

Employees' Manual  
Title 4, Chapter F

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# **Family Investment Program Budgeting**

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## **Overview**

This chapter outlines the three-step process used when calculating a household's Family Investment Program (FIP) eligibility and grant amount. The three tests involved – the "185% eligibility" test, the "standard of need" test, and the "payment standard" test – are explained in the order in which each is applied.

For eligible households, the next step is to calculate the amount of the grant by looking at the Schedule of Basic Needs and adding any special needs. Both these topics are discussed in the remaining sections of the chapter.

## **Prospective Budgeting**

Legal reference: 441 IAC 41.27(9)"a" and "b"

Use prospective budgeting to determine both initial and ongoing eligibility and benefits for all households. "Prospective budgeting" means using anticipated income and expenses to determine a household's eligibility and benefit amount. Prospective budgeting requires anticipation of circumstances for future months.

The following sections explain:

- [Projecting future income](#)
- [Conversion of income or expenses received weekly or biweekly](#)
- [Counting prorated income](#)

### **Projecting Future Income**

Legal reference: 441 IAC 41.27(9)"a" and "b"

To determine prospective eligibility and benefits for an application, project income using all nonexempt income received in the 30 days before the interview if the 30-day period is indicative of future income.

Accept the statement of the applicant as to whether the 30-day period is representative of future income. If the applicant states that the 30-day period is not a good indicator of future income, either:

- Use a longer period of time that is a good indicator of future income, or
- Obtain verification of future income from the income source.

The decision on whether to use a longer period of time or to request verification of future income from the income source should be primarily the applicant's.

However, when the applicant is unsure of which would be the best indicator of future income, request verification from the income source.

Also request verification from the income source if the applicant does not have pay stubs from either the 30-day period or from a longer period.

When income fluctuates enough that the 30-day period will not give an accurate projection, use a longer period or verification of future income from the income source. If changes have occurred or can be anticipated, consider the change when making the projection.

Document the period of time used and the calculations in the case record.

If a household provides verification of income received after the date of the interview but before the date of decision, you may use it to project, if it is a good indicator of future income.

Exclude income when you cannot predict the month it will be received. If you can predict the month income will be received but the amount is uncertain, count only the amount that is certain.

1. Ms. A applies for FIP for herself and her children on March 8. An interview is scheduled for March 9. She indicates that the last 30 days are a good indication of her income.

The EBS requests verification of all income received by the eligible group in the 30 days before March 9, the date of interview, and projects based on that income.

2. Mr. and Mrs. F and their children apply for FIP on July 16. An interview is held that same day. The only income received by the eligible group is from Mrs. F's part-time job.

Mrs. F is unsure if her past income is indicative of future income, since her employer just informed her that she will likely be working fewer hours than she has in the past. The EBS requests verification of future income from Mrs. F's employer.

3. Mr. T works at a convenience store for \$6 per hour. His hours vary. Some weeks he works 15 hours; other weeks he works as many as 48 hours. Neither he nor his employer can predict how many hours he will work in any given month.

After reviewing Mr. T's situation, the EBS decides that four months of income will best indicate future months' income. The EBS projects based on the weekly average of the last four months of income.

4. Ms. W has applied for unemployment insurance benefits, but it is uncertain when the benefits will be approved. When projecting income, the EBS does not consider the unemployment insurance benefits until the month of receipt when the amount can be predicted.

### **Conversion of Income or Expenses Received Weekly or Biweekly**

When a household receives income or is billed for expenses on a weekly or biweekly basis, convert these figures to a monthly amount as follows:

- Add all amounts together.
- Divide the total by the number of amounts added.
- Multiply that result by:
  - Four if the income or expense occurs weekly, or
  - Two if the income or expense occurs biweekly.

Ms. G is applying for FIP for herself and her children. The date of interview is September 1. Ms. G is employed and is paid biweekly. During the 30 days before the date of interview, she received three paychecks. Her projected income is calculated as follows:

\$ 653.45	August 3 pay
628.89	August 17 pay
+ 637.44	August 31 pay
\$1,919.78	Total income for the 30-day period
÷ 3	
\$ 639.92	Average biweekly pay
x 2	
\$1,279.84	Projected monthly income

The projection of \$1,279.84 is used in determining prospective FIP eligibility and benefits.

### **Counting Prorated Income**

Legal reference: 441 IAC 41.27(9)"a"

Count the amount of prorated income applied to the month of decision. See [4-E, Income From Contracts](#) and [Self-Employment](#), for information about how to prorate income.

1. Ms. A is employed under contract. She receives \$600 in January. The contract period is January through June. Ms. A files an application for FIP for herself and one child in April.

The contract income is prorated over 6 months. The monthly countable income is \$100. (\$600 divided by 6 = \$100.) \$100 is considered available for each of the months of April, May, and June.

