

Department of Public Health and Human Services	Section: ELIGIBILITY & BENEFIT DETERMINATION
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)	Subject: Prospective Budgeting

Supersedes: FS 601-1 (01/01/09)

References: 7 CFR 273.10 (c)

GENERAL RULE -- Reasonable expectations and knowledge of the household's anticipated financial and non-financial circumstances are used to determine eligibility prospectively for SNAP.

**GATHERING
INFORMATION**

Various sources are used to collect information about the household's circumstances to determine eligibility prospectively. Some sources used to collect information are (list not inclusive):

1. The interview at application or recertification;
2. The application, recertification, or Six Month Report form; and,
3. Information submitted by the household, collateral contacts, querying other available computer systems, etc.

**CASE NOTE
DOCUMENTATION**

The OPA Case Manager must document in case notes in sufficient detail so individuals reviewing the case (Hearing Officers, Management Evaluation Reviewers, Program Compliance Auditors, Claims and Investigations Financial Investigators, Regional Quality Assurance Reviewers, Supervisors, federal audits, etc.) can determine the reasonableness and accuracy of the prospectively budgeted income determination. The case note must list the dates paid, the gross amount of income per pay period, the number of hours worked, and the prospective budgeting method used for the income calculation.

If a pay check is unusually high or unusually low, the OPA Case Manager must document the reason the check was unusually high or low by asking the household or the employer (unpaid sick days, unpaid vacation, worked extra because short staffed, etc.). The case note includes the reason the check was included in the income calculation or the reason the check was not included in the income calculation based on either the household or the employer anticipating or not anticipating it to occur again for the prospectively budgeted period.

**PROSPECTIVELY
BUDGETING
INCOME**

Monthly income anticipated to be received is determined on a case by case basis using one or a combination of methods to budget income prospectively. Verification cannot be limited to one specific type or source.

When a household receives income on a recurring monthly or semi-monthly basis, the household should not have its monthly income varied because of changes in mailing cycles or pay dates or because weekends or holidays cause additional checks to be received in a month.

Example: The household is paid semi-monthly on the 1st and 15th of the month. October 1st falls on a Saturday, and the household is paid on Friday September 30th. The income is considered income for October.

1. **Anticipating** income method is used to prospectively budget income when:
 - a. a full month's income is not expected because the individual will not work a full pay period during the month (e.g., new employment, unpaid extended sick leave, or unpaid vacation);

NOTE: If a full month's income is not expected, the income is not factored.
 - b. income is from a terminated source (e.g., lay-off or other job termination).

NOTE: If a full month's income is not expected, the income is not factored.
2. **Factoring** method is used to prospectively budget income when:
 - a. paid weekly or bi-weekly (paid every two weeks); and,
 - b. there is a reliable history of income **and** the history of the income is reflective of what is anticipated in the future by household and/or employer.

If weekly or bi-weekly pay checks are available for the month of application, the checks must be averaged and factored even if they did not receive a third or fifth check in the month of application.

The calculation for the factoring method is: gross **weekly** income (actual or averaged) x **4.3** = total prospectively budgeted gross monthly income; or gross **bi-weekly** income (actual or averaged) x **2.15** = total prospectively budgeted gross monthly income.

EXCEPTION: Income is not factored if an individual will not receive a full month's pay (e.g., individual will not

be paid for hours normally worked such as unpaid sick leave or unpaid vacation, etc.). Anticipating income budgeting method of counting actual days is used taking days off and paid holidays into consideration.

Example 1: Ginny started a new job working 40 hours per week at \$6.50 per hour and is paid **weekly**. Ginny's gross monthly income is determined using 40 hours x \$6.50 an hour = \$260 per week x 4.3 = \$1,118.

Example 2: Grace works for the State of Montana. She works full time earning \$7.00 per hour. She is paid **bi-weekly**. Ginny's gross monthly income is determined using 40 hours x \$7.00 an hour = \$280 per week x 2 weeks = \$560 per pay period x 2.15 = \$1,204.00.

