

# ALASKA ADULT PUBLIC ASSISTANCE MANUAL

## CHAPTER CONTENTS

Section		Page
440	INCOME.....	N-1
440-1	INCOME DEFINED.....	N-1
	A.    EARNED INCOME.....	N-1
	B.    UNEARNED INCOME.....	N-2
440-2	WHEN INCOME IS COUNTED .....	N-2
440-3	ITEMS THAT ARE NOT INCOME.....	N-3
	A.    THE VALUE OF IN-KIND SUPPORT AND MAINTENANCE.....	N-3
	B.    MEDICAL OR SOCIAL SERVICES, AND CASH RECEIVED FROM A PUBLIC OR PRIVATE ORGANIZATION IN CONJUNCTION WITH SUCH SERVICES.....	N-4
	1.    DEFINITIONS .....	N-4
	2.    MEDICAL AND SOCIAL SERVICES .....	N-4
	3.    CASH RECEIVED FOR MEDICAL OR SOCIAL SERVICES THAT IS NOT INCOME .....	N-4
	4.    CASH RECEIVED FOR MEDICAL OR SOCIAL SERVICES THAT IS INCOME.....	N-5
	5.    VERIFICATION.....	N-5
	C.    CONVERSION OR SALE OF A RESOURCE .....	N-6
	D.    REBATES AND REFUNDS.....	N-7
	E.    INCOME TAX REFUNDS .....	N-7
	F.    CREDIT LIFE OR CREDIT DISABILITY INSURANCE PAYMENTS.....	N-7
	G.    LOANS .....	N-8
	H.    BILLS PAID BY A THIRD PARTY (VENDOR PAYMENTS) .....	N-9
	I.    REPLACEMENT OF INCOME ALREADY RECEIVED.....	N-9
	J.    RETURN OF ERRONEOUS PAYMENTS.....	N-9
	K.    WEATHERIZATION ASSISTANCE.....	N-10
	L.    WAGE-RELATED PAYMENTS .....	N-10
440-4	DETERMINING THE HOUSEHOLD'S MONTHLY INCOME .....	N-11
	A.    CALCULATING AN AVERAGE PAYMENT.....	N-12
	B.    CONVERSION FACTORS.....	N-13
	1.    CONVERSION FACTORS ARE USED.....	N-13
	2.    CONVERSION FACTORS ARE NOT USED: .....	N-14
	3.    CONVERSION FACTORS ARE NOT NEEDED.....	N-14

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

C.	ESTIMATING A FULL MONTH'S INCOME .....	N-14
1.	PAYMENT AMOUNTS DO NOT VARY.....	N-14
2.	PAYMENT AMOUNTS VARY .....	N-15
3.	ESTIMATING NEW EARNED INCOME .....	N-16
4.	ESTIMATING EARNED INCOME THAT HAS CHANGED .....	N-17
5.	CHANGE IN INCOME OCCURS DURING THE MONTH ...	N-18
6.	ESTIMATING SALARY INCOME .....	N-18
D.	ESTIMATING A PARTIAL MONTH'S INCOME .....	N-19
E.	IRREGULAR INCOME.....	N-21
F.	SELF-EMPLOYMENT INCOME .....	N-22
G.	VERIFICATION OF INCOME.....	N-22
H.	DOCUMENTATION .....	N-23

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440 INCOME

To be eligible for assistance, an individual or couple must have countable income that does not exceed the income limits of the APA program. This section explains the income requirements of the APA program. Certain income of ineligible spouses and/or alien sponsors is considered available (deemed) to meet the needs of an individual or couple in determining eligibility for APA. Refer to chapter 460 for the policy on the deeming of income of ineligible spouses and/or alien sponsors.

#### 440-1 INCOME DEFINED

Income is any money that an individual (or the individual's spouse or alien sponsor, if any) receives and can use to meet his or her needs for food or shelter.

Income is either earned or unearned, and different rules apply to each. The APA program generally follows the income-counting rules of the SSI program. However, an important difference between the two programs is that the APA program does not count in-kind income when determining APA eligibility or benefit amounts, while the SSI program counts certain income received in-kind.