2. Mr. B has been a self-employed carpenter for two years. The last income tax form filed in April shows an annual profit of \$1,200. In June, Mr. B files an application for FIP for himself and two children. There is no other income. The \$1,200 profit is averaged over 12 months. (\$1,200 ÷ 12 = \$100)

### **New Applications**

To begin the eligibility determination process, consider all nonexempt earned and unearned income received or anticipated to be received by the eligible group. Do not include exempt income.

Use the actual income received in an application month to determine eligibility and benefits. Anticipate income for any pay periods not yet received. Income received between the dates of interview and decision does not have to be verified.

1. Mr. V applies on May 14 and is interviewed on May 17. In the 30 days before the interview, Mr. V received paychecks on April 21, April 28, May 4, and May 11.

The EBS processes the application on May 21 and determines eligibility and benefits for May using the actual pay received in the first two pay periods of the month and the projected amount for the remaining two pay periods. Eligibility and benefits for June are based on the projected income.

2. Same situation as Example 1, except that when Mr. V receives his May 18 paycheck he sends it in to the EBS. Mr. V was not required to verify the May 18 pay amount, but since he does, the EBS considers it.

The EBS processes the application on May 21 and determines eligibility and benefits for May using the actual pay received in the first three pay periods of the month and the projected amount for the final pay period. Eligibility and benefits for June are based on the projected income.

Convert income received weekly or biweekly. See [Conversion of Income or Expenses Received Weekly or Biweekly](#) and [Projecting Future Income](#). If the application month income includes weekly or biweekly income and there is a third or fifth check in the month, see [Conversion of Income or Expenses Received Weekly or Biweekly](#).

If a parent leaves the household before the date of decision, do not count:

- The income of the parent.
- Any money the parent gave the household **before** leaving.
- Any payment the parent made **before** leaving for basic needs of the eligible group.

## **Determining Eligibility for a Prior Month**

Legal reference: 441 IAC 41.27(9)“a”

Determine FIP eligibility as of the date of decision. When the date of decision is in a month **after** the first application month, payment may be made for the prior month **if** the household is eligible on the date of decision. If the household is not eligible on the date of decision, do not make payment for the prior month.

When determining eligibility for a month preceding the month of decision, consider income and all circumstances, except family composition, in the same manner as in the **month of decision**.

Families that are subject to the 60-month limit cannot receive FIP beyond that period unless they request and are determined eligible for a hardship exemption. Check the Eligibility Tracking System (ETS) whenever a family applies for FIP to determine the status of the family's 60-month period.

An applicant who is close to the 60-month limit may be eligible for some, but not all, months in the application period. In that instance, you must determine FIP eligibility first for the month of decision, then the month immediately before the month of decision,

then the second month before the month of decision and so on, until the family's 60-month limit has been reached.

An applicant who is close to the 60-month limit may be eligible for some, but not all, months in the application period. In that instance, you must determine FIP eligibility first for the month of decision, then the month immediately before the month of decision, then the second month before the month of decision and so on, until the family's 60-month limit has been reached.

Make sure that you do not approve FIP for more months than are left in the family's 60-month period. To avoid issuing FIP beyond the 60-month limit, you have to determine the proper FIP effective date in accordance with the number of FIP months the family has left to use.

If the family is not eligible in the month of decision, deny the FIP application as in any other situation. The family will have to reapply to complete its 60-month FIP period.

1. Mrs. A applies for FIP on April 15. The EBS checks FET and finds that Mrs. A has received FIP for 59 months. She has one more FIP month left to use.

During the application interview, the EBS gives Mrs. A form **470-3851, Important Information About Your FIP Case** and **Comm. 137, 5-Year Limit on FIP Assistance**. The EBS discusses the family's 60-month status with Mrs. A and explains that FIP will be canceled at the end of Mrs. A's 60-month period.

The EBS also goes over the hardship exemption provisions and gives Mrs. A form **470-3826** or **470-3826(S), Request for FIP Beyond 60 Months**. The EBS explains that if Mrs. A submits a hardship exemption request, a separate determination is required on the hardship exemption and Mrs. A will get another **Notice of Decision** about the outcome of that determination. The EBS informs Mrs. A that if her hardship exemption request is granted, her FIP case will be reopened.

On May 10, the EBS makes the eligibility decision. Since Mrs. A is eligible in the month of decision, FIP assistance is approved effective May 1 through May 31 only, as that month concludes Mrs. A's 60-month period. FIP is not issued for April. Mrs. A will be ineligible for FIP effective June 1 because of the 60-month limit.

2. Same as Example 1, except Mrs. A has received FIP for 58 months when she reapplies on April 15. The EBS makes the eligibility decision on May 10. Since Mrs. A is eligible in the month of decision, FIP is approved effective April 22 through May 31, because April and May complete her 60-month period. Mrs. A will be ineligible for FIP effective June 1 because of the 60-month limit.
3. Mrs. B applies for FIP April 26. According to FET, she has received FIP for 57 months. On May 20, the EBS makes the eligibility decision. Since Mrs B is eligible in the month of decision, FIP is approved effective May 2 through July 31. Mrs. B will become ineligible for FIP effective August 1 because of the 60-month limit.
4. Mr. C applies for FIP on April 20. According to FET, he has received FIP for 58 months. Mr. C has difficulty obtaining needed information. As a result, the eligibility decision is not reached until June 3.

Since Mr. C is eligible in the month of decision, FIP is approved effective May 1 through June. FIP is not issued for April. Mr. C will become ineligible for FIP effective July 1 because of the 60-month limit.

**Note:** In all of these examples, the FIP application must be denied if the family is not eligible in the month of decision. The family will have to reapply and, as in other application situations, be determined eligible in the month of decision to complete its 60-month FIP period.

Refer to [\*\*4-C, Limit on FIP Assistance\*\*](#) for additional information.

### **Family Composition in the Month of Decision**

Legal reference: 441 IAC 41.27(9)"a"(4)

Consider the family composition for any month or partial month before the month of decision the same as on the date of decision.

- If one or more persons enter the home between the date of application and the date of decision, apply the same effective date of assistance for that person as long as the new person is otherwise eligible. If the person is receiving assistance on another case, the person's eligibility begins when eligibility ends on the other case. (See [\*\*4-C, Duplicate Assistance\*\*](#).)
- If a person leaves the home between the date of application and the date of decision, do not include this person for any month in the application period.

See [\*\*4-B, Effective Date of Assistance\*\*](#) when FIP eligibility is dependent on the birth of a child.

When a new person who is a mandatory household member enters an existing FIP household, the date of application to add the new person is the date the household reports that the new person is in the home. Add the new person to the grant effective seven days from the date of the household's report, if otherwise eligible.

See [\*\*4-G, Adding a New Member to an Active Case\*\*](#).

When a household asks to add a person to its existing FIP case, and another eligible person enters the home before the date of decision to add the first person, also add the second new person effective the same date as the first new person, provided that:

- The second new person is not receiving assistance on another case and
- The second new person is otherwise eligible.

However, if the decision has already been made to add the first person, add the second new person no sooner than seven days after the date the household reports the second new person in the home.

When the second person who enters the home before the date of decision is active on another case, the person's eligibility on the new case begins when eligibility ends on the former case.

1. Ms. A applies for FIP for herself and one child on January 7. On January 22, Ms. A reports that another child was born on January 20. On January 23, the EBS determines eligibility. A payment is made for two persons effective January 14 and for one child effective January 20.
2. Mr. B applies for FIP for himself, his wife, and two children on April 17. On April 30, his wife leaves the home. On May 3, the EBS determines eligibility. A payment is made for three persons effective April 24.
3. Ms. C applies for FIP for herself and one child on August 28. On September 8, the father returns to the home. He has a \$2,500 savings account. The EBS makes a decision on eligibility on September 10. The family is ineligible because resources exceed the \$2,000 applicant limit.
4. Ms. D receives FIP for herself and one child. On May 2, Ms. D reports a second child entered the home that day. On May 10, she reports that another child returned to the home on that day. Neither of these children receives assistance on another case. On May 17, the EBS determines eligibility. If the family is eligible, both children are added with an effective date of May 9.

5. Mrs. K applies for FIP for herself and one child on May 3. On May 13, a second child returns home from foster care. Foster care ended May 12. The EBS makes a decision on eligibility on May 20. Mrs. K and the first child are eligible effective May 10 (seven days after the application is received). The second child is eligible effective May 13, the day after foster care ends.

### **When an Eligibility Decision Is Delayed**

Legal reference: 441 IAC 41.27(9)"a"

If circumstances prevent timely action on an application, base eligibility on the eligibility factors that exist on the date of decision. If the household is ineligible in the month of decision, deny the application.

If eligibility exists, base the payment on the projected income and expenses, or actual income and allowable expenses received, if provided. Anticipate income for any pay periods not yet received.

Ms. A applies for FIP for herself and her baby on June 15. Approval of the application is delayed because Ms. A is having difficulty obtaining the necessary verification to apply for a social security number for the baby. Ms. A provides proof of application for the social security number on August 7 and FIP is approved that day.

Eligibility is based on income expected in August. The payment for June and July is based on actual income for each of those months. The payment for August is based on the income projected for August.

