Prospective Budgeting

Reference PH 16.4

**What is Prospective Budgeting?**

* The process of estimating the household’s anticipated income during the certification period.
* The IM Worker calculates the amount of income the household will receive in future months.

**How Does a Worker Determine Prospective Income?**

* Use income received during the last 30 days as an indicator of the income that is and will be available to the household during the certification period unless that income does not accurately represent anticipated future earnings due to a change that has been indicated by customer.
* At application or review, when budgeting income for FoodShare, use the income received in the 30 days prior to the interview date as long as that income accurately reflects the best estimate of the income for the future months.
* When budgeting income for BadgerCare Plus only cases you will use the gross monthly income verified by the previous 30 days gross **or** by the best information available.

**Things to take into Consideration**

* Any time a best estimate of income determination is being made, always take into consideration:

1. Rate of pay (has it changed; is it going to change?)
2. Hours of work (is there a shift differential?)
3. Are bonuses, tips or commissions paid, and if so, how often?
4. Is there any recent overtime? Is it expected to continue in the future?
5. Pay dates and length of pay periods (are any stubs missing?)
6. Is the position considered full or part time by the employer?
7. Have all sources of income that have ended been verified?

**Income Conversions**

* Multiply weekly income by 4.3 to convert to a monthly amount for FS and CC.
* Multiply bi-weekly income by 2.15 to convert to a monthly amount for FS and CC.
* Income for MA and BC+ is not converted. The actual gross monthly income is budgeted.
* If income is received semi-monthly (i.e. the 1st and 15th of each month), multiply the semi-monthly pay by 2. If an employer gives an average of weekly hours and the pay frequency is semi-monthly, multiply the weekly hours by 4.3 and divide by 2 for semi-monthly pay for FS, CC and MA/BC+.

**Other Important Information**

* If income fluctuates to the extent that a 30-day period alone cannot provide an accurate indication of anticipated income, the agency and the household may use a longer period of past time if it will provide a more accurate indication of anticipated fluctuations in future income. To average widely fluctuating income, use the household’s anticipated income including fluctuations anticipated over the certification period. In any case, clearly document the reasoning for the prospective income estimate.

**Example:** Example: John Decorator works at a Dairy Queen. He is paid a regular hourly wage plus he receives bonuses based on the number of cakes he decorates. Although the number of birthday cakes he decorates in a pay period remains somewhat stable, holidays also affect the number of cake decorating orders John receives. In this type of situation, looking at only the most recent 30 day period would not give a very accurate indication of the household’s anticipated income. The IM worker may choose to look at a longer period of check stubs to determine the best estimate of John’s prospective income. Do not consider income received on a monthly or semi-monthly basis varied merely because of changes in mailing cycles or pay dates or because weekends or holidays cause additional payments to be received in a month.

**Example:** Example: Jo Employee is paid on the 1st and 15th of each month. Her income is prospectively budgeted by adding two paychecks together. However, since January 1 is a holiday in her office, she will be receiving her check for January 1 on December 29. Although she actually received three paychecks in December (1st, 15th, and 29th), only two paychecks (12/1 and 12/15) would be budgeted for December. The 12/29 and 1/15 checks would be budgeted for January, etc.

* An assistance group with income budgeted prospectively may have actual plus anticipated income for the current month and best estimate income for future months used in the eligibility determination. Example: Bob applies for FoodShare on 1/10/19. His job at Dog Mart ended 1/2/19. He will receive his final check on 1/11/19. He started a new job at Cat Mart on 1/3/19. He will receive his first check on 1/18/19. The worker will use actual January income from Dog Mart and prospective income from Cat Mart.
* If the income starts or stops in the application, review or change report month and a full month’s income (i.e. at least 2 biweekly pays or 4 weekly pays) is not received, then income would not be converted but the actual amount used.

**Example:** Marilyn applies for FS on Sept. 20th. She had been working at 2 part-time jobs, one at Pizza To Go and one at Gas and More. She was fired from her job at Pizza To Go on Sept 5th and received her last paycheck from that employer on Sept 10th.  Her job at Gas and More continues. Use September’s actual income from Pizza To Go (not converted) plus the anticipated income (converted) from Gas and More to determine eligibility for September. Use the best estimate of income for October to determine eligibility for October.

* Contractual income that is the food units annual income (intended to provide support for the entire year), and is not paid on an hourly or piece work basis, should be prorated over 12 months.  Contractual income that is not the food units annual income (intended to provide support for the HH for only a portion of the year), and is not paid on an hourly or piece work basis, shall be prorated over the period the income is intended to cover.

**Example:** Joe works for public school as a teacher’s aide. Joe has worked there for the last three years and receives a 9 ½ month contract every August. He earns $13,480.50 annually. He lives off his salary as a teacher's aide for the full year and does not supplement his income during the summer. Average his income over 12 months = $1,123.37 per month.

**Example:** Nancy works for the public school as a nurse part-time. She receives a contract for 9 ½ months every August. In the summer she supplements her income with a job at the Girl Scouts campgrounds in the first aid tent. Average Nancy’s school income over 9 ½ months because her contract income is not her annual income.

