G. **Budget and Calculation**

1. **REF**

   (A) **When to use prospective eligibility or budgeting**

   Prospective eligibility and budgeting can also be used for stable income, income that can be prorated or annualized.

   Prospective eligibility and budgeting is also used for benefit groups when a new person is added to the benefit group in the payment month, after the branch is notified that the person is a household member.

   To arrive at reasonably anticipated income, the client and the worker jointly determine the anticipated income to be counted. Workers will count only income that is reasonably certain to be available. However, some income is considered available even when it is not received in the budget month (e.g., converted, averaged, and annualized income.)

   There is no overpayment based on incorrectly anticipated information unless the client withheld information or provided false information. No supplement is issued based on incorrectly anticipated information.

   **Using actual income in the initial month**

   In the initial month, actual income is only used if the income comes from a new or terminated source, or if the previous ongoing income is significantly different from current ongoing income.

   A job or income source is considered new if the individual will receive their first payment in the initial month. If the individual has received their first payment prior to the initial month, the income source is considered ongoing.

   **Example 1:** Mohamed is applying for REF on June 5. He states that he has started working and will receive his first check on June 20. Since he will be receiving his first check in the initial month of his certification, his job is considered “new” and actual income should be used.

   **Example 2:** Yelena is applying for REF on September 1. She recently started working and received her first check on August 31. Since she received her first check prior to her initial month, her job is considered ongoing income in September.
Actual income is not used for self-employment or periodic income.

**Example 3:** **Terminated income:** Destiny applies for REF on July 11. She was working full time and received her final check in July for $300. Since it is a terminated source, her actual income is used for July and removed for August.

**Example 4:** **New source of income:** Brady comes in to apply for REF on July 20. He states that he has started a new job. He received a partial check in July for $250, and his ongoing income will be $1500. REF would be opened in July based off his actual income, then he would be sent 10-day notice to close for being over income.

**Example 5:** **Annualized income:** Connor is self employed as a landscaper. His taxes show that he makes $48,000 per year and he anticipates that amount to continue. However, from November to February, he receives no income. He applies November 2. He has no income in November. Since his income is not a new or terminated source of income and his ongoing income is consistent, actual income is not used in the initial month. His ongoing income calculation is $48000/12=$4000. This is over the income standard, so his request for REF is denied using a basic decision notice.

**Example 6:** **Employed clients with low but consistent income:** Katie is applying for REF for herself. She works consistently and receives $300 every two weeks. In July, she will receive two checks totaling $600 ($300x2). Her ongoing income is $300x2.15=$645. Since her ongoing income is over the countable income standard, she would be denied for being over income for REF.

**Prospective Eligibility and Budgeting Rule**

461-150-0020 — Prospective Eligibility and Budgeting

**Prospective or Retrospective Eligibility and Budgeting; ERDC, REF, REFM, SNAP, TANF Rule**

461-150-0060 — Prospective or Retrospective Eligibility and Budgeting; ERDC, REF, REFM, SNAP, TANF
2. **Converting stable Income**

In order to determine prospective income, stable income should be converted as follows:

- For stable income received once a month, the monthly amount is used to anticipate what the group's income will be for each month;
- For stable income received once a week, convert it to a monthly amount by multiplying it by 4.3;
- For stable income received once every other week, convert it to a monthly amount by multiplying it by 2.15;
- For stable income received twice a month, convert it to a monthly amount by multiplying it by 2.

**Example 7:** Tracy applies for REF on April 1. She is working and is salaried at $250 every two weeks.

**What income do you use for REF, actual? Converted?**

Anticipate the income using the following converted calculation:

$250 \times 2.15 = 537.50.

**Example 8:** Chris is applying for REF with his wife. He is working and gets paid the fifth and 20th. He gets paid $200 twice a month.

**What income do you use for REF, actual? Converted?**

Anticipate his income using the following converted calculation:

$200 \times 2 = 400.

**Example 9:** Casey has had his hours cut at his job at the Liquor store. He is now working only six hours a week and is getting $10.00 per hour. He is struggling to pay his bills so he is applying for REF on May 11. He is paid 2x a month, on the 7th and 22nd.

**What income do you use for REF, actual? Converted? (show your work)**

We accept the check stub from the 7th as required verification of his reduced hours. We will open REF using converted income as it is an ongoing source. $10.00 per hour x 6 hours per week x 4.3 = $258.00 a month for income.
**Example 10:** Barbara is working for Target part time: she works two days a week, four-hour shifts at $10.00 per hour. She is paid weekly. She does not think they will increase her hours.

**What income do you use for REF, actual? Converted?**

We would need to verify income from the most recent 30 days prior to her date of request. Once verified: 8 hours a week x $10.00 per hour x 4.3 = $344.00.