### **Applying Income Tests**

The income tests apply to **each person** in a FIP household whose income must be **considered** in determining the total countable income for the entire household. It is critical to identify the proper relationship of all FIP household members to each other, whether or not they are included in the FIP grant, so that the ABC system can apply the proper deductions, disregards, and diversion on the three income tests.

The following sections explain:

- [The 185% eligibility test](#)
- [The standard of need eligibility test](#)
- [The payment standard eligibility test](#)
- [Rounding down amounts obtained through applying these tests](#)

### **Step 1: 185% Eligibility Test**

Legal reference: 441 IAC 41.27(9)"a"

The 185% eligibility test compares the amount of the eligible group's countable gross income to the 185% of the FIP "standard of need" (based on the "schedule of living costs") for an eligible group of that size. Apply the 185% test:

- On case applications when a new person whose income must be considered enters an existing FIP household, and
- To determine continuing eligibility.

Determine the nonexempt gross earned and unearned income for the eligible group.

- Use **gross** nonexempt income of:
  - Persons included in the eligible group.
  - Parents who are excluded from the eligible group due to sanction.
  - Parents who are **not** sanctioned but who are ineligible because they are ineligible aliens.
- For self-employed persons, use the net profit figure.
- For ineligible stepparents and self-supporting parents in minor parent cases, use income that remains after deducting the following, **if applicable**:
  - 20% earned income deduction.
  - Diversion for persons not in the home.
  - Diversion for ineligible or excluded persons in the home.

Compare the countable gross income to the 185% of the standard of need for the size of the eligible group: This includes 185% of need according to the Schedule of Living Costs plus 185% of any allowable special needs. (See [Special Needs](#).)

185% of Schedule of Living Costs	
Number of Persons in Eligible Group	Income Limit
1	\$675.25
2	\$1,330.15
3	\$1,570.65
4	\$1,824.10
5	\$2,020.20
6	\$2,249.60
7	\$2,469.75
8	\$2,695.45
9	\$2,915.60
10	\$3,189.40
Each additional person	\$320.05

See [Rounding Down](#) for instructions on when rounding applies in the 185% test.

When the countable gross income **exceeds** the 185% test, deny the application. If the application is denied, there is also no eligibility for FIP for a prior month.

When the applicant household's gross nonexempt earned and unearned income is **below or equal to** the 185% eligibility test, determine the household's eligibility under the standard of need test.

For participants, when the countable gross income exceeds the 185% test, cancel assistance. When the participant household's gross nonexempt earned and unearned income is **below or equal to** the 185% eligibility test, determine the household's eligibility under the payment standard test.

### **Step 2: Standard of Need Eligibility Test**

Legal reference: 441 IAC 41.27(9)"a"

The "standard of need" test compares the total countable income of the eligible group to the FIP "standard of need" (based on the "schedule of living costs") for an eligible group of that size. The standard of need test determines eligibility for the 58% work incentive deduction for applicants.

Apply the standard of need test only to case **applications** and **reapplications**. On reapplications, apply the standard of need test regardless of how much time has passed since the previous period of eligibility.

Ms. B receives FIP. She is employed and receives the 20% earned income deduction and the 58% work incentive deduction when the system calculates her FIP grant.

Ms. B's FIP grant is canceled effective March 1. She reapplys March 3. In processing her reapplication, Ms. B is subject to the standard of need test without the 58% work incentive deduction.

The standard of need test is not applied to participants. Discontinue application of the standard of need test beginning with the benefit month after the month of decision.

March 1 Date of application  
March 8 Effective date of assistance  
May 2 Date of decision

Apply the standard of need test to determine eligibility for the benefit months of March, April, and May. Stop applying the test effective with the benefit month of June.

Do not apply the test when determining initial eligibility for a new person who enters an existing FIP household.

Do not apply the standard of need test when **reopening** a case when the period for reinstatement has lapsed but an application is not required.

To apply the standard of need test:

1. Calculate the countable gross nonexempt earned and unearned income received or expected to be received in the month of decision by any person whose income must be considered.
2. Apply the following deductions and diversions, **if applicable**:
  - 20% earned income deduction.
  - Diversions for persons not in the home.
  - Diversions for ineligible or excluded persons in the home.

Apply these first to the **earned** income of:

- Persons included in the eligible group.
- Ineligible stepparents and self-supporting parents in minor parent cases.
- Parents who are excluded from the eligible group due to sanction.
- Parents who are not sanctioned but who are ineligible due to their alien status.