##### A. EARNED INCOME

Earned income is money that an individual receives in return for working. Earned income includes the following types of payments: wages, salaries, tips, commissions, net self-employment income, and payments for services performed in a sheltered workshop or work activities center.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-1 Continued

#### B. UNEARNED INCOME

Unearned income is any income that is not earned. Unearned income includes, but is not limited to, income from annuities, pensions or retirement payments, disability benefits, veteran's compensation and pensions, workers' compensation payments, Social Security payments, Black Lung benefits, Railroad Retirement, unemployment compensation, insurance payments, support and alimony, bingo winnings, gifts and prizes, inheritances, rents, dividends, royalties, interest, income from non-business income producing property, and countable assistance payments such as *Temporary Assistance*, SSI and Bureau of Indian Affairs General Assistance. **Note:** *Jury duty fees are disregarded from income as essential expenses of obtaining income (see section 443-3).*

### 440-2 WHEN INCOME IS COUNTED

Income is determined on a monthly basis and, except for net self-employment income and the specified exceptions listed below, is counted in the month it is received. Income is counted at the earliest of the following points in time: when it is received, when it is posted to an individual's account, or when it is set aside for an individual's use.

**Note:** *Except for retroactive SSA and SSI benefits, retroactive benefit payments, unless otherwise excluded, are counted as income in the month of receipt. (See section 441-2Q.)*

**Exception 1.** *SSA and SSI payments always count as income in the month of intended use. This includes retroactive SSA and SSI payments, regardless of when the retroactive payments are received.*

**Exception 2.** *Occasionally, a regular periodic payment from a source other than SSA or SSI, such as wages or VA benefits, is received in a month other than the month of normal receipt. As long as there is no intent to interrupt the regular payment schedule, the funds are considered as income for the normal month of receipt.*

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-2 Continued

When income is counted in a month other than the month that evidence shows it was received, the reason why the income was counted for the other month must be documented in the case file.

***Example:***

*A company sends out its retirement pension checks so that they arrive on the first day of each month. However, because January 1 is a holiday, the checks are delivered on December 30. The client brings in his pension check on December 31 as evidence of his income, and explains that he also received a pension check on December 1.*

*The case worker determines that the amount of the December 30 check is income for the **normal** month of receipt, which is January. The check is counted as income for January rather than December because of these unusual circumstances.*

Income becomes a resource the month after the calendar month of normal receipt.

### 440-3 ITEMS THAT ARE NOT INCOME

Certain items are not income because an individual cannot use them to get food, clothing, or shelter. Such items are not subject to income exclusions. However, an item that is not income in the month of receipt is subject to evaluation as a resource the month after the month of receipt. The following items are not income:

#### **A. THE VALUE OF IN-KIND SUPPORT AND MAINTENANCE**

Unlike the SSI program, the APA program does not count the value of any support and maintenance that an individual or couple receives in-kind. In-kind support and maintenance is any item that is received by an individual or couple in the form of food, clothing, or shelter.

In-kind support and maintenance is considered only in the determination of whether an APA applicant or recipient lives "independently" or "in another's household". (Refer to section 450-2 for the policy on living arrangements.)

# ALASKA ADULT PUBLIC ASSISTANCE MANUAL

440-3 Continued

## B. MEDICAL OR SOCIAL SERVICES, AND CASH RECEIVED FROM A PUBLIC OR PRIVATE ORGANIZATION IN CONJUNCTION WITH SUCH SERVICES

### 1. Definitions

**Medical services.** Medical services are services which are directed toward the treatment of a medical condition and which are performed, directed, or supervised by a state licensed health care professional. Medical services also include any item received as part of such medical treatment, including food and shelter provided during a medical confinement, prescription drugs, eyeglasses, and prosthetic devices.

**Social services.** A social service is any service which is intended to help a handicapped or socially disadvantaged individual to function in society on a level comparable to that of an individual who does not have such a handicap or disadvantage.

### 2. Medical and social services

Any medical and social service provided by a governmental, private organization, or by private individual is not income.

### 3. Cash received for medical or social services that is not income

- (a) **Cash provided by a public organization.** Any cash provided by a governmental medical and social services program is not income. A cash payment made to an individual by the Division of Vocational Rehabilitation is not income if the payment is made as part of a vocational rehabilitation program. Other examples of cash received in conjunction with medical or social services include: VA aid and attendance and housebound allowances, VA clothing allowances, and VA payment adjustments for unusual medical expenses. (Refer to section 441-2C(4,5, and 6) for an explanation of these VA benefits.)

