DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814
(916) 322-5330

June 6, 1984

ALL-COUNTY LETTER NO. 84-59

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: MONTHLY REPORTING/RETROSPECTIVE BUDGETING CHANGES IN AFDC AND RCA/ECA

REFERENCE: ACIN I-134-83 AND ACL 84-18

This letter is intended to 1) clarify some of the procedures required in the monthly reporting/retrospective budgeting (MR/RB) regulations changes effective January 1, 1984, 2) explain additional proposed amendments to the budgeting (MR/RB) regulations and 3) answer questions from CWDA and counties regarding the budgeting method to be used when an added individual's income causes the family to exceed one of the income eligibility tests during his/her first two months of aid.

Receipt of Earned Income

Several counties have asked whether MPP 40-181.241(f) requires documentary evidence to verify the date that earned income is received. Information or evidence to verify and document the date the earned income was received is required. However, most pay stubs typically do not show the actual date(s) the earned income was received. Therefore, the recipient must enter on the CA 7 form in the appropriate column the date(s) the earned income was received in order to meet the requirements of MPP 40-181.241(f) and 40-181.242.

Prospectively Budgeting the Income of an Individual Added to an Assistance Unit (MPP 44-313.4)

Inquiries have been received concerning how to compute the grant for the months in which the added person's income is budgeted prospectively. The grant is computed as shown in the example below:

Existing members' (MAP for 2 persons)	$424	
Existing members' retrospective income	- 75	
	349	
Added member MAP differential (3 persons-2 persons, prorate if partial month)	+102	
	451	
Added member's prospective income (prorate, if partial month)	-150	
	$301	Total Grant

Prospectively budgeting an added person's income will often result in an overpayment in the month he or she is added.

BUDGETING THE INCOME OF AN INDIVIDUAL ADDED TO OR DELETED FROM AN ASSISTANCE UNIT WHEN THAT PERSON HAS NOT ALSO MOVED INTO OR OUT OF THE HOME

The Department has received numerous inquiries regarding the budgeting method to be used when a person added to an assistance unit has been living in the home and has had his/her income considered available to the assistance unit prior to his/her request for aid. A similar problem exists when a person is deleted from the assistance unit, remains in the home and his/her income will continue to be considered available to the assistance unit. In accordance with federal policy directives, we have determined that it is most appropriate to continue retrospective budgeting in these situations.

We are preparing a revision to regulations that will require retrospective budgeting to continue after a change in the aid status of an individual whose income is considered in the AFDC budget. We expect to process the regulations changes on an emergency basis for implementation on or about July 1, 1984. For purposes of advance planning, the budgeting procedures for three of the more common case situations which will be addressed by the regulations revisions are explained below.

EXAMPLE #1

Situation

January	February	March	April	May	June
Continuing case. Stepparent with income considered available to the assistance unit. Stepparent requests aid.	Stepparent is aided as of the first.	Stepparent remains eligible.	Stepparent remains eligible.	Stepparent remains eligible.	Stepparent remains eligible.

Budgeting Method

Retrospectively budget stepparent's income considered available in November.	Retrospectively budget stepparent's income considered available in December	Retrospectively budget stepparent's income considered available in January	Retrospectively budget actual income in February.	Retrospectively budget actual income in March.	Retrospectively budget actual income in April.

This example results in an exception to 44-313.4 which requires newly aided individuals to be budgeted prospectively. This exception occurs when a stepparent (or an excluded parent) has income which has been considered available to the assistance unit retrospectively for two or more consecutive months (EAS 44-133.3 and 44-313.2). When retrospective budgeting has been established for the unaided individual in the home, it is continued when that individual becomes eligible and is aided. The actual income of the added individual is first budgeted two months following the month she/he was first aided. Budgeting such cases in this manner avoids retrospectively budgeting the stepparent's or excluded parent's January income to the original unit in March and prospectively budgeting that same person's income in the same month.

EXAMPLE #2

Situation

January	February	March	April
A second parent moves into an AFDC home and applies for aid. Eligibility Conditions are met by the end of the month.	The parent is granted aid effective the first.	The assistance unit remains unchanged and eligibility for AFDC continues.	The assistance unit remains unchanged and eligibility for AFDC continues.

Budgeting Method

The excluded second parent's January income is computed for January eligibility and the March budget using the excluded parent computation in EAS 44-133.3.	The second parent's full income is prospectively budgeted for February. (44-313.4)	The budget is computed using the second parent's income that was considered available in January as an excluded parent. (Retrospective budgeting--44-313.2)	Retrospective budgeting continues for all family members.

This example illustrates an exception to the required two prospectively budgeted months (EAS 44-313.1) because retrospective budgeting is established for the added person for only one month prior to granting aid to the added excluded parent or stepparent.

