SNAP Budgeting

Page

Overview

This chapter details how to determine countable income in order to determine SNAP eligibility and calculate benefits. Policies include:

- How to make an income determination by anticipating (estimating) ongoing income and expenses at application, when a household has changes in circumstances, and at recertification,
- How to calculate benefits for the certification period.

Anticipating Income

Legal reference: 7 CFR 273.10(a)(2) and 273.10(c)(1)

Policy: Anticipating (estimating) income is the process of making a reasonably certain estimate of the amount of income a household will receive in the future.

When determining how much income to budget, count income only if you can make a reasonably certain estimate of the amount and the timing of receipt. **Do not count any income if you cannot estimate the amount or are uncertain when it will be received.**

NOTE: Income may be anticipated even if it is not guaranteed. For example, an employer might state the employee is scheduled 40 hours per week and overtime is not guaranteed, but history shows the employee consistently works overtime. You need to have a conversation with the household to determine if it is reasonable to project overtime income. If additional information is needed, request verification from the household.

Comment: See 7-E, *Income* for each type of income a household receives in order to determine if it is countable or if the income type requires special treatment. For treatment of special income situations, see:

- 7-I, *Migrants and Seasonal Farm Workers* when a household has a member who is a migrant or seasonal farm worker.
- 7-I, *Annualized Income and Expenses* for self-employment income.
- 7-E, *Contract Income* for treatment of contract income.
- 7-E, *Interest Income* for treatment of interest income.
- 7-E, *Annuity* for treatment of annuity income.

The procedures for anticipating income are described in the following sections:

- Income in the month received
- Past 30 days' income

Income in the Month Received

Legal reference: 7 CFR 273.10(c)(2) and 273.11(a); 441 IAC 65.23(1)

Policy: Only count income for a month when you can reasonably anticipate that it will be received.

Procedure: When there are one-time variations in the normal receipt date, count the payment for the month for which it is intended. Examples:

- Mailing cycles for monthly payments like Family Investment Program (FIP) benefits, Supplemental Security Income (SSI) benefits, and Retirement, Survivors and Disability Insurance (RSDI) payments can occasionally cause households to receive two checks in a month.
- An employer may issue checks early when the normal payday falls on a weekend or holiday.

> A household has a member who is in the military. They chose to receive the military pay on the first of each month. The worker knows they will receive two checks in December because a holiday falls on January 1. The check that will be issued at the end of December is considered as received on January 1.

If the employee asks the employer to hold back wages, you must count the wages as income in the month in which the wages would normally be received. If an employer holds wages without the consent of the employee, do not count the wages as income unless the household anticipates that it will:

- ask for and receive a wage advance; or
- receive wages previously held by the employer and the wages have not previously been counted as income.

Count wage advances only when you can reasonably expect them to be received.

Comment: Never count income as a resource for the same month that you used it to calculate SNAP benefits. For determining countable resources, see 7-D, *What Resources to Count*.

Income in the Application Month

Legal reference: 273.10(c)(1)(i), and (ii)

Policy: Use the household's income for the entire calendar month in which the application was filed to determine their eligibility and benefits for the month of application.

Procedure: To determine income for the month of application, use:

- The actual income the household received up to the date of interview, and
- Any other income you receive verification for before you process the case, and
- The income you and the household estimate will be received in the remaining pay periods in the application month.

If the application month income includes weekly or biweekly income and there is a third or fifth check in the month, see Conversion of Weekly and Biweekly Income.

Anticipated Changes at Application

Legal reference: 7 CFR 273.10(a)(3), 273.10(c)

Policy: Because of anticipated changes, a household may be eligible for the month of application, but ineligible for subsequent months. They are entitled to benefits for the month of application even if the benefits are approved and issued in a subsequent month.

Conversely, because of anticipated changes a household may be ineligible for the month of application, but eligible for subsequent months. The same application **must** be used for the denial for the month of application and the determination of eligibility for subsequent months.

> A household applies in October. The household has received October benefits in another state so is ineligible in Iowa for the month of application. The household meets all eligibility requirements and is eligible for November benefits in Iowa.
>
> The worker denies October benefits because the household already received benefits in another state for the month of application and determines eligibility for November and subsequent months.

Past 30 Days' Income

Legal reference: 441 IAC 65.23(2), 7 CFR 273.10(c)(1)(ii) and 273.10(c)(3)(i)

Policy: Use income received in the past 30 days to project income for future months unless changes have occurred or are anticipated. If changes have occurred or are anticipated, make a reasonable estimate of anticipated income based on verified information and the household's additional statements.

If the household provides verification that covers more than the 30-day period, this verification may be used if it is indicative.

If the income source is new, follow policies for New Income Source. Be sure to document the income used and why it was used.

Procedure: For initial applications, use income received in the 30 days before the interview to estimate income for the certification period, unless changes have occurred or are anticipated.

For recertifications, use the 30-day period of income the household provides with the *Review/Recertification Eligibility Document* (RRED) when the household has indicated on the RRED that their income will stay about the same and you determine that is reasonable based on their circumstances.