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

440-3

Continued

- (b) **Cash provided by a private organization.** Cash provided by a nongovernmental organization is not income when the cash is paid for a medical or social service already received by the individual and approved by the organization, or the payment is restricted to the future purchase of a medical or social service. Examples of private organizations which provide cash to pay for medical or social services include: American Red Cross, Salvation Army, St. Vincent de Paul, various church organizations, and private profit and non-profit organizations.

#### 4. **Cash received for medical or social services that is income**

- (a) **Cash provided by a private individual.** Cash provided by a private individual for medical or social services directly to an applicant or recipient is considered a gift and is counted as unearned income. Direct payments to providers are not income.
- (b) **Flat rate benefit payments from an insurance policy.** Cash from an insurance policy which pays a flat rate benefit to the recipient without regard to the actual charges or expenses incurred is income. Examples of these types of insurance policies are per diem hospitalization or disability insurance, or cancer or dismemberment policies.

#### 5. **Verification**

- (a) **Governmental medical and social services program.** If the source of the cash payment is questionable, documents in the individual's possession (such as a program identification card, notice, or award letter) may be used to verify that the source of a cash payment is a governmental medical or social service program. In the absence of such proof, a collateral contact with the source of the payment may be used.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

440-3

Continued

- (b) **Cash provided by a private organization for medical or social services.** Receipt of cash from a private organization for medical or social services must be verified. Documents in the individual's possession may be used to verify that the cash is provided either for a medical or social service already received by the individual, or that the use of the payment is restricted to the future purchase of a medical or social service. In the absence of such proof, a collateral contact with the source of the payment may be used.

### C. CONVERSION OR SALE OF A RESOURCE

Cash or property received from the sale, exchange, or replacement of a resource is not income but is a resource that has changed its form. This includes any cash or in-kind item that is provided to replace or repair a resource that has been lost, stolen, or damaged. It is important to note that the conversion or sale of a resource may change the character of a resource; an excluded resource may become a countable resource.

**Verification.** If the amount of cash or the value of property retained from the conversion or sale of a resource is questionable, the APA applicant or recipient may be required to provide proof of the amount of retained cash or value of the new property. Unless otherwise excluded, any funds or property retained from the conversion or sale of a resource will become a countable resource the month following the conversion or sale.

***Example:***

*In April, Mr. Wallace reports that he sold his 1984 Ford Mustang for \$1500 on March 25. The money he received from the sale is not income but a resource which has been converted from one form (an excluded automobile) to another form (cash). Mr. Wallace indicates that he spent \$500 on living expenses in March and deposited the remaining \$1000 into his checking account.*



440-3

Continued

*The case worker has no reason to question the amount of cash received from the sale, since the amount Mr. Wallace received is consistent with normal used car values in the area. Because the retained funds are considered to be a countable resource the month following the sale, the case worker requests proof of the balance in Mr. Wallace's checking account as of the first moment of April.*

**D. REBATES AND REFUNDS**

When an individual receives a rebate, refund, reimbursement, or other return of money that he or she has already paid, the returned money is not income.

The key idea in applying this policy is that the money returned is the individual's **own** money. Some "rebates" do not fit this category. For example, if a cooperative operating as a jointly-owned business pays a "rebate" as a return on a member's investment, the money is unearned income similar to a dividend.

*Verification. Unless there is reason to question the situation, accept the individual's statement that the a rebate or refund of money is a refund of money already paid and do not count it as income. In questionable situations, make copies of any documents in the individual's possession for the case file, and contact the source of the payment to verify that the payment is a return of money already paid.*

**E. INCOME TAX REFUNDS**

Any amount refunded on income taxes already paid is not income.

*Verification. A copy of an individual's income tax return is acceptable proof of the amount of a tax refund.*

**F. CREDIT LIFE OR CREDIT DISABILITY INSURANCE PAYMENTS**

Credit life and credit disability insurance policies are issued to or on behalf of borrowers to cover payments on loans, mortgages, etc. in the event of death or disability. These policies issue insurance payments directly to loan or mortgage companies, etc. The payments are not available to the individual.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-3 Continued

A payment made under a credit life or credit disability insurance policy for an individual is not income. Food, clothing, or shelter received as the result of a credit life or credit disability payment is not income.

***Verification.** A copy of the insurance contract or other documentation from the insurance company may be used to verify that the insurance payments are not available to the individual. If such evidence is not available, a collateral contact with the insurance company is acceptable.*

### G. LOANS

Money that a person borrows is not income because of the obligation to repay the loan. This includes any type of educational loan, including an Alaska State Student Loan, as well any other type of private or commercial loan.

Money that a person loans and then receives back as a repayment is not income to the extent that the repayment represents repayment of the principal of the loan. However, the portion of any repayment that represents interest on the principal is income.

A loan must be bona fide. A bona fide loan is a debt that the borrower has an obligation to repay and expresses his or her intention to repay. If a loan is not bona fide, there is no obligation to repay and the amount received is a gift. A gift is considered as unearned income in the month received.

***Verification.** To be ignored as income, the bona fide nature of a loan must be verified. Commercial or educational loans may be verified by viewing a copy of the loan agreement or a document identifying the payment as a loan.*

*For personal loans, the bona fide nature of the loan must be verified by both parties. At minimum, the lender must acknowledge that an obligation to repay the loan exists, and the borrower must acknowledge that he or she intends to repay the loan (with or without interest).*

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-3 Continued

#### H. **BILLS PAID BY A THIRD PARTY (VENDOR PAYMENTS)**

Payment of an individual's bills by a third party (including Medicare premiums or other medical insurance premiums) directly to the supplier by a third party is not income.

#### I. **REPLACEMENT OF INCOME ALREADY RECEIVED**

The replacement of lost, stolen, or destroyed income already received is not income if the income being replaced was already used to determine the amount of an APA or SSI payment.

***Verification.** Written documentation from the person, organization, or agency which issued a replacement payment is used as proof that the payment is a replacement. In the absence of such documentation, a collateral contact with the person, organization, or agency is acceptable.*

***Example:***

*Mr. Akers, an APA recipient, reports that he received a replacement SSI check after his regular SSI check was damaged in the mail. The case worker confirms that the check is a replacement by viewing a letter that SSI sent to Mr. Akers. The replacement SSI check is not income to Mr. Akers because the damaged SSI check was already used to determine the amount of his monthly APA payment.*

#### J. **RETURN OF ERRONEOUS PAYMENTS**

An erroneous payment is not income when the individual is aware that he or she is not due the money and returns the check uncashed or otherwise refunds all of the erroneously received money by the end of the month following the month the erroneous payment was received. If the erroneous payment is not returned in a timely manner, it is considered as income in the month of receipt, unless there is good cause for a delay in the return of the erroneous payment.

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-3 Continued

**Verification.** *The return of an erroneous payment must be verified with the agency or organization that issued the payment.*

*Documentation from the issuing agency or organization may be used to verify the return of an erroneous payment. In the absence of such documentation, a collateral contact with the agency or organization is acceptable.*

**Example:**

*During the latter part of January, Mr. Bob Brown received a \$290 check from the Department of Veterans Affairs (VA) for the month of January along with a letter explaining that his regular January payment had been delayed due to a computer error. In August, Mr. Brown receives a second VA pension check for January. Realizing the second check is a duplicate payment, he returns the second check to the VA before the end of September. Upon confirming the return of the duplicate payment with the VA, the case worker determines that the duplicate payment Mr. Brown received in August is not income for APA purposes.*

### **K. WEATHERIZATION ASSISTANCE**

Weatherization assistance from any source that is in the form of in-kind items such as insulation, storm doors, and storm windows is not income.

### **L. WAGE-RELATED PAYMENTS**

Employers make various payments for their employees that are not earnings and are not available to meet the employee's needs for food, clothing, or shelter. The following wage-related payments are examples of payments that are not income unless they are deducted from the employee's wages:

1. Contributions by an employer (the employer's share) to a health insurance or retirement fund.
2. Payment by the employer (the employer's share) of any FICA or unemployment compensation taxes.

**440-4 DETERMINING THE HOUSEHOLD'S MONTHLY INCOME**

For non-SSI recipients, a household's eligibility and benefits are determined *by estimating the income the household already received and can reasonably expect to receive*. Income is estimated by making a reasonable guess based on the information available from the household and source of income. The caseworker reviews the income received in the past and current months from the available information and considers, with input from the household and source of the income, what income is likely to be received during the remainder of the current month and in the subsequent month.