3. Determine the total countable income for each person whose income must be considered:
  - When a person has both earned and unearned income, and earnings are **less than** the allowable deductions and diversions, subtract any unused portion of the diversions for persons in and outside the home from the unearned income. Consider the balance as countable income.
  - When a person has both earned and unearned income, and earnings **remain** after applying the allowable deductions and diversions, add the unearned income to the remaining earned income. Consider the total as countable income.
4. Compare the total countable income of the eligible group to the Standard of Need for an eligible group of that size, which is the:
  - Total need of the eligible group as determined by the Schedule of Living Costs **plus**
  - Any special needs. (See [Special Needs](#).)

<b>Schedule of Living Costs (Standard of Need)</b>	
Number of Persons in Eligible Group	Income Limit
1	\$365.00
2	\$719.00
3	\$849.00
4	\$986.00
5	\$1,092.00
6	\$1,216.00
7	\$1,335.00
8	\$1,457.00
9	\$1,576.00
10	\$1,724.00
Each additional person	\$173.00

See [Rounding Down](#) for instructions on when rounding applies in the standard of need test.

When the remaining income in the month of decision is **below** the standard of need for the eligible group, the applicant is eligible for the 58% work incentive deduction. Go on to determine the household's eligibility under the payment standard test.

When the remaining income in the month of decision **equals or exceeds** the standard of need for the eligible group, deny the application. There is no eligibility for a prior month.

### **Step 3: Payment Standard Eligibility Test**

Legal reference: 441 IAC 41.27(9)"a"

The "payment standard" eligibility test compares the total countable income of the eligible group to the FIP payment for a group of that size. Determine the household's eligibility under the payment standard test when:

- An applicant household is eligible under both the 185% test and the standard of need test, or
- A participant household is eligible under the 185% test.

To determine eligibility under the payment standard test:

1. Calculate the countable gross nonexempt earned and unearned income for any person whose income must be considered.
2. Apply the following deductions and diversions, **if applicable:**
  - 20% earned income deduction.
  - Diversion for persons not in the home.
  - Diversion for ineligible or excluded persons in the home.
  - 58% work incentive deduction.

Apply these first to the **earned** income of:

- Persons included in the eligible group.
- Ineligible stepparents and self-supporting parents in minor parent cases.
- Parents who are excluded from the eligible group due to sanction.
- Parents who are not sanctioned but who are ineligible due to their alien status.

3. Determine the total countable income of each person whose income must be considered:
  - When a person has both nonexempt earned and unearned income, and the earnings are **less than** the allowable deductions and diversions, subtract any unused portion of the diversions (for persons in or outside the home) from the unearned income. Consider the balance as countable income.
  - When a person has both nonexempt earned and unearned income, and earnings **remain** after applying the allowable deductions and diversions, add the unearned income to the remaining earned income. Consider the total as countable income.

4. Compare the total countable income of the eligible group to the payment standard for a group of that size, which is the:

- Total need of the eligible group as determined by the Schedule of Basic Needs **plus**
- Any special needs. (See [Special Needs](#).)

<b>Schedule of Basic Needs (Payment Standard)</b>	
Number of Persons in Eligible Group	Income Limit
1	\$183
2	\$361
3	\$426
4	\$495
5	\$548
6	\$610
7	\$670
8	\$731
9	\$791
10	\$865
Each additional person	\$87

See [Rounding Down](#) for instructions on when to round down the amount of the grant.

For **applicant** households, approve the application if the countable net earned and unearned income in the month of decision is less than the payment standard for the eligible group. Approve the application even in situations where information indicates the applicant may be ineligible in the month following the month of decision.

Deny the application if the countable net earned and unearned income in the month of decision is equal to or exceeds the payment standard for the eligible group. There is no eligibility for a prior month.

For **participant** households, cancel assistance if the income equals or exceeds the payment standard.

### **Rounding Down**

Legal reference: 441 IAC 45.27(239B), 41.27(239B)

When the need standard or payment amount is not a whole dollar, round down to the next whole dollar.

Round down the standard of need in:

- Performing the 185% test.
- Performing the standard of need test.
- Determining the allowance for the needs of a stepparent and dependents.
- Determining the allowance for the needs of self-supporting parents and dependents when deeming income to unmarried parents under age 18.
- Determining the period of ineligibility resulting from receipt of a nonrecurring lump sum.

**Do not** round down the “schedule of basic needs” amounts used in the payment standard test.

Round down the monthly budget deficit before deducting a recoupment.

Consider the total monthly deficit before rounding down when:

- Issuing one-time special need or payment adjustments.
- Issuing a second one-time special need or payment adjustment or combination of payments.

#### **Rounding on the 185% Test**

1. The 185% of the schedule of living costs figure for two persons is \$1,330.15. A school expense special need of \$18.75 is rounded to \$18 before the 185% calculation ( $\$18 \times 185\% = \$33.30$ ).  $\$1,330.15 + \$33.30 =$  a 185% of need figure of \$1,363.45.