1. Get verification of the past 30 days' income. See 7-E, *Income Verification Requirements* for what is acceptable as verification. Estimate future income from tips using verification provided as stated in 7-E, *Tips*.
2. If the household reports the income they verified is not expected to stay the same, discuss with them why the verified information is not indicative of future income. Make a reasonable estimate of anticipated income based on the verified information and their additional statements. If, for any reason, a household disagrees with the anticipated prospective income calculation, additional verification should be requested. If you find the anticipated income questionable while discussing the anticipated prospective income with them, additional verification may be requested. Clearly document the income determination in a manner that supports the reasonableness and accuracy of the determination.
3. If the past 30 days' income includes a third or fifth check, see Conversion of Weekly and Biweekly Income to estimate a monthly amount.
4. The household may provide verification more recent than 30 days before the interview or with the RRED. If this happens, use a new 30-day period that includes the more recent verification if it is indicative of future income.
5. When income fluctuates seasonally, use the most recent season's income as an indicator of income for the same months of the new certification period. If the seasonal income changed or a change is anticipated, determine income using the best information available. For example, people who are employed by lawn care or snow removal businesses are seasonally employed.

1.	At his May application interview, Doug says that he expects to receive $600 in the month of August for working at the State Fair. Because he is certain he will be working again and he will earn at least $600, that amount is used to determine August eligibility and benefits.

2. Dolly works in a restaurant and receives tips. The manager records tips and reports them on the restaurant's paystubs. Dolly provides the paystubs as verification of the tips she has received in the past 30 days and marks on her RRED that she expects her pay to remain about the same. The worker determines the information on the paystubs is reasonable for the circumstances so the worker uses the amount shown on the pay stub to estimate what tips she will receive in the future.

3. Lou is a bartender and receives tips. The bar owner records tips and reports them on the paystubs. Lou provides the paystubs he received in the past 30 days. He tells the worker that he does not get as many tips as shown on the pay stub and gives a reasonable explanation as to why.

   Lou kept a record of his tips. The worker uses his record to estimate what tips he will receive in the future. Because the worker is not using the tip amounts on the paystubs, the worker documents the amount of tips estimated and why that amount was used.

4. Dan applies on April 28 and his interview is held on May 1. He does not have paystubs for the last 30 days, those received April 3, 10, 17, and 24. He has until May 11 to provide verification. On May 11, he provides paystubs for April 3, 10, 17, and 24. Even though he was not asked to, he also provides paystubs for May 1 and 8.

   Actual earnings for April 3, 10, 17, and 24 are used to determine April eligibility and benefits.

   Since Dan provided May paystubs, those must be used to determine May eligibility benefits. First, the three payments that he has yet to receive in May must be estimated.

   To do this, average the most recent 30 days of income to get a weekly amount: April 10 for $160 + April 17 for $160 + April 24 for $150 + May 1 for $150 + May 8 for $200 = $820 ÷ 5 = $164 average weekly pay.

May 1	$150	Actual
May 8	+200	Actual
May 15	+164	Anticipated
May 22	+164	Anticipated
May 29	+164	Anticipated
	$842	(Total May actual income and estimated income)

   Dan will be paid five times in May. Therefore, it is necessary to convert. $842 ÷ 5 paydays = $168.40 x 4 paydays = $673.60, to use for May eligibility and benefits.

For June and the remaining months of the certification period, the last 30 days average income is used: April 10 for $160 + April 17 for $160 + April 24 for $150 + May 1 for $150 + May 8 for $200 = $820 ÷ 5 = $164 average weekly pay.

$656 ($164 X 4 = $656) is used for June and ongoing months.

5. Laurie applies on May 27 and is interviewed on May 28. She is paid bi-weekly on Fridays, most recently on May 22. Verification of her past 30 days income is requested, including checks from Friday May 8 and 22. When she submits the verification, she provides those two checks, as well as the one she received on April 24. All three are indicative of future earnings.

April 24	$250 Actual
May 8	$275 Actual
May 22	$240 Actual

For May you need to use the actual income received on May 8 and 22, $275 + $240 = $515.

For June and the remaining months of the certification period, you may use $515 or include the April 24 check since it was provided and is indicative. $250 + $275 + $240 = $765 ÷3 = $255 average bi-weekly check. $255 x 2 = $510 projected.

Therefore, either $510 or $515 would be acceptable for June and ongoing. Be sure to document the income you used and why.

6. Rose applies on April10 and her application shows she recently started working. At her interview on April 12, she reports that she started the job in late March and got her first check on April 8 for $350. She is paid bi-weekly on Fridays and expects to work 30 hours per week for $10/hour.

She provides her first paystub which is a partial pay period due to her date of hire. Verification from the employer shows she was hired to work 25-35 hours/week for $10/hour. Because the income is consistent with what she reported, anticipate future bi-weekly pay of $600 (30 hours/week x 2 weeks x $10).