Income is not counted if the amount of the income cannot be estimated or it cannot be reasonably anticipated when the income will be received. This type of income may come from sources such as bingo or pull-tabs, or may be earned or unearned income that is unpredictable and cannot reasonably be anticipated to recur.

To determine the household's estimated monthly income, the caseworker must know:

- Which household members receive income?
- What is the source of the income?
- What is the amount of each payment?
- How often the payments are received – monthly, twice a month, every two weeks, once a week?
- When the payments are received and, if payments have not yet begun, when is the first payment expected?

The estimated income amount used will be considered correct if:

- It is reasonable;
- It is based on all available information;
- The caseworker applied correct policy; and
- *The estimate is documented.*

440-4 Continued

Once the caseworker estimates a household's monthly income, adjustments to the income estimate are made when a change is reported that affects the amount of income the individual expects to receive.

In most cases, the caseworker will estimate the monthly income by calculating an average payment based on *recent* payments and multiplying this average by the number of payments expected in the month.

A. CALCULATING AN AVERAGE PAYMENT

A caseworker will calculate an average payment when there *are known* payment amounts from a source, the payment amounts vary, and the frequency of payment is expected to *remain about the same*. To calculate an average payment amount, add together *recent* payments from the same source and divide this total by the number of payments. *To do this calculation* use recent payments that represent what is likely to be received, *including actual payments already received in the month*. Payments that do not represent a regular payment may be excluded in the calculation, for example, one-time overtime or an increase or decrease in hours that is not expected to continue.

**Example:**

*Debra is employed as a housecleaner at a motel, and works varying hours depending on how many rooms were rented the previous night. She is paid twice a month and provides her last three pay stubs, showing gross earnings of \$600 on March 20th, \$585 on April 5th, and \$660 on April 20th. Neither Debra nor her employer is able to predict how many hours she will work in a coming pay period, but both agree that her expected income will be about the same as her past earnings. Calculate an average payment by adding the pay amounts together and dividing by three ( $\$600 + 585 + 660 = \$1845$  divided by 3 pay periods = \$615).*

440-4 Continued

**B. CONVERSION FACTORS**

**1. Conversion factors are used**

Conversion factors are used to convert income to monthly amounts when the individual is paid on a weekly or bi-weekly basis and the individual received or expects to receive a full month's income.

- **Weekly Income – Conversion Factor 4.3**

When payments are received on a weekly basis, the individual will receive a fifth payment every third month. Using the conversion factor of 4.3 takes into account this fifth payment.

If income is received weekly, multiply the payment by the conversion factor 4.3 to determine the monthly income. If the weekly payment amount varies, calculate an average payment and multiply this average payment by the conversion factor 4.3 to estimate the monthly income.

- **Bi-weekly Income – Conversion Factor 2.15**

When payments are received every two weeks (bi-weekly), the individual will receive a third payment every sixth month. Using the conversion factor of 2.15 takes into account this third payment.

If income is received every two weeks, multiply the payment by the conversion factor 2.15 to determine the monthly income. If the bi-weekly payment amount varies, calculate an average payment and multiply this average payment by the conversion factor 2.15 to estimate the monthly income.

440-4

Continued

**2. Conversion factors are not used:**

- For Medicaid cases, when converted income causes the case to be ineligible the caseworker must recalculate the income excluding the “extra” third or fifth payment to determine eligibility. Refer to the *Family Medicaid Eligibility Manual* at MS 5160-4 for more information.
- When estimating a partial month’s income. See manual section 440-4D, Estimating Partial Month’s Income.

**3. Conversion factors are not needed**

Conversion factors are not needed when the individual is paid in a single monthly payment or twice a month.

- If income is received in a single monthly payment, no conversion is necessary since it is already a monthly amount. If the *monthly* payment amount varies, calculate an average payment and use this average as the estimated monthly income.
- If income is received twice a month, multiply the payment by two to determine the monthly income. If the payment amount varies, calculate an average payment and multiply this average by two to estimate the monthly income.

**C. ESTIMATING A FULL MONTH’S INCOME**

**1. Payment Amounts Do Not Vary**

When the individual *will* receive a full month’s income from a source and the payment amount does not vary, estimate the monthly income by multiplying the payment amount by the number of payments expected in the month.