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**Prospective Budgeting of Stable Income Rule**

461-150-0070 — Prospective Budgeting of Stable Income

3. **Averaging income**

To arrive at the average amount, first determine if the income history is representative of income the refugee will receive. If income history is not representative, the client and the worker jointly determine the anticipated amount of income that the family will receive during the redetermination period.

**Example 11:** Brody is working and paid every two weeks. His hours vary by the availability of work. He brings in four paychecks and states that these checks are representative of what he will receive.

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<thead>
<tr>
<th>Date</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1/3</td>
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<tr>
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<td>2/14</td>
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<tr>
<td>Total</td>
<td>$875</td>
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**Calculation:** $875/4 = $218.75 (Total income/number of pay periods used) = average check per pay period.

$218.75 x 2.15=$470.31

$470.31 is the prospective income amount

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**Prospective Budgeting of Variable Income Rule**

461-150-0080 — Prospective Budgeting of Variable Income
4. **Anticipating variable income**

When a client has income that varies monthly, it can be budgeted prospectively by using anticipated income.

If their weekly hours in the past month do not represent the number of hours they will work in the future, use the weekly hours that the client would work in the months of the readetermination period. Document the reason for the change in hours, especially when the weekly hours are significantly different from the past. Calculate the weekly income by multiplying the hourly wage by the average number of hours, plus tips or commissions, if any, that the client may receive. Multiply that amount by 4.3 to arrive at a monthly income amount.

**Example 12:** Jay works 25 hours a week at $9.90 per hour and receives about $50.00 per week in tips. $9.90 per hour X 25 hours per week = $247.50 per week. $247.50 per week + $50.00 in tips = $297.50 per week. $297.50 per week X 4.3 = $1279.25.

<table>
<thead>
<tr>
<th>Prospective Budgeting of Variable Income Rule</th>
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<tbody>
<tr>
<td>461-150-0080 — Prospective Budgeting of Variable Income</td>
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5. **Annualizing income**

Because REF is a time limited program, most refugees will not have a job that pays on an annualized basis. This determination could be needed when an individual arrived in the U.S. under one alien status and were employed, and then converted their alien status to one that made them eligible for REF benefits.

Income must be annualized when:

1. A full year’s income is received in less than a 12-month period; e.g., school employees and contract employees; or
2. A self-employed person has been in business for a year or more **and** the income is representative.

Annualized means the income for a year is divided by 12 to arrive at a monthly amount. If past income is not representative of the income expected for the current year, anticipate the current yearly amount and divide it by 12.

To annualize self-employment income, use the most recent state and federal income tax forms, or the estimates of next year’s anticipated income if there will be a substantial increase or decrease in next year’s self-employment income. Divide the income – reported or anticipated, according to the situation – by 12 to arrive at the income for each month.
Example 13: Joe owns "Joe to Go Coffee Kart." He started his business eight months ago and income, while low, has been consistent. Use the last eight months to anticipate ongoing income. Take the eight months of gross income and divide by 8 to determine the monthly income amount.

Example 14: Leonard owns the "Science Is Fun" store. His sales have really gone down in the last year. His income currently is not what it used to be. When you talk to him you find that the last three months are pretty representative of the future. Use the last three months to anticipate ongoing income.

Example 15: Katy owns a landscaping business. During the winter, she does not work but her spring and summer months are busy. Her previous year’s taxes reflect what she anticipates this year. Use her tax forms to annualize her self-employment.

Self-employment; Determination of Countable Income Rule
461-145-0930 — Self-employment; Determination of Countable Income

Prospective Budgeting: Annualizing and Prorating Contracted or Self-employment Income; Not OSIP, OSIPM, or QMB Rule
461-150-0090 — Prospective Budgeting: Annualizing and Prorating Contracted or Self-employment Income; Not OSIP, OSIPM, or QMB

6. Periodic Income

Periodic income is income received on a regular basis (but not monthly) such as quarterly, semiannually or annually. For REF, periodic income is averaged over the applicable period. For REFM, periodic income is averaged over the applicable period only if received in the month of application.

Example 16: Carlos receives $1500 every quarter in countable income. To determine the monthly income amount, divide the periodic income amount by the number of months that is covered. The calculation would be $1500/3=$500 per month.

Definitions for Chapter 461 Rule
461-001-0000 — Definitions for Chapter 461

Treatment of Periodic Income Rule
461-140-0110 — Treatment of Periodic Income
7. **REFM**

For REFM, we only count the income that has been received or anticipated to be received during the application month. There is no prospective budgeting.

Allow the applicant to deduct all medical costs incurred during the month of application.
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