3. **Averaging** income method is used to prospectively budget income when there is a reliable income history and the history of the income is reflective of what is anticipated in the future by the household and/or employer.

Income is averaged when a significant income change is expected in the future (e.g., promotion, part-time to full-time or vice versa, additional job, transfer, etc.) and a full month's pay is expected.

Example: Application received March 12th. Mickey is paid every other Friday at \$6.50. He reports and verifies his hours have decreased from 40 hours per week to 30 hours per week effective March 1st. March 5th check reflects 80 hours and March 19th check will reflect 60 hours.

It is considered a full month's pay so the income is averaged and factored for March: 80 hours + 60 hours = 140/2 = 70 hours x \$6.50 = \$455 x 2.15 = \$978.25 is the total prospectively budgeted gross monthly income for March. Income for April is prospectively budgeted using 60 hours per pay period x \$6.50 = \$390 x 2.15 = \$838.50.

Any source of income that fluctuates from month to month is averaged including wages, irregular child support, interest income paid quarterly, and quarterly bonuses.

Patterns of income fluctuations such as overtime and quarterly bonuses are considered when anticipated to continue to be received. Paychecks agreed on as unusually high or low by the OPA Case Manager, the household, and/or employer should be disregarded unless the unusually high or low paychecks are anticipated to continue into the prospective period.

NOTE: When an individual is paid twice a month, the number of days in a pay period usually varies. Some checks may appear to be higher or lower but it could depend on the number of days in a pay period. For this reason, caution should be used when disregarding unusually high or low pay checks when someone is paid twice a month. Generally, it is best to average an even number of pay checks.

The total gross income or hours worked multiplied by rate of pay are used to average income. The averaging calculation is used when paid:

- a. **monthly** - add the total gross income or hours worked per month during the representative period and divide by the number of months in the representative period to determine the prospectively budgeted amount of income per month.
- b. **semi-monthly** - add the total gross income or hours worked for the pay dates during the representative period and divide by the number of pay dates in the representative period to determine the gross average income per pay date. The average gross income per pay date x 2 = total prospectively budgeted gross monthly income.
- c. **weekly** - add the total gross income or hours worked for dates paid in the representative period and divide by the number of pay dates in the representative period to determine the gross average income per pay date. The average gross income per pay date x 4.3 (weekly) = total prospectively budgeted gross monthly income.
- d. **bi-weekly** - add the total gross income or hours worked for dates paid in the representative period and divide by the number of pay dates in the representative period to determine the gross average income per pay date. The average gross income per pay date x 2.15 (bi-weekly) = total prospectively budgeted gross monthly income.

4. **Rate/Unit/Frequency** method replaces the 13 week method and is used when:
- a. paid monthly or semi-monthly (paid twice a month with set pay dates such as 5th and 20th); and,
 - b. there is not a reliable income history to average; or,
 - c. a significant income change is expected in the future (e.g., a promotion, part-time to full-time or vice versa, additional job duties, a raise in pay, a transfer, etc.).

To prospectively budget income based on rate/unit/frequency:

- a. determine **rate** of pay;
- b. determine the **unit** for rate of pay;
- c. determine how often the person is paid (**frequency**);
- d. determine the number of **units per frequency** using the table below;
- e. multiply the **rate** times the number of **units** in the **frequency**. This results in the anticipated amount of income per pay period.
- f. multiply the anticipated amount of pay per pay period by the number of pay dates expected in the benefit month to determine the total amount of income anticipated for the benefit month.

Document in system case notes stating the method used, including the information used to calculate the prospectively budgeted pay date amount(s) (rate, number of units per pay period including the number of shifts per week and the hours per shift, and frequency of pay dates).