440-4

Continued

**Example #1:**

*Jim applies on April 4 and is interviewed on April 7. His only income is unemployment benefits of \$200 every two weeks. For April, he'll get two payments on April 8 and April 22. He'll receive a full month's income in April and expects a full month's income in May. Estimate April's income by multiplying his bi-weekly payment of \$200 by the bi-weekly conversion factor of 2.15 ( $\$200 \times 2.15 = \$430$ ) and count \$430 for April and subsequent months. If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only two bi-weekly payments ( $\$200 \times 2 = \$400$ ) to determine Medicaid eligibility.*

**Example #2:**

*Joan applies on March 28th and is interviewed on April 2nd. She receives weekly worker's compensation checks of \$250, and provides verification of her March payments received on the 1st, 8th, 15th, 22nd, and 29th. Her next check will be received on April 5th. She received a full month's income in March and expects a full month's income in April. Estimate the income by multiplying the weekly payment by the weekly conversion factor 4.3 ( $\$250 \times 4.3 = \$1075$ .) Count \$1075 income for March, April, and subsequent months. If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only four weekly payments ( $\$250 \times 4 = \$1000$ ) to determine Medicaid eligibility.*

**2. Payment Amounts Vary**

When the individual will receive a full month's income from the source and the payment amounts vary, calculate an average payment amount by adding together payments from the same source and dividing this total by the number of payments. Then estimate the monthly income by multiplying the average payment amount by the number of payments expected in the month.

440-4

Continued

**Example #1:**

*Ron applies on May 7 and is interviewed on May 10. Ron has been working a part-time job since February and gets paid every other Friday. He'll receive two checks in May – on May 14 and May 28. He provides three pay stubs showing he grossed \$350 April 2, \$325 April 16, and \$360 April 30. Estimate May's income by calculating an average paycheck. ( $\$350 + \$325 + \$360 = \$1035$  divided by 3 =  $\$345$ ) Multiply this average check by the bi-weekly conversion factor 2.15, since he gets paid every two weeks ( $\$345 \times 2.15 = \$741.75$ ). Count \$741.75 monthly income from this job for May and for the subsequent months. If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only two bi-weekly payments ( $\$345 \times 2 = \$690$ ) to determine Medicaid eligibility.*

**Example #2:**

*Carolyn applies on September 15th and is interviewed on September 19th. She works at the video store about 20 hours a week at \$8.00 an hour. She gets paid on the 5th and 20th of each month. Her August 5th check was \$320, her August 20th check was \$336, and her September 5th check was \$352. Estimate September's income by calculating an average paycheck. ( $\$320 + \$336 + \$352 = \$1008$  divided by 3 =  $\$336$ ) Multiply this average check by 2, since she is paid twice a month. ( $\$336 \times 2 = \$672$ ) Count \$672 for September and for the subsequent months.*

**3. Estimating New Earned income**

*When an individual starts a new job and will receive a full month's income, initially estimate the monthly income by using the individual's anticipated work schedule and hourly rate of pay. Multiply the hourly rate of pay by the number of hours the individual is expected to work per week. Multiply this estimated weekly wage by the weekly conversion factor 4.3 to get an estimated monthly amount.*

*At review, determine a new income estimate by calculating an average payment using recent payments.*

440-4

Continued

**Example:**

*Kathy applies on July 10<sup>th</sup>. She started a new job on July 5<sup>th</sup>, and will get her first paycheck on July 20<sup>th</sup>. She gets paid by the hour and paydays are on the 5<sup>th</sup> and 20<sup>th</sup>. The employer verifies that she will work an average of 30 hours per week at \$7 per hour. She will receive a partial month's income in July, and a full month's income beginning August. For July, use the income she is expected to receive in July based on scheduled hours, pay period end dates and pay dates. For August and subsequent months, estimate the income by calculating a weekly wage (30 hours x \$7 = \$210) and applying the weekly conversion factor of 4.3 ( $\$210 \times 4.3 = \$903$ ). If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only four weekly payments ( $\$210 \times 4 = \$840$ ) to determine Medicaid eligibility.*

**4. Estimating Earned Income that has Changed**

*When the individual will receive a full month's income and the rate of pay has changed but the number of hours is expected to remain about the same, estimate the monthly income by calculating the average number of hours per pay period using paychecks already received and multiplying this average number of hours by the new hourly rate.*

