



Department of Human Resources  
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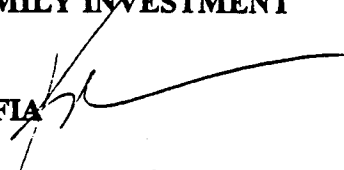
**FIA ACTION TRANSMITTAL**

**Issuance Date:** IMMEDIATELY

**Effective Date:** October 1, 1996

**Control Number:** FIA/OPA 97-12

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES  
 DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT  
 FAMILY INVESTMENT SUPERVISORS**

**FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, FIA** 

**RE: FAMILY INVESTMENT PROGRAM (FIP) EARNED INCOME ELIGIBILITY**

**PROGRAMS AFFECTED: CASH ASSISTANCE, FOOD STAMPS**

**ORIGINATING OFFICE: OPA/ DIVISION OF PROGRAM POLICY AND  
 REGULATION**

**BACKGROUND INFORMATION:**

The Family Investment Program (FIP) was passed by the Maryland General Assembly and is scheduled for full implementation by the end of 1996. DHR received waivers from the Aid to Families with Dependent Children (AFDC) and the Food Stamp (FS) programs regulations to support the components of FIP.

This action transmittal incorporates the FIP earned income changes effective October 1, 1996.

Demonstration waivers require control, experimental and treatment groups. The control group will continue to have eligibility determined under the existing Aid to Families with Dependent Children (AFDC) policies and procedures. The treatment and experimental group will use the new Family Investment Program (FIP) policies and procedures. An effort was also made to streamline eligibility and to synchronize AFDC and Food Stamp programs under the Family Investment Program.

**NEW EARNED INCOME POLICY EFFECTIVE OCTOBER 1, 1996:**

Earned income for Temporary Cash Assistance (TCA) and TCA Food Stamp cases will be based on a four week month. Both the TCA and TCA Food Stamp earned income deduction will be 20% for regular earnings and 50% for self-employed earnings. The 50% allowance includes the cost to produce income. The maximum child care deduction for full-time employment will be \$200.00 for each child regardless of age and \$100.00 for part-time employment.

**MASS CHANGE:**

The Office of Information Management (OIM) will conduct a Mass Change in AIMS for ongoing Temporary Cash Assistance (TCA) and TCA Food Stamp cases on September 7, 1996 to convert monthly earned income. Earnings will be divided by 4.3 and the result multiplied by 4. The 20% Flat earnings disregard will be applied September 27, 1996 to all earnings cases, including self-employed cases, because self-employed earnings can currently be identified separately on AIMS. Since net self-employed earnings are entered on AIMS, this figure should be comparable to the 50% total disregard. Recalculation of self-employed earnings cases using the 5% deduction must be done no later than the next redetermination. Effective October 1, 1996, a new Self-Employed Code (P32) will be available for use by the worker so that self-employed earnings can be identified from regular earnings cases.

A mass change will also convert the income of TCA and TCA food stamp cases to 4 weeks on CARES. The regular earnings, and self-employed earnings customers will be given the 20% disregard. Self-employed earnings cases must be recalculated, no later than the next redetermination, using the 50% disregard.

**Action Required:**

The following attachments cover the October 1996 FIP income changes which will be used in determining financial eligibility for the treatment group:

- A. Using a Four Week Month as Conversion Factor in Earnings Calculation
- B. Flat Earnings Disregards of 20% (50% for Self Earnings)

**ACTION REQUIRED OF:** All Local Departments

**ACTION DUE DATE:** October 1, 1996

Inquiries may be directed to Sue Woolford, Division of Program Policy and Regulation, at (410) 767-7190.

KM/bbr  
fip510  
Attachments

cc: FIA Management Staff  
Constituent Services

**ATTACHMENT A**

**INCOME - EARNINGS COMPUTATION**

**PROGRAMS AFFECTED: CASH ASSISTANCE/ FOOD STAMPS**

**BACKGROUND INFORMATION:**

In determining financial eligibility, monthly gross earnings are calculated by using the conversion factor of 4.3 for weekly earnings and 2.15 for bi-weekly earnings.

**ACTION REQUIRED:**

Effective October 1, 1996 for all cases except Control cases, in determining the monthly gross income, use 4 weekly pays and 2 bi-weekly pays as indicated below.

Monthly income must be based on a calendar month when determining eligibility and payments. For initial applications, income for the entire month is counted as received, regardless of the date of application.

**To calculate monthly income in an AIMS jurisdiction:**

Hourly earnings:

1. Start with hourly rate of pay (keep cents)
2. Multiply by number of hours worked per day (keep cents)
3. Multiply by number of days worked per week (drop cents)
4. Determine the average weekly amount and multiply by 4 (drop cents)

Daily earnings:

1. Start with daily rate of pay (keep cents)
2. Multiply by number of days worked per week (drop cents)
3. Determine the average weekly amount and multiply by 4 (drop cents)

Weekly earnings:

1. Start with weekly earnings (drop cents)
2. Determine the average weekly amount and multiply by 4 (drop cents)

Bi-weekly earnings (every other week):

1. Start with bi-weekly earnings (drop cents)
2. Determine the average bi-weekly amount (drop cents)
3. Multiply by 2 (drop cents)

Monthly/Semi-Monthly earnings:

1. Start with monthly earnings (drop cents)
2. Divide by 4.3 (drop cents)
3. Multiply by 4 (drop cents)

Annual earnings:

1. Start with yearly earnings (drop cents)
2. Divide by 52 (drop cents)
3. Multiply by 4 (drop cents)

Example #1: A FIP parent applies for herself and two children. She has gross earnings of \$100.75 per week. All other FIP requirements have been met. There are no child care costs.