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* → # days/week worked →	1	2	3	4	5	6	7
↓ Average # of days per pay ↓ period (frequency) when pay is received:							
Monthly – Use only when paid once each month	4	9	13	17	22	26	# of days in specific month
Semi-monthly – Use only when paid twice each month on set <u>dates</u> within the month, such as the 1 st and 16 th , (but <u>not</u> if paid on set days of the month, such as paid every other Tuesday)	2	4.5	6.6	8.5	11	13	15

*# days/week worked: This is the number of days in a calendar week that a person works, regardless of the pay schedule.

- Multiply average number of days per pay period by average number of hours worked per day to determine the number of units per frequency (if pay is by the hour).
- Then multiply this figure by rate of pay to determine income per pay period.
- Multiply the income per pay period by the number of paydays in the month to determine the monthly income.

5. **Prorating over the period intended to cover** method is used for contractual, self-employment, or other income expected to cover a period longer than one month, or received regularly but less often than monthly. Prorating over the period intended to cover involves dividing a total yearly income by 12 months (for self-employment), or dividing a regular periodic payment by the number of months until the next payment is received (income other than self-employment):

- Divide a payment received bi-monthly (every second month) by two.
- Divide a payment received quarterly (four times a year) by three (there are three months in a quarter).
- Divide a payment received semi-annually (twice a year) by six.
- Divide a payment received annually (once a year) by 12 (this is also referred to as “annualizing”).

Annualizing income is used to prospectively budget income for contractual or self-employment.

The contract for contract income must be evaluated on a case by case basis. A key factor in determining whether income is contractual is whether the contract is for a set dollar amount even if an hourly rate is indicated.

If the household receives its annual income in a period of time shorter than a year by contract or self employment, the income is averaged over a 12 month period provided the income from the contract is not received hourly or on a piecework basis. If the contract work is not the household's annual income, the income is prorated over the period it is intended to cover.

The annualizing method calculation is: the annual or contractual amount divided by the number of months the income is intended to cover.

Example: Helen has a craft business she operates from her home. Her books show she receives some income every month after the allowable costs of doing business. She has no other source of income. She states the income from this business is intended to support her year round.

Jan.	\$ 300.00	July	\$ 500.00
Feb.	\$ 275.00	Aug.	\$ 400.00
March	\$ 350.00	Sept.	\$ 350.00
April	\$ 550.00	Oct.	\$ 450.00
May	\$ 600.00	Nov.	\$ 950.00
June	\$ 550.00	Dec.	<u>\$1,100.00</u>
		Total:	\$6,375.00

\$6,375 divided by 12 months = \$531.25 is the total prospectively budgeted gross monthly income.

ADDITIONAL EXAMPLES

Example 1: Anticipating Initial Month and Factoring Second Month

The application is received January 24th. Erik is paid every other week at \$7.00. He reports and verifies at application he missed a large part of one pay period in January because he had the flu. He was paid in January on the 5th and 19th. The January 19th check reflects and verifies this information. The employer verifies he anticipates Erik working 32 hours per week in the future.

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This is not considered a full month's pay. Income for January is anticipated and is not factored. Actual income is used for January using January 5th and 19th pay checks. Income for February is prospectively budgeted using 64 hours every two weeks x \$7.00 = \$448 x 2.15 = \$963.20.

Example 2: Averaging

Joe has worked for the same employer for two years; paid \$9 an hour semi-monthly; hours fluctuate from week to week from at least 20 hours to no more than 35 hours per week. Joe provided pay stubs for the last two months (February and March). He states he anticipates future months will be very similar to the past two months.

Feb. 1st pay stub	49 hours	\$ 441
Feb. 15th pay stub	42 hours	\$ 378
March 1st pay stub	47 hours	\$ 423
March 15th pay stub	<u>55 hours</u>	<u>\$ 495</u>
Totals	193 hours	\$1,737

$\$1,737 \div 4 = \434.25 is the average amount per pay period. $\$434.25 \times 2 = \868.50 is the total prospectively budgeted gross monthly income.