2. The 185% of the schedule of living costs figure for three persons is \$1,570.65. A school expense special of \$19.60 is rounded down to \$19 before the 185% calculation ( $\$19 \times 185\% = \$35.15$ ).  $\$1,570.65 + \$35.15 =$  a 185% of need figure of \$1,605.80.

#### **Rounding on the Standard of Need Test**

3. The schedule of living costs figure for two persons is \$719. A school expense special need of \$18.75 is added to \$719, for a total need of \$737.75. This amount is rounded to \$737 for the standard of need test.

#### **Rounding on the Payment Standard Test and on Payment**

4. The schedule of basic needs figure for two persons is \$361. \$361 plus an ongoing special need of \$18.50 equals a payment standard test figure of \$379.50. If there is no income, this figure is rounded to \$379.00 to arrive at the final amount of the FIP grant.
5. A one-time special need of \$18.50 is submitted.

\$361.00	Basic needs for two persons
+ <u>18.50</u>	One-time special need
\$379.50	Payment standard
\$379.00	Rounded for final grant amount if there is no income

Note: One-time special needs and payment adjustments are handled in the same way.

6. A one-time special need of \$18.50 is submitted after the first of the month.

\$361.00	Basic needs for two persons		
- <u>70.60</u>	Countable earnings		
\$290.40	Original monthly deficit		
\$290.00	Rounded grant		
\$290.40	Original deficit	\$308.00	Rounded deficit
+ <u>18.50</u>	Special need	- <u>290.00</u>	Grant already received
\$308.90	Revised monthly deficit	\$ 18.00	Special need allowance

7. A one-time special need of \$19.75 is submitted after the first of the month.

\$426.00	Basic needs for three persons		
- <u>145.45</u>	Countable earnings		
\$280.55	Original monthly deficit		
\$280.00	Rounded grant		
\$280.55	Original deficit	\$300.00	Rounded deficit
+ <u>19.75</u>	Special need	- <u>280.00</u>	Grant already received
\$300.30	Revised monthly deficit	\$ 20.00	Special need allowance

8. Two one-time special needs are submitted after the first of the month.

\$495.00	Basic needs for four persons
- <u>135.15</u>	Countable income
\$359.85	Original monthly deficit
\$359.00	Rounded grant

When the first special need for \$9.50 is submitted:

\$359.85	Original deficit	\$369.00	Rounded deficit
+ <u>9.50</u>	Special need	- <u>359.00</u>	Grant already received
\$369.35	Revised monthly deficit	\$ 10.00	Special need allowance

When the second special need for \$18.90 is submitted:

\$369.35	Revised deficit	\$388.00	Rounded deficit
+ <u>18.90</u>	Special need	- <u>369.00</u>	Grant already received
\$388.25	Revised monthly deficit	\$ 19.00	Second special need

The eligible group is entitled to \$388 for the month. \$359 was paid in the grant. \$10 was paid in the first special allowance; therefore, the eligible group receives \$19.00 in the second special allowance.

9. Recoupment

\$361.00	Basic needs for two persons
- 229.20	Countable income
\$131.80	Deficit
\$131.00	Rounded grant
- 36.10	10% reduction for recoupment
\$ 94.90	Grant amount

The eligible group is entitled to receive a grant determined by rounding the budgetary deficit down to the next whole dollar. Therefore, the eligible group receives a grant in the exact amount remaining after a recoupment deduction is made.

## Calculating the Amount of Assistance

Legal reference: 441 IAC 41.27(9)"a"

Determine the FIP grant amount by subtracting the countable net income from the payment standard for the eligible group.

See [\*\*4-B, Effective Date of Assistance\*\*](#) for information on when the grant must be prorated. (If the Automated Benefit Calculation System determines the payment, the system rounds the payment down after the prorated amount has been determined.)

### Basic Needs

Legal reference: 441 IAC 41.28(2)

The "schedule of basic needs" is used to establish the eligible group's needs and the amount of the grant. It combines into one standard the following common basic needs:

- Food, including school lunches.
- Clothing, including layette, laundry, and dry cleaning.
- Personal care and supplies, including regular school supplies.
- Medicine chest items.
- Shelter, including rent, taxes, upkeep, insurance, and amortization.
- Utilities, including fuel, water, lights, water heating, refrigeration, and garbage.

- Household supplies and replacements, including essentials associated with housekeeping and meal preparation.
- Communications, including bus fares, telephone, newspapers, and magazines.
- Transportation.

Use the schedule of basic needs to determine the basic needs of persons whose needs are included in the grant. Also use the schedule of basic needs to determine the needs of certain persons not included in the eligible group, such as an ineligible child of the FIP parent (e.g., one who does not have a social security number).

