

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243

CESAR A. PERALES
Commissioner



MICHAEL J. DOWLING
Deputy Commissioner
Division of Income Maintenance

June 7, 1985

Dear Commissioner :

Attached is a listing of all the questions and answers that were discussed during the winter 1984 Regional Meetings. We believe the information will help clarify many of the issues regarding the DEFRA provisions. We have not included the questions regarding the filing unit in this package. Material on the filing unit will be provided at regional meetings to be held in September.

We hope you find this information helpful. If you have further questions, please contact Robin Johnson at 1-800-342-3715, extension 3-7992.

Sincerely,

Michael J. Dowling 6/7

Michael J. Dowling
Deputy Commissioner

Attachment

bcc: Mel Kelsey
Charlie Kavanaugh
Larry Gambino
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Linda Ross
Russ Bennett
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Jack Hickey
Bob Seaman
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Joseph Ferrone
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DEFRA
QUESTIONS AND ANSWERS
For
Changes in ADC and HR

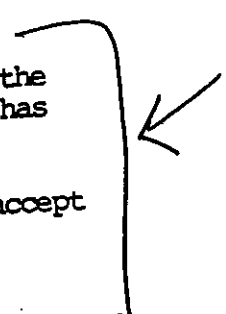
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Lump Sum

16. Q. In calculating the lump sum payment, is it true that you only count recurring income once, during the first month, in calculating the lump sum?
- A. Yes, that rule still stands.
17. Q. What deductions do you give on EIC?
- A. If there is no other earned income received in the month of lump sum receipt, you would give the \$30 plus 1/3 extension, if applicable.
18. Q. If the person is working, would he get the \$30 extension for eight months in calculating the lump sum period of ineligibility?
- A. If entitled to the disregard, it would be applied in the month of lump sum receipt only.
19. Q. Since RAM is lifted and taxes are included in the \$75, will the \$75 be used in calculating an earned income lump sum when there is no other recurring income?
- A. No. There are no taxes deducted from EIC. However, the \$75 would be used for other earned income lump sums.
20. Q. If a case is determined ineligible for the month of January only, due to receipt of a lump sum, can the case be suspended rather than closed?
- A. No, the case must be closed.
21. Q. In example C on page 12 of the lump sum training material, they have \$402.82 remaining to be applied against their needs in February, is the \$402.82 combined with existing earnings?
- A. Yes. Even if the person is not working the \$402.82 is still available prospectively and not subject to supplementation.
22. Q. What kind of documentation do you need when the client spends the lump sum and is reapplying before his period of ineligibility has ended?
- A. You don't necessarily need receipts for everything. You may accept receipts, signed statements, collateral contacts, etc.
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Lump Sum (Cont.)

23. Q. Do local districts have the option of requiring clients to apply for an advance EIC payment as an available resource?
- A. Local districts may still require recipients to apply for an advance payment as an available resource.
24. Q. How do you verify that income has stopped (such as someone paying excess rent for the public assistance household?)
- A. A statement from the person formerly providing the income should suffice.
25. Q. When an applicant receives a lump sum payment before the case is opened, why should he withdraw his application rather than be denied because of excess resources?
- A. It really doesn't matter. The agency can deny based on resources.
26. Q. Agency opens a case on an emergency basis for EAF and client then receives a lump sum before the case is actually opened. Do you count the lump sum?
- A. The lump sum provision does not apply to EAF. You just have to determine that they have no resources immediately available to meet the emergency. If the case had been opened on ADC or HR, the lump sum would be calculated.
27. Q. What if an HR case transferred all or part of their lump sum during their period of ineligibility and then reapplies for assistance?
- A. It wouldn't be any different than the way it would be treated for ADC. It depends on the reason for the transfer. If you determine that the transfer was essential, you can shorten the period of ineligibility.
28. Q. Can you shorten the period of ineligibility by counting excess utility costs (over the standard)?
- A. Yes.
29. Q. Would we ever lengthen the period of ineligibility?
- A. No. The federal regulations do not allow this.

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Lump Sum (Cont.)

30. Q. Does excess shelter count as an allowable expense in shortening the period of ineligibility?

A. Yes.

31. Q. Can a person use the lump sum to purchase a house?

A. It may be an allowable expense depending on the case situation. The local districts would make this determination on a case-by-case basis. If it is considered an allowable expense a lien may be taken on the property.