* Contractual income for BC+ is prorated over the period of the contract. For example, if the contract is for 18 months, the income is prorated over 18 months no matter the number of installments made in paying the income. The income is prorated even if one of the following is true:
  1. There are predetermined vacation periods
  2. He or she will only be paid during work periods
  3. He or she will be paid only at the end of the work period, season, semester, or school year
* Income received by live-in care providers is counted differently for BC+ and FS. If you come across income received by a live-in care provider refer to FSHB 4.3.2.1 and/or BCPH 16.2 #45. If you are not able to determine how the income should be budgeted, see your supervisor.
* Income from temporary employment may fluctuate in number of hours and pay rate depending on the assignment. Make the best reasonable estimate of anticipated income based on verified information. It may be necessary to contact the employer if the verification provided by the customer is incomplete or questionable. If a customer is registered with a temporary agency, but has not yet accepted an assignment, the employment agency is entered on the Earned Income page in CWW with employer’s name, address and FEIN, with "0” hours and "0” income budgeted on the detail screen. Document this information including the reasoning why an employer is listed with no budgetable income in case comments.
* If the amount of income that will be received or the date of receipt is unknown or uncertain, do not count that portion of the household’s income. However, if the exact amount of the income is unknown, but a portion of it can be anticipated with reasonable certainty, count the income>

**Example:** Ms. Smith is applying for FS. At her interview, she states that she has applied for and will be getting SSI benefits, but that she has not yet received her award letter. The SSI income would not be budgeted until she receives the award letter and can reasonably anticipate when the payments will begin and how much they will be

**Example:** Jesse Waitperson has just started working in a restaurant waiting tables. He is paid $2.33/hour plus tips. Jesse and his employer both state that tips will vary and there is no way to project how much he will earn in tips. When this occurs, encourage the employer to give a best estimate, accept the employer’s statement, and document it in *CARES*. At review, Jesse should be asked to submit his check stubs to determine a reasonable best estimate of his prospective income.

* There are times when paychecks show hours and minutes worked. While in training, instead of converting the hours and minutes, the wages should be budgeted as gross salary. For ongoing workers, the time needs to be converted to a decimal calculation by dividing the minutes by 60. When calculating with decimal points, do not round up or down. Instead, drop any digits after the hundredths place. To minimize errors, the prospective budgeting form should be used to convert hours and minutes into decimal format.
* FDSH-- Workers should always check to see if FDSH (Equifax) wages are available. Agencies may not consider Equifax data to be the final “verified” income amount unless the Equifax data is the same as what the member reported. If the reported wage amount is the same as the Equifax wage amount, workers may consider the reported wage amount to be verified and use the verification code of “DE-Data Exchange.” If the worker is completing intake during a telephonic application for health care and/or an interview for FoodShare or Child Care, the worker should view the Equifax information during the interview and ask the member if the Equifax-reported amount is correct. If the member agrees that the Equifax-reported amount is accurate, the worker should use the Equifax -reported amount and a verification code of “DE – Data Exchange.” If the worker is completing intake outside of an interview, and there is a discrepancy between what the member has reported and what Equifax provides, the worker must enter the member-reported information with a verification code of either “?” or “Q?”.
* FDSH—Multiplying the average Hours Per Pay Period by the Rate of Pay from the FDSH page does not always equal the average Gross Amount due to a variety of reasons, such as shift premiums or multiple pay types that are not listed. Workers musth confirm all FDSH wages details with the applicant/member to ensure accuracy of the data entered in CWW. Once the accuracy of the FDSH data is confirmed, the Hours Per Pay Period and Gross Amount should be averaged and entered as salary on the employment page. A case comment on the EI screen must be entered for State and Federal QC purposes explaining why wages were entered as salary.
* If both an EVFE and last 30 days paystubs are turned in by the customer, the worker should always use the last 30 days paystubs unless, for some reason, they are not reflective of the current circumstances.
* When a customer turns in his/her paystubs and one of those paystubs is the very first paystub received, it can only be used if the customer was paid for the ENTIRE pay period that the paystub is for. If the customer started employment mid-way through the pay period that the first paystub is for, this paystub is not reflective of a normal, full pay period worked and cannot be used. In this instance, 30 days of reflective paystubs will be needed, or an EVFE, or a statement from the employer.
* When averaging hours x pay rate, do a quick calculation and make sure that the hours x pay rate equals the gross pay. This is especially important when there are colons (:) on the paystub. These are hours that have not been converted to decimals. When this happens, the average of the gross pay should be taken and entered as salary on the employment page. The hours should be averaged separately so that ABAWD and Work Registrant determinations can be made accurately.

**Variables**

* A more recent 30 day period may be used as long as it accurately reflects the income for the future months.
* If 30 days’ worth of paystubs were received at the time the filing date was set or at the time the renewal was received, and the interview is not immediately held, those paystubs should be used as long as they accurately reflect the income for the future months.

**Documentation**

* Document how the income being budgeted on the case was calculated. A comment is required to be entered in both screen level case comments on the Employment Page and in the Case Comment section of CWW.
* In Rock County, workers are required to complete a Documentation of Prospective Earned Income budgeting form and have this form scanned into ECF.