<b>Schedule of Basic Needs (Payment Standard)</b>	
<b>Number of Persons in Eligible Group</b>	<b>Income Limit</b>
1	\$183
2	\$361
3	\$426
4	\$495
5	\$548
6	\$610
7	\$670
8	\$731
9	\$791
10	\$865
Each additional person	\$87

Add any allowable special needs to the amount from the schedule of basic needs to determine the payment standard for the eligible group.

### **Special Needs**

Legal reference: 441 IAC 41.27(9)“j,” 41.28(3)

Special needs for guardianship or conservatorship fees and school expenses can be allowed in addition to the basic needs. Before making a payment for a special need, the client must provide documentation, such as:

- A copy of the court order assigning a guardian or conservator.
- A rental agreement when renting school equipment.
- A written or verbal statement from a school.
- Any reliable information indicating the need and the cost of the special need.

Most special need payments are made by issuing a separate payment. Issue payment for a one-time special need within ten days of the date that the client provides all needed documentation.

Do not make payment for a special need when assistance issued for the month is subject to recovery because the case or person is ineligible, unless the additional cost makes the case eligible. Payment is not made on the basis of a special need alone.

Refer to **4-A** for specific procedures for payment of special needs when assistance is continued because of a timely appeal.

Mrs. A and her child have excess resources. Timely notice is sent June 30. The FIP grant is canceled effective August 1. July assistance is subject to recovery. If Mrs. A does not appeal, special needs for July are not paid. If FIP is continued pending an appeal, special needs are paid, but are subject to recovery if the Department is affirmed.

### **Guardianship or Conservator Fees**

Legal reference: 441 IAC 41.28(3)

Guardianship or conservator fees are allowable special needs. Allow up to ten dollars per case per month for each eligible group in the household. No additional payment is allowed for court costs or attorney's fees.

### **School Expenses**

Legal reference: 441 IAC 41.28(3)"a"

An allowable school expense is:

- For a child's education.
- A specific charge made by the school or in accordance with school requirements in connection with a course in the curriculum, including college courses.
- Required of all students in the course.
- At a reasonable cost equivalent to what an average non-FIP family would pay.
- Claimed while the student is actually participating in the course or purchased in advance, if required for all students.

For example, a school may require that mandatory fees be paid **before** the student participates in the course. If all students are required to pay in advance as part of the registration process, the FIP special-needs payment may also be issued in advance.

Allow payment for school expenses only for a person who meets the FIP definition of "child." For example, do not allow school expenses for a 17-year-old minor parent who lives independently or with self-supporting parents.

Allow payment for school expenses incurred in a public or nonpublic school.

**Exceptions:** Do not allow payment for a school expense that is for:

- Tuition.
- Ordinary school supplies.
- An expense in a noncertified school.
- A fee that the school has waived or could waive. (See [School Fee Waiver](#).)

Also allow payment for school expenses incurred in a preschool setting when the preschool is certified and the costs are part of the curriculum. The same applies to home schooling, provided the home schooling arrangement is monitored and approved by the school system.

Examples of courses that frequently have mandatory fees are home economics, physical education, and manual arts.

Driver's education is an allowable school expense provided it is a course in the curriculum (meaning the student gets a credit for the class) and the fee is charged to all students and is not for tuition.

The fact that the child may use an item outside the classroom does not preclude payment for a special need. For example, a special allowance is made for gym shoes, even though the gym shoes may be part of the student's regular attire, as long as all the students are required to wear gym shoes during gym class. Payment can be made for one pair of gym shoes per semester (two pairs total per school year).

Verify the amount of the school expense and connection with a course in the curriculum via a signed release from the client. **Exception:** If there is a set schedule of fees for a particular school, you may issue the special allowance for school expenses automatically upon request by the client. Document the basis for the special allowance.

The following sections give more information on:

- [Determining "reasonable cost"](#)
- [Waiver of school fees](#)

### **Determining "Reasonable Cost"**

Legal reference: 441 IAC 41.28(3)"a"

Limit a special allowance for school expenses to the reasonable cost required to meet the specifications of the course. This means, limit a special allowance to the equivalent of what an average non-FIP family would pay for a given school expense.

The charge for driver's education may be higher during the summer than during the regular semesters. If driver's education is not available during the regular semesters and the student takes the class in the summer, reimbursement may be made at the rate charged in the summer.

However, if the class is available in the regular semesters but the student chooses to take the course during the summer, reimbursement must not exceed the rate charged for driver's education in the regular semesters.

If the need is for equipment, limit the allowance to rental charges. When the rental charge applies on the purchase of the equipment, allow only the usual rental charge. Allow insurance premiums only when required by the terms of the rental agreement.

In the case of gym shoes, the allowable price is updated yearly based on the cost of living increase. Once the price has been determined, do not allow any amount in excess of the price unless:

- School authorities specify that a particular pair of shoes must be purchased, or
- Medical evidence indicates special shoes are required.