Rate/Unit/Frequency

Joe reported and verified he received a raise to \$10.50 an hour and would be working 3 days and 10 hours each day per week. The rate/unit/frequency method and table are used to prospectively budget the income because a significant change is expected.

* → # days/week worked →	1	2	3	4	5	6	7
↓ Average # of days per pay ↓ period (frequency) when pay is received:			▼				
Monthly – Use only when paid once each month	4	9	13	17	22	26	# of days in specific month
Semi-monthly – Use only when paid twice each month on set <u>dates</u> within the month, such as the 1 st and 16 th , (but <u>not</u> if paid on set days of the month, such as paid every other Tuesday)	2	4.5	6.6	8.5	11	13	15

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Joe's income is prospectively budgeted by multiplying 6.6 (work days in a semi-monthly pay period) by 10 (the number of hours worked a day) = 66 (number of units per frequency). Multiply 66 (number of units per frequency) by \$10.50 (rate of pay) = \$693 per pay period. Since Joe is paid twice a month multiply \$693 (per pay period) x 2 = \$1,386 is the total prospectively budgeted gross monthly income.

Averaging

If the only expected change was an increase in Joe's hourly wage, prospect income by multiplying the average hours per pay period by the new rate of pay.

193 hrs / 4 pay periods = 48.25 average hours per pay period x \$10.50 (hourly wage) x 2 (paid twice a month) = \$1,013.25 is the total prospectively budgeted gross monthly income.

Example 3: Rate/Unit/Frequency – New Job, Semi-Monthly Pay

Jimmy Ray is a new applicant. He just started a new job. This new job pays \$12 per hour and pay is received on the 5th and 20th of each month (semi-monthly). Jimmy Ray's employer reports that he will work four days per week, about 20 hours each week (an average of 5 hours per day).

Anticipate Jimmy Ray's earnings using the table. Jimmy Ray works 4 days per week and paid semi-monthly.

→ # days/week worked * →	1	2	3	4 ▼	5	6	7
↓ Average # of days per pay ↓ period (frequency) when pay is received:							
<i>MONTHLY</i> – Use only when paid once each month	4	9	13	17	22	26	# of days in specific month
<i>SEMI-MONTHLY</i> – Use only when paid twice each month on set <u>dates</u> within the month, such as the 1 st and 16 th , (but <u>not</u> if paid on set day of the week, such as paid every other Tuesday)	2	4.5	6.6	8.5	11	13	15

Jimmy Ray's income is prospectively budgeted by multiplying 8.5 (work days in an average semi-monthly pay period) by 5 (average number of hours he works per day) = 42.5 number of units per frequency. Multiply 42.5 (number of units per frequency) by \$12 (rate of pay) = \$510 per pay

period. Since Joe is paid twice a month multiply \$510 (per pay period) x 2 = \$1,020 is the total prospectively budgeted gross monthly income.

Example 4: Rate/Unit/Frequency – New Job, Variable Schedule

On October 10, Riley, an on-going recipient, reports a new job. He will be working a variable schedule: 3 days one week, 4 days the next week, back to 3 days, etc. Riley will work 8 hours per shift, regardless of which week he works. He is paid \$8.50 per hour and pay is received once per month.

Riley's first month's pay will be received November 1 and will be for 2 ½ weeks. To anticipate November pay, use Riley's actual schedule. The employer states that Riley will work 2 days the first week (the '1/2 week'), 3 days the following week, and 4 days the last week of the pay period. Riley's November pay is anticipated as follows:

$$\begin{array}{r}
 2 \text{ days (1}^{\text{st}} \text{ week scheduled days)} \\
 + 3 \text{ days (2}^{\text{nd}} \text{ week scheduled days)} \\
 + 4 \text{ days (3}^{\text{rd}} \text{ week scheduled days)} \\
 \hline
 = 9 \text{ days} \\
 \times 8 \text{ hours per day (units)} \\
 = 72 \text{ hours (number of units)} \\
 \times \$ 8.50 \text{ per hour (rate per unit)} \\
 \hline
 = \$612.00 \text{ prospectively budgeted anticipated income for November}
 \end{array}$$