- The first month of aid for the added individual is prospectively budgeted (EAS 44-313.4).

- The second month of aid is retrospectively budgeted using the added individual's income considered available in the second prior month (the first month the individual was in the home).

EXAMPLE #3

Situation

January	February	March	April
Continuing case. Assistance Unit consists of stepfather, mother and her separate child.	Stepfather begins working and is no longer eligible on February 1.	Stepfather remains in the home. His income continues at the February level.	Stepfather remains in the home. His income continues at the February level.

Budgeting Method

Retrospectively budget an assistance unit of three using all the actual income in November.	Stepfather is removed from the case effective February 1. Retrospectively budget an assistance unit of two using all the actual income in December.	Retrospectively budget an assistance unit of two using all the actual income in January.	Retrospectively budget an assistance unit of two using the February income, including the income considered available from the stepfather's earnings in February.

This example results in an exception to EAS 44-313.4 which requires that an individual's income not be budgeted when his/her needs are no longer considered. Retrospective budgeting continues when it has already been established, when the formerly aided person remains in the home after he/she goes off aid, and when his/her income continues to be considered available to the assistance unit after going off aid.

ELIGIBILITY AND BUDGETING PROCEDURES TO BE USED WHEN LUMP-SUM INCOME IS RECEIVED OR THE 150 PERCENT LIMIT IS EXCEEDED IN THE FIRST TWO MONTHS ON AID

The following case situations are included to explain the interaction of the income eligibility regulations (EAS 44-207) and the budgeting regulations (EAS 44-313) when extra income is received by an individual during one of his/her first two months on aid. Where there is an option in the regulations, they are to be be applied in a manner consistent with retrospective budgeting for administrative ease and to reduce the possibility of overpayments.

EXAMPLE #4

Situation

January	February	March	April	May	June	July
Continuing case. Assistance unit of 3.	Father with income comes into the home, requests aid and is granted in the same month.	Father remains. County is notified he received lump sum last month. (2-month period of ineligibility with remainder).	Father remains in the home.	Father remains in the home.	Father remains in the home.	Father remains in the home.

Budgeting Method

January	February	March	April	May	June	July
Retrospectively budget assistance unit of 3.	Retrospectively budget original assistance unit of 3. Prospectively budget father at MAP differential and prorate his portion of the grant.	Retrospectively budget original assistance unit 3. Prospectively budget father at MAP differential. Move to discontinue entire assistance unit at end of month.	Period of ineligibility.	Period of ineligibility.	Upon reapplication, prospectively budget assistance unit of 4 and apply lump-sum remainder.	Prospectively budget assistance unit of 4. (Retrospectively budget unit of 4 next month.)

The period of ineligibilty resulting from the receipt of a lump sum in February is applied according to EAS 44-207.431(b) which avoids the one or two months of overpayments caused by using 44-207.431(d).

Similarly, if the father's February income caused the family to exceed the 150% limit, the income was not expected to continue and it was reported in March, the case would be suspended in April, per EAS 44-207.221(c), rather than calling the February aid an overpayment, per EAS 44-207.221(d). Retrospective budgeting would continue in May, per EAS 44-315.6.

EXAMPLE #5

Situation

January	February	March	April
Continuing case. Assistance unit of 4.	The mother receives a large lump sum during the month and leaves the home the next day.	Father and 2 children remain in the home.	Father and 2 children remain in the home.

Budgeting Method

January	February	March	April
Retrospectively budget assistance unit of 4.	Retrospectively budget assistance unit of 4.	Retrospectively budget unit of 3. Compute period of ineligibility to begin April 1 for all 4 members of the assistance unit in February.	Period of ineligibility begins for all 4 members of the assistance unit in February. If the mother re-applies during the period of ineligibility with another assistance unit she will be ineligible, but the other members of the second unit are not affected.

The receipt of a lump sum affects the eligibility for the month of receipt and the period of ineligibility is applied two months later for administrative ease. Applying the period of ineligibility in the payment month should not be confused with retrospective budgeting.

Given the same circumstances in February, if the net lump-sum amount did not exceed MBSAC nor did the gross amount exceed the 150% limit the amount would not be budgeted to the April grant per EAS 44-313.42. The case would remain eligible to aid but the income received by a person whose needs are not considered is not computed for budgeting purposes in April.

If the mother's continuing income exceeds the 150% limit for only one month and then she leaves the home, the payment month is a suspense month for all the members of the original assistance unit (EAS 44-207.221(c) and 44-315.6). Again, the suspense regulation is applied because the 150% limit is a test of eligibility which is done prior to budgeting.

If you have any questions regarding monthly report or budgeting issues, please call the AFDC Policy Implementation Bureau at (916) 322-5330.

Kyle S. McKinsey

KYLE S. McKINSEY
Deputy Director

cc: CWDA