Apply the same principle when determining the reasonable cost of other school expenses. Inform the client of the reasonable amount that can be allowed. The client may choose to pay above that amount.

### **School Fee Waiver**

Legal reference: 281 IAC Chapter 18

Iowa law provides for fee waivers for students who attend a **public** school within the family's area of residence. If the student attends a school outside the family's area of residence, the school is not required to waive fees unless the student attends the nonresident school under the open enrollment policies.

Schools are required to notify students and their families of the waiver provisions by including a notice with the registration materials. Fee waivers are good for one school year only and are not granted automatically.

Families must complete an application and reapply each school year. (An application for free or reduced-price lunches does not include the fee waiver. A separate application is required.)

Families may have school fees waived fully or partially, depending on family income. The school may grant a "temporary" waiver to families who do not qualify for the full or partial waiver who have temporary serious financial problems. FIP participants qualify for full waivers.

The waiver applies to any item supplied by the school for which the school would otherwise charge a fee, including fees for:

- Textbooks and workbooks.
- Driver's education instruction.
- School supplies such as pens, pencils, notebooks, and paper.
- Lockers and towels.
- Exploratory classes.
- Summer school tuition.
- Ear or eye protective devices.
- Transportation for resident students not eligible for free transportation.

(Note that some of these items do not qualify for FIP reimbursement.)

The waiver does not apply to gym shoes or rental of music instruments, because the school does not provide those items. The student is responsible for supplying those items, which may qualify for reimbursement under FIP.

Schools provide some items that are essential to the instruction of the course free of charge. Examples include art supplies for art class, chemicals for science class, or materials for shop class.

Schools may charge a fee for supplies that are not essential to the instruction of the course. Schools often elect to make the materials available to the student at cost, but schools are not required to waive costs above the necessary project expenses.

For example, the school is required to provide only particle board or pine wood necessary to make a required project in a woodworking course. If the student elects to use walnut wood, the student is responsible for supplying the extra or special materials.

If the student elects to use materials that are not essential to the course, the additional expense may qualify for reimbursement under FIP. Limit the payment amount to the reasonable cost to the equivalent of what an average non-FIP family would pay for the item.

If a FIP participant qualifies for the waiver but chooses not to apply for it, FIP reimbursement cannot be granted. Therefore, if a participant applies for reimbursement, approve payment only if:

- The allowable expense is not covered by the fee waiver, or
- The participant is not eligible for the fee waiver.

The purpose of reimbursing a FIP participant for allowable school expenses is to pay for an expense that the participant would otherwise have. If the participant's expense is met via the fee waiver, there is no cost to the participant.

### **How to Treat a Special Need**

Legal reference: 441 IAC 41.27(9)“j”

Combine a one-time special need with the basic needs to determine the total needs of the eligible group in the calendar month in which the special need is successfully entered into the system.

Include a special need documented during the application process when determining total need for the month of decision, even if the month of decision follows the month of application and the special need is incurred in the month of application. See [14-B\(6\)](#) for system coding instructions.

Ms. A applies for assistance for herself and one child. The effective date of approval is September 22. On the date of decision, October 4, her countable income for October is projected to be \$365, which exceeds the basic needs of \$361 for two persons.

However, on September 27, Ms. A submits a receipt for her child's school expense fee of \$15.05. By combining the special need of \$15.05 with basic needs of \$361, Ms. A has a total need of \$376.05. This exceeds her countable income of \$365. She is eligible for the month of October.

Combine an ongoing special need with the basic needs to determine total need for the month after the month the special need is entered onto the system. Include the payment prospectively in each month's FIP grant until the special need ends.

When an ongoing special need is effective with the month in which documentation is received, or is effective before that month, enter one-time special needs on the ABC system for the current and prior months, as appropriate.

Include payment for continuing special needs prospectively in each month's FIP grant. When the special need ends, remove the payment prospectively from the monthly FIP grant.

Allow a special need for a canceled case when the payment was approved **before** the cancellation but could not be added before the cancellation due to time or system limitations. "Approved" means that all needed documentation was received before the cancellation.

If a client reapplys and is approved for FIP in the same month that you successfully entered the special need into the ABC system, the special need is added to basic needs to determine the total need for the month.

Mrs. A's FIP case is canceled effective July 1. On the last working day of June, the EBS receives all the documentation required for approval of a special need. The EBS does not have the time to enter the special need on the system that day.

Since the special need was approved but could not be entered before to the effective date of cancellation, Mrs. A still receives payment for that special need.

When the participant is deceased, make the payment to the participant's estate. If an estate is not opened, make the payment to someone who is actively involved in the care of the children.