**Example:**

*Terri reports she got a raise to \$10 an hour starting July 1. She gets paid twice a month, and provides her last three pay stubs that show 45 hours for pay period ending May 31, 36 hours for pay period ending June 15, and 42 hours for pay period ending June 30. Average the number of hours by adding them together and dividing by three. ( $45 + 36 + 42 = 123$  divided by 3 = 41). Multiply this average number of hours by the new rate of pay to get an average payment per pay period ( $41 \text{ hours} \times \$10/\text{hour} = \$410$ ).*

440-4

Continued

**5. *Change in Income Occurs During the Month***

*When a change occurs during a month and the individual will get a full month's income, calculate an average payment using the amounts received and expected to be received in the month. Then, multiply this average payment by the number of payments expected in the month to get an estimated monthly income for this month.*

***Example:***

*Yvonne applies for assistance on June 17th. She started a job on May 16th, works 40 hours a week, and is paid every other Friday. She was paid a training wage of \$8.00/hour for the first two weeks. Since May 28th, she is now being paid \$12.00/hour. Her first check received June 10th for pay period ending May 27th was 40 hours x 2 weeks x \$8.00/hour = \$640. Her June 24th check for pay period ending June 10th will be 40 hours x 2 weeks x \$12.00/hour = \$960.*

*Since June income will include pay at two different rates, June's income is estimated by calculating an average payment using the \$640 received June 10, and the \$960 expected on the June 24<sup>th</sup> check,  $\$640 + \$960 = \$1600$  divided by 2 = \$800. Multiply this average payment by the appropriate conversion factor,  $\$800 \times 2.15 = \$1720$ . For July, estimate the income using only the higher rate of pay,  $\$960 \times 2.15 = \$2064$ . If using converted income results in the family exceeding the income limit for Family Medicaid, the monthly income is recalculated using only two bi-weekly payments to determine Medicaid eligibility.*

**6. *Estimating Salary Income***

*When an individual receives a salary and will receive a full month's income, estimate the monthly income based on the monthly salary the individual expects to receive.*

## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-4 Continued

#### *Example:*

*Jon works for the State of Alaska and receives a salary of \$1000 twice a month. Calculate his monthly earnings by multiplying his salary by two ( $\$1,000 \times 2 = \$2,000$ ) and count \$2,000 gross earned income from this job.*

#### **D. ESTIMATING A PARTIAL MONTH'S INCOME**

When a household's income from a source begins or ends, it may be necessary to estimate a partial month's income. For these situations, do not use conversion factors to estimate the income.

If the household receives or expects to receive a partial month's income from a source in a month, estimate the income by totaling the actual income received and the income the household expects to receive in the month.

#### *Example – Beginning Income in Month of Application:*

*Maria applies on June 25. She just began receiving weekly unemployment benefits of \$100 and will receive a \$200 check every two weeks. She received her first check of \$200 on June 18. Her next check will be received July 2. Count \$200 unemployment benefits for the month of June. Since she will receive a full month's income in July, estimate July's and subsequent months income using the 2.15 bi-weekly conversion factor ( $\$200 \times 2.15 = \$430$ ) and count \$430 for July and subsequent months. If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only two bi-weekly payments ( $\$200 \times 2 = \$400$ ) to determine Medicaid eligibility.*

440-4

Continued

***Example – Beginning Income in Ongoing Case:***

*Char reports on February 7th that she will start receiving bi-weekly payments from an annuity. She will receive her first payment March 18th. This will be the only check received in March. Determine eligibility for March counting the one payment she will receive on March 18th. Since she will receive a full month's income in April, estimate April's and subsequent months income by multiplying the bi-weekly payment by the 2.15 conversion factor. If using converted income results in the household exceeding the income limit for Family Medicaid, recalculate the monthly income using only two bi-weekly payments to determine Medicaid eligibility.*

***Example – Ending Income in Month of Application:***

*Clarissa applies on August 13 and is interviewed the same day. She received her last unemployment benefit check of \$200 on August 6. Count \$200 income for August. Since she will no longer receive benefits, no unemployment income is counted for September.*

***Example – Ending Income in Ongoing Case:***

*Kevin reports on September 3 that his seasonal job will end in September. The final check from this source will be received in October. The anticipated actual amount of the final check is estimated for October.*