For December, the income is prospectively budgeted as follows:

Since he works 3 shifts one week and 4 shifts the next week, he works an average of 3.5 shifts per week. To use the table, use the average 'between' the figures in columns indicated for working 3 and 4 days per week:

→ # days/week worked * →	1	2	3	4	5	6	7
↓ Average # of days per pay ↓ period (frequency) when pay is received:							
MONTHLY – Use only when paid once each month	4	9	13	17	22	26	# of days in specific month
SEMI-MONTHLY – Use only when paid twice each month on set dates within the month, such as the 1 st and 16 th , (but not if paid on set day)	2	4.5	6.6	8.5	11	13	15

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of the week, such as paid every other
Tuesday)

The table figures are 13 days per month if working three shifts per week and 17 days per month if working four shifts per week, so the average between the two is 15 days per month (this is because he works 'between 3 and 4 days per week'). $13 + 17 = 30 \div 2 = 15$ days per month.

$$\begin{array}{r} 15 \text{ days per month} \\ \times \quad 8 \text{ hours per shift (units)} \\ \hline = 120 \text{ hours per month (units per frequency)} \\ \times \quad \$ 8.50 \text{ per hour (rate per unit)} \\ \hline = \$1,020.00 \text{ per month} \end{array}$$

Example 5: Rate/Unit/Frequency – Increased Hours

Jacob is an on-going recipient. He is paid semi-monthly on the 7th and 21st of each month. Pay periods are the 1st-15th paid on the 21st and the 16th end of month paid on the 7th. Jacob earns \$7.50 per hour.

At recertification, Jacob submits pay stubs as follows:

2/7	\$442.50 (59 hours)	3/21	\$472.50 (63 hours)
2/21	\$487.50 (65 hours)	4/7	\$510.00 (68 hours)
3/7	\$412.50 (55 hours)	4/21	\$461.25 (61.5 hours)

At the recertification interview, Jacob reports hours increasing from 25-35 hours per week to 30-40 hours per week. A report of employment income form confirms this and states his schedule varies. The employer refuses to give further details. Jacob's schedule changes each week and is never made up more than a week in advance. Next week, he knows he will work 32 hours over a course of 5 days. Jacob's OPA Case Manager asks whether this change in hours is due to a change in the number of days worked per pay period or an increase to the number of hours worked per day. In either case, the OPA Case Manager needs to determine how many shifts (days) were worked in each of the above pay periods.

If the change is in number of hours per shift, the additional hours need to be added (approximately 5 per week) to the average hours per shift. If the change is in the number of shifts per pay period, the additional day per week is added to the number of days worked in each of the representative pay periods above.

Jacob states his shifts will be one hour longer than in the past. He helps determine that he worked the following shifts in the representative time period:

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2/7	10 shifts (59 hours)	3/21	11 shifts (63 hours)
2/21	11 shifts (65 hours)	4/7	12 shifts (68 hours)
3/7	9 shifts (55 hours)	4/21	10 shifts (61.5 hours)

The total for the six pay periods is 63 shifts, and a total of 371.5 hours. This represents approximately 10.5 shifts/pay period (63 shifts ÷ 6 pay periods), and 5.89 hours/shift (371.5 ÷ 63 shifts). If Jacob expects to work an additional hour per shift, his income will be prospectively budgeted using rate/unit/frequency. \$7.50/hour (rate) x work 6.89 hours/shifts x 10.5 shifts/pay period (frequency) = \$542.59 per pay period x 2 (paid twice a month) = \$1,085.18 is the prospectively budgeted gross monthly income.