32. Q. Would the disregards be withheld if the EIC was not reported in a timely manner in determining the period of ineligibility?

A. Yes.

33. Q. How is a lump sum treated for food stamps?

A. Lump sum payments are excluded as food stamp income and, unless specifically excludable as a resource, are countable as a resource in the month received.

34. Q. Is paying back an old debt a legitimate expense to shorten the period of ineligibility?

A. Yes, if the client had no option.

35. Q. When someone is born or returns to the home during the period of ineligibility, why can't the period be shortened instead of opening a case for the new household member?

A. In this situation, federal regulations are clear that any person not in the assistance unit during the month of lump sum receipt must be budgeted as a separate assistance unit.

36. Q. What if the client moves from one county to another, does the lump sum follow them?

A. Yes. The lump sum would follow from county to county but not from one state to another.

Lump Sum (Cont.)

37. Q. What should we do if a recipient doesn't notify the agency of receipt of a lump sum and just lets the case expire, doesn't show for recert, then reapplies when the money is gone? The county applies the lump sum and the client asks for a Fair Hearing based on agency's failure to notify him of the period of ineligibility.

A. Since it is not the agency's fault that the client wasn't notified of the period of ineligibility, it would be correct to apply the lump sum provision back to the date they received the money and recoup any assistance given during that time. If the money is gone and the client reapplies before the calculated period of ineligibility, the agency must determine if the period can be shortened.

38. Q. Could you give us an example of how to treat EIC lump sum payment and how it affects retrospective budgeting?

A. The following example is provided:

ADC case of two. Mother is currently working and receives an EIC lump sum payment of \$125 on February 12. Recipient notifies the agency on this date. The first step is to determine if the EIC, together with her projected earnings for February, is greater than one month's needs and should be budgeted as a lump sum.

<u>Needs</u>		<u>Income</u>	
Pre-Add	\$150.00	Gross	\$400.00
HEA	22.50	EIC	+ 125.00
Rent Allowance	183.00	Work Exp.	- 75.00
	<u>\$355.00</u>	30 + 1/3	- 170.00
		Net Income	<u>\$280.00</u>

Since the net income is not greater than one month's needs, the EIC and wages are budgeted retrospectively in April. (The need for supplementation must be considered.)

Continuing with this example, the February monthly report is received on March 8 which indicates that the client worked overtime for the last half of February due to a co-worker's illness. Based upon this new information, February's budget must be recalculated to determine if the lump sum provision should have been applied.

<u>Needs</u>		<u>Income</u>	
Pre-Add	\$150.00	Gross	\$725.00
HEA	22.50	EIC	+ 125.00
Rent Allowance	183.00	Work Exp.	- 75.00
	<u>\$355.00</u>	30 + 1/3	- 278.33
		Net Income	<u>\$496.67</u>

$\$496.67 \div \$355.00 = 1 \text{ month's ineligibility} + \$141.67 \text{ applied in March.}$

Lump Sum (Cont.)

Since the PA grants for February and March have already been issued, assistance for February would be an overpayment and March's PA benefit would be recalculated using January's recurring income and the \$141.67 excess from the lump sum payment.

April's PA grant would continue to be calculated retrospectively since the case was never closed. However, February's income would not be used again since it was already used to determine the lump sum.

Using this example, but rather than \$725 earned in March, \$625 is earned and reported on the February monthly report. February's budget would be redone to determine if the lump sum provisions apply.

<u>Needs</u>		<u>Income</u>	
Pre-Add	\$150.00	Gross	\$625.00
HEA	22.50	EIC	125.00
Rent Allowance	183.00	Work Exp.	75.00
	<u>\$355.00</u>	Child Care	160.00
		30 + 1/3	191.67
			<u>\$323.37</u>

Since the total net applicable income is less than one month's needs, it would not be considered a lump sum. Normal budgeting rules would be applied. In this instance, the household fails the gross income test due to combination of gross earnings and EIC.

Total Gross Income \$750.00 > \$657.68 185% Standard of Need.

Since ineligibility exists for only one month, assistance for April would be suspended.

39. Q. If a family member leaves the household and takes all or part of the lump sum, would the period of ineligibility be shortened for the remaining family members?
- A. Yes. They no longer have use of that portion of the lump sum.