***Example – Income Changing During the Month:***

*Venietia applies for assistance on June 16, and reports that she has a job that pays twice a month. She provides paychecks showing that she was paid \$500 on May 10 and \$600 on May 25. However during the last half of May, she had to take some time off without pay due to an illness in the family and so did not receive a paycheck on June 10. She returned to work on June 1 at her regular pay and expects to be paid \$550 on June 25.*

*Since Venietia will not receive a full month's pay during June, this is considered to be a partial month's income. The income for June is estimated by calculating the amount that she will receive on the June 25 paycheck. Income for July will be estimated based on a full month's income.*

440-4 Continued

E. IRREGULAR INCOME

An individual may receive income on an irregular basis. Examples of irregular income may include day labor, on-call work such as substitute teaching, craft sales, and receipt of spousal support. Irregular income is counted if the household has *already* received it *in the month* or can reasonably expect it to be received *in the month*. Income that cannot be reasonably anticipated is not included in the estimate of income.

The caseworker should thoroughly explore irregular income situations. When the caseworker and the individual can arrive at a reasonable estimate of how much income will be received in a month, that amount of income is included in the estimate.

***Example of Countable Irregular Income:***

*Terry received spousal support during four of the last six months - \$100 in February, \$200 in April, \$50 in May and \$250 in July. Totalling the four payments (\$600) and dividing them over the six-month period the payments were received, the household received an average payment of \$100. The caseworker discusses this with Terry and both agree it would be reasonable to expect an average \$100 per month.*

***Example of Countable Irregular Income:***

*Aina creates and sells craft items and a craft store carries the items on consignment. She receives income only after an item is sold. Sales are irregular most of the year. However, during the summer tourist season, sales pick up. After paying expenses, she normally receives between \$300 and \$500 per month from June - September. Based on this previous sales history, the caseworker estimates Aina will receive \$400/month from craft sales during the months of June - September. Sales are extremely sporadic during the rest of the year so no income is anticipated from this source from October - May. If Aina states that although sales are irregular during the off-season, she usually receives at least \$50 a month, \$50 would be counted each month from October - May. If she states that income for most months is completely unpredictable except around Christmas, the caseworker would explore the anticipated income from Christmas sales, and include that amount in the estimate of income for December.*

440-4 Continued

*Note: The example above describes a self-employment situation. Please see manual section 441-1D for policy on self-employment income.*

***Example of Excluded Irregular Income:***

*JoLynn applies for assistance in December. She most recently received a spousal support check in November. Prior to that, the last check she received was in May. She tells the caseworker that she can never predict when the checks will arrive. In this case, payments cannot be reasonably anticipated so no spousal support income is counted.*

***Example of Excluded Irregular Income:***

*Dave applies for assistance on November 5<sup>th</sup>. He works on-call for the city shoveling snow during the winter, but has not worked nor received any income in November. Since it cannot be reasonably anticipated when snow will fall, when he will be called into work, or when income from this source will be received, income from this source cannot be included in the estimate of income.*

**F. SELF-EMPLOYMENT INCOME**

For policy on determining self-employment income, see manual section 441-1D.

**G. VERIFICATION OF INCOME**

All countable income available to the household must be verified. Verification obtained must be documented in the case record. Income can be verified using check stubs, written or oral statements from the source, or data interface information.

Pay stubs are the primary source of verification for earned income. Occasionally pay stubs are not available. The individual may have just begun work and have no pay stubs, or may have lost some or all of the stubs. In these circumstances, verification of the individual's income is obtained from the employer, *either by phone or a work statement completed by the employer.*

*Note: At review, determine a new income estimate by calculating an average payment using recent payment if income was initially estimated and verified using a work schedule.*



## ALASKA ADULT PUBLIC ASSISTANCE MANUAL

### 440-4 Continued

#### H. DOCUMENTATION

Good documentation is an essential part of establishing how the household's eligibility was determined. In every situation, the caseworker must document:

- The source, amount, frequency (when it is received and how often) of the household's income and how this information was verified;
- The method used to estimate the monthly income; and,
- Any expected changes in the income and what effects, if any, the changes have on the estimate of income.

**ALASKA ADULT PUBLIC ASSISTANCE MANUAL**

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