The April 8 paystub must be used for the application month because it is actual income. However, do not include it in the estimate of future pay because it did not cover a full pay period. For future pay periods anticipate $600 based on verification provided by Rose and her employer. April projected income = $350 (April 8) + $600 (April 22). May and ongoing months projected income is $1200 ($600 x 2 pay periods).

7. Leslie's RRED is received on February 2 and includes three paystubs from her retail job (received January 2, 16, and 30). January 2 shows almost 40 hours/week, but the other checks show approximately 25 hours/week. She says she worked extra hours in December because of the holidays and that is why the January 2 count is higher, but is back to her regular schedule of about 25 hours/week.

   Verification in the case file shows she was hired to work 20-30 hours/week and all previous paystubs are in that range. Since this is a retail job, the explanation for the temporary increase is reasonable. The January 2 check should be excluded from the projection, unless you find it questionable for some other reason. Make sure to thoroughly document the case regarding your determination.

Averaging Fluctuating Income

Legal reference: 441 IAC 65.23(2), 7 CFR 273.10(c)(1)(ii) and 273.10(c)(3)(i)

Policy: Average fluctuating income to determine future income when it is reasonably certain the income will be received. When income fluctuates to the extent that the past 30 days does not provide a reasonable basis to anticipate future income, use the period of time that is most appropriate, such as a:

- shorter period of income, (see New Income Source)
- longer period of income, or
- different 30-day period.

Procedure: Use whatever period of time you believe is necessary to reasonably project future income accurately.

1. Accept the household's statement as to the period of time that is a good indicator of future income; or, if they are not sure what period to use, get an income estimate from the source of the income.
2. Determine the number of times the household expects to receive income in that period. (See Income in the Month Received.)
3. If income is received weekly or biweekly, add the checks together and then divide that total by the number of checks that were added together to calculate the average weekly or biweekly amount. Then see Step 3 of Conversion of Weekly and Biweekly Income to get a monthly amount.
4. Clearly document the income used to determine benefits. Show calculations in the case record and explain why you used a different period than the last 30 days to estimate income.

Comment: Use this method to estimate future income when the income varies from month to month due to:

- Fluctuating hours of work,
- Instability of the amount of work when they are paid on a per-job basis, or
- Irregular income from the same source.

People who work for temporary employment or spot-labor agencies often have income that varies from month to month. Use this policy to estimate this kind of income.

Reasonably Anticipated Income

Legal reference: 441 IAC 65.23(2), 7 CFR 273.10(c)(1)(ii) and 273.10(c)(3)(i)

Policy: Estimate income that is reasonably anticipated to be received during the certification period. Consider income that is both:

- verified as received by the household, and
- reasonably anticipated to be received from that source in the future.

Procedure: See below for different situations and how to handle

Application, Interview RRED, or Report of Change

Discuss with the household the 30 days of income verification they provided and/or any income verification you will be requesting from them. If verification they provided with their application is indicative of their future income, and no adjustments are necessary, use that income to determine their eligibility. If verification they provided, or will provide, is not indicative of future income, discuss with them the reasons why is not indicative.

If the verification is or will not be indicative because the income is ending, you must follow procedures for verifying ending income.

If verification is not indicative because of a different kind of change (e.g., pay rate or change in hours, etc.), determine if the household's explanation of the differences between the verification and what they anticipate happening in the future is reasonable. If the explanation is reasonable, project ongoing income based on their explanation. If the explanation is not reasonable, get verification of the changes. See Unreasonable or Questionable Explanations.

NOTE: Verification is required for ending employment, leaves of absence, and beginning employment if the client has not received 30 days of income yet.

Desk RRED

How was the RRED question "Will the amount of money from jobs stay about the same as shown on the proof you are sending?" answered:

- If 'yes': use the verification provided if it is reasonable and not questionable
- If 'no' but the written explanation is reasonable, project income based on the explanation.
- If 'no' without a reasonable explanation you must contact the household to discuss the verification they provided or send an RFI for additional verification.

If the written explanation on the RRED is unclear, contact the household to discuss the verification they provided or send an RFI for additional verification.

A conversation with the household is best practice so you can ask follow-up questions based on their responses.

Reviewing Returned Verification

When requested verification is returned, but the verification does not support what the household said previously, contact them to clarify the situation, preferably by phone. Send a second RFI only as a last resort.

Reviewing Unsolicited Pay Verification

If unsolicited income verification is received without any explanation or direct report of change, unless the information is questionable, or the impact is unclear, use the income as indicative.

If the verification is less than a 30-day period, the impact is not clear. E.g., A household submits one pay stub for a job with biweekly pay. This is less than 30 days of information, so the impact is not clear. Do not take action in this situation.

Unreasonable or Questionable Explanations

Each worker will make decisions about reasonability and questionability. All reasonability and questionability determinations must be equitable and based on sound judgment and logical thinking.

Documentation

Clearly document the income determination and the reasons for making that determination, as required. Explain the circumstances and why the household's explