11/19. Complete a budget to increase November benefits, reflecting zero income for 11/19. Complete another budget for December, using a full month's income since the income change will only affect November.

FAP

Income decreases that result in a benefit increase must be effective no later than the first allotment issued 10 days after the date the change was reported, provided necessary verification was returned by the due date. Do **not** process a change for a month earlier than the month the change occurred. A supplement may be necessary in some cases.

Example 1: On 10/17, the client reports she will miss one week of work in November due to her son's surgery so will not receive a paycheck on 11/19. On 10/21, client returns required verifications. Complete a budget to increase November benefits, reflecting zero income for 11/19. Complete another budget for December, using a full month's income since the income change will only affect November.

Example 2: On 11/18, Jan reports there will be a permanent reduction in work hours starting 11/23. Verifications are returned 11/26. Complete a budget to affect December benefits.

If verification is required or deemed necessary, you must allow the household 10 days from the date the change is reported or the date you request verification to provide verification. The change must still affect the correct issuance month i.e., the month after the month in which the 10th day after the change is reported.

Example 3: Using the previous example, you request verification on 11/25. Jan provides the verification on 12/2. You must make the change to affect December's benefits by issuing a supplement.

If necessary verification is not returned by the due date, put the case into negative action. If verification is returned late, but before case closure, you must act within 10 days from the date the verification is returned. The increase must affect no later than the first allotment issued 10 days after the date the verification was returned.

Example 4: Using the same example, Jan fails to provide the verifications by the requested due date. On 11/28, the case is put into negative action to close. Jan provides the requested verification on 12/7, before the negative action pend period has expired. You must act on the change within 10 days from the date the verification is returned to affect January's benefits.

CDC Only

Income decreases that result in a benefit increase should be completed as soon as possible but no later than to affect the pay period after the pay period the change was reported.

Income Increase

FIP, SDA, RAP and FAP

For income increases that result in a benefit decrease, action must be taken and notice issued to the client within the Standard of Promptness (FAP - 10 calendar days, FIP/SDA - 15 workdays). The effective month is the first full month that begins after the negative action effective date.

Example: On 11/21 a FAP client reports starting employment on 11/14. Action must be taken to affect January benefits. (Allow for 10 calendar days processing and timely suspense period.)

CDC Only

An income increase that results in a CDC case closure must affect the first CDC pay period that begins after the end of the pend period, if timely notice is required. See BAM 220 to determine if timely notice is required. Otherwise, affect the first pay period that begins after action is taken on the change.

TEMPORARY INELIGIBILITY

FIP, SDA, RAP, and FAP

Case closure is not required if all the following conditions exists:

- Ineligibility will exist for only one month for FIP, SDA or FAP because the conditions resulting in excess income are not expected to recur in the following month, and
- The group is currently active for FIP, SDA, or FAP, and
- For FIP and SDA, the group failed the deficit test.

Temporary ineligibility is limited to one month for FIP, SDA and FAP. Close the case if ineligibility will last beyond one month; see BAM 220, 506 and BEM 550.

OVERISSUANCE

FIP, SDA, RAP, CDC and FAP

There is no overissuance based on an incorrect prospective budget **unless**:

- The client withheld information or provided false information,
- The Department failed to act on known information in a timely manner, or
- The Department made a mathematical error.

If an overissuance did occur, see BAM 700 for instructions. **Use actual income instead of projected income when processing a budget for a past month, when that income source is the reason the OI occurred. Convert the income to a standard monthly amount, when appropriate.**

Note: For FAP overissuances only, income is **not** converted to a monthly amount when an overissuance occurred in the benefit month because:

- The client failed to properly report income, or

- The department failed to act timely on income learned of via a tape match.

Change reporting groups must report changes within ten days of when they become aware of the change. Income related changes for example, starting/stopping, change in hours/rate of pay etc., must be reported within 10 days of receiving the first payment reflecting the change; see BAM 105.

For establishing an overissuance, treat the date the client received a payment with the new amount as the date a client became aware of the change.

Exception: See BAM 200, Food Assistance Simplified Reporting, for FAP groups with earnings.

Example: On 9/5 a change reporting FAP recipient reports starting income. The employer verification states that the employee's first paycheck was 5/23. The latest date the client should have reported the change was 6/2. Allowing 10 calendar days to act and a full suspense period, the overissuance period begins with July.

For simplified reporting groups, an unreported change for another program is not a FAP overissuance unless the group's income exceeds their limit; see BAM 200.

VERIFICATION REQUIREMENTS

Verify income at application and at redetermination. Verify changes that result in a benefit increase or when change information is unclear, inconsistent, or questionable.

Verify income that stopped within the 30 days prior to the application date or while the application is pending before certifying the EDG. If eligibility fails due to lack of verification of stopped income, a client who reapplies, does not need to verify stopped income if it has been over 30 days.

Note: Expedited FAP cases may be opened with minimum verification before countable income is verified; see BAM 117.

CDC Only

Verify any change that may result in a benefit increase such as an increase in need hours, additional need or decrease in family contribution.

Note: For the dates of November 7, 2021, through September 24, 2022, family contribution amounts are temporarily waived for all children approved for the CDC subsidy; see RFT 270.

Exception: Verification of stopped income within 30 days prior to the application does not apply to Medicaid programs.

LEGAL BASE

FIP

P.A. 280 of 1939, as amended
Mich. Admin Code, R 400.3118

SDA

Annual Appropriations Act
Mich. Admin Code, R 400.3151 – 400.3180

RAP

45 CFR 400
P.L. 106-386 of 2000, Section 107

CDC

The Child Care and Development Block Grant (CCDBG) Act (42 USC § 9858 et seq.), as amended by the CCDBG Act of 2014 (Pub. L. 113-186).
45 CFR Parts 98 and 99
Social Security Act, as amended 2016

FAP

7 CFR 273.10