\$100 (\$100.75 - drop 75 cents)  
x 4 (conversion factor)  
\$400 (gross monthly earnings)

Example #2: A FIP parent is employed and presents the following pay stubs:

11/1 - \$50; 11/8 - \$100; 11/15 - \$75; 11/22 - \$60; 11/29 - \$80

**Total earnings are  $\$365 \div 5 = \$73$  average weekly  $\times 4 = \$292$  countable gross income**

An alternate method is to add up the first four pays and disregard the fifth pay. In this case the gross income is \$285. Either method is acceptable if it is a reasonable projection of expected income.

### AIMS:

**Control:** If the FIP indicator is C, monthly earnings will continue to be calculated using 4.3 times weekly earnings and 2.15 times bi-weekly earnings.

**Experiment and Treatment Group:** If the FIP indicator is T or E, effective September 27, 1996, OIM will convert earned income to the new amount using the 4 week month.

On or before September 27, 1996, calculate earned income for TCA cases using the old method (4.3, 2.15). Effective September 28, 1996, calculate earned income using the new method (4, 2). This must be done for TCA cases and TCA Food Stamp cases.

## CARES

CARES will calculate properly when you enter all frequency types. Only use "actual" frequency designator when income has been manually converted to monthly. CARES will count the amount of income entered whenever "AC" is used. A new value of "MO" Monthly (once per month) will be added effective 10/1/96. This value should be used when a customer is paid monthly and the worker wants CARES to correctly calculate the portion of income to be counted.

**Control Group:** The 4.3 and 2.15 week month will still apply. No change in processing is required.

**Experimental and Treatment Group:** Effective September 28, 1996, the 4 week and 2 week month will replace the 4.3 and 2.15 week month when calculating earnings in TCA and TCA food stamp cases. CARES will calculate using the new earnings frequency conversion factor without any other change in processing. Enter the earned income frequency as it is received. For example, enter the last four pay stubs separately and code as "weekly". If they are added together and listed as "Monthly" (MO) CARES will view the figure as monthly income, divide by 4.3 and multiply times 4.

**ATTACHMENT B**

**INCOME - FLAT EARNINGS DISREGARDS**

**PROGRAMS AFFECTED: CASH ASSISTANCE/ FOOD STAMPS**

**BACKGROUND INFORMATION:**

The countable earned income amount is determined by deducting the first \$90, then the next \$30 and one-third the remainder. Other allowable disregards are deducted.

**ACTION REQUIRED:**

Effective October 1, 1996 for all cases except Control cases, in determining the monthly net countable earning

- o Determine the Gross Monthly Earnings (see Attachment A of this Action Transmittal)

Apply the 20% disregard if the individual has earnings; or  
Apply the 50% disregard if the individual is self-employed

- o Subtract the verified child care costs up to the allowable limit to determine the Net Monthly Countable Earnings. (This will change in October 1996.)

Example I: A FIP parent applies for herself and two children. She has gross earnings of \$100.75 per week (\$100 x 4 = \$400 per month). There are no child care costs. All other FIP requirements have been met.

\$400 (gross monthly earnings) <u>- 80 (20% Disregard)</u> 320 (net monthly countable earnings)	\$373 FIP Allowance (3 persons) <u>- 320</u> Net Monthly Countable \$ 53 FIP benefit amount
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Example II: A FIP parent and two children. Gross earnings of \$125.25 per week (\$125 x 4 = \$500 per month). Child care costs are \$50 per week (\$25 for each child). All other FIP requirements are met.

\$500 (gross monthly earnings) <u>- 100 (20% Disregard)</u> 400 <u>- 200 (Child care \$50 x 4)</u> \$200 (net monthly countable earnings)	\$373 FIP Allowance (3 persons) <u>- 200</u> Net Monthly Countable \$ 173 FIP benefit amount
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## EARNED INCOME - FLAT EARNINGS DISREGARDS

### AIMS

**Control Group:** If the FIP indicator is C, the 30 + 1/3 disregard and \$90 disregard will continue to apply. Case processing is the same as prior to FIP.

**Experimental and Treatment Group:** If the FIP indicator is T or E, the Flat earnings disregard of 20% or 50% (self-employed) will be applied. On October 1, 1996, for self-employment cases, use the new self-employed code (P32), and enter the gross earnings. The "P32" code will apply the 50% disregard of earnings. All earnings from self-employment cases should be entered using the new "P32" code as they are identified.

### CARES

**Control Group:** The 30+1/3 disregard and \$90 flat work expense continue to apply. No change in processing is required.

**Experimental and Treatment Group:** The 30+1/3 disregard will no longer apply and will be replaced with a 20% flat earnings disregard for regular earnings and 50% flat earnings disregard for self-employed customers.

The 30+1/3 field will still appear on ERN1 screen, but you will not be able to enter information into the field. The information in this field will be protected from entry or change.

At redetermination, **the child care must be adjusted.** Currently, the amount is calculated on the old method (4.3, 2.15). It needs to be recalculated using the new method (4, 2). This may affect the child care deduction. The maximum allowable amounts will stay the same until October 1, 1996 when the maximum child care allowance will be \$200.00 per child, regardless of age, for full-time employment and \$100.00 for part-time employment.