Example 6: Averaging and Factoring

Sam has been working for the same employer for six weeks. He has fluctuating income and is paid every Friday. The OPA Case Manager and Sam agreed to use the actual gross income amounts received for the six weeks prior to the interview to determine his average weekly income.

Week 1:	\$ 100
Week 2:	\$ 150
Week 3:	\$ 150
Week 4:	\$ 200
Week 5:	\$ 50
Week 6:	<u>\$ 200</u>
Total:	\$ 850

Average weekly income: \$850 divided by 6 = \$141.67 per week.
\$141.67 x 4.3 (paid weekly) = \$609.18 is the total prospected gross monthly income.

NOTE: The \$50.00 received the 5th week must be evaluated to determine if the trend is expected to continue into the prospected period. The check could be disregarded as an unusually low check if it is not expected to happen again in the prospective period. A TEAMS case note must clearly document the justification for disregarding or including the check.

Example 7: Working and Partial Unemployment Income

A household size of 4 applies for SNAP benefits February 2nd. A household member, Jack, is working and receiving partial unemployment income (UI). Employer statement verifies he will be working 20 hours a week at \$7.00 an hour and is paid every week. The UI is prospectively budgeting using the formula below.



NOTE: The Department of Labor Unemployment Insurance Division's partial benefit calculator can also be used <http://uid.dli.mt.gov/uid/partial.asp>.

A	B	C	D	E	Partial Benefit Amount	
Regular Benefit Amount	Weekly Gross Earnings	Divide Column A by 4	Column B Minus Column C	Divide Column D by 2	Column A Minus Column E	This Week's Benefit Amount
\$225.00	20x\$7= \$140.00	225 / 4 =\$56.25	\$140.00 - 56.25 \$83.75	\$83.75 / 2 = \$41.87	\$225.00 - 41.87 \$ 183.13	= \$183.13

Jack's income from his job is prospectively budgeted as follows: 20 hours x \$7.00 x 4.3= \$602.00. The prospectively budgeted partial UI weekly benefit is prospectively budgeted as follows: \$183.13 x 2 weeks=\$366.26 bi-weekly x 2.15=\$787.45.

If this was an ongoing case and the OPA Case Manager received the unemployment report from the Department of Labor and Industry (DOLI) showing Jack is now receiving partial unemployment benefits, the partial UI must now be prospectively budgeted since the DOLI report is verified upon receipt. Typically, the unemployment income is averaged. Since information has been discovered that Jack is working, the information must be acted on by sending a 10 day request for information to verify the new wages.

**COMBINATION
CASE**

Esther has been working for the same employer for two years. Her case is opened to SNAP, ABD Medicaid and FMA Medicaid. She provides her last seven pay stubs (totaling \$1,400.00) representing pay received in the last three months.

Esther is paid bi-weekly and works a consistent number of hours each pay period. She does not anticipate a change in her hours or her pay rate. Her income for SNAP and FMA Medicaid is prospectively budgeted by averaging and factoring the provided check stubs: \$1,400.00 / 7 =

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\$200.00 x 2.15 = \$430.00; code 'OF' and 'OA' on EAIN. Her income for ABD Medicaid is prospectively budgeted by averaging the same pay stubs and multiplying the average by the number of scheduled pay dates in the benefit month (\$1,400 / 7 = \$200.00 x 2 or 3 pay dates = \$400.00 or \$600.00); code 'OM' on EAIN. The OPA Case Manager determines the months in the eligibility period expected to include a third bi-weekly pay date, and sets an alert for the month before each of those months to project the income for the third pay date.

NOTE: When Medicaid programs are determined on CHIMES, the income may be entered on CHIMES first. CHIMES will factor income when appropriate for a program and will also anticipate third bi-weekly paychecks appropriately. The countable income determined by CHIMES may then be used as a basis for entry of the SNAP income in TEAMS and the income may be entered using the 'WA' code EAIN. The OPA Case Manager will use the factored income from the FMA budget sheet in CHIMES as the appropriate income entry in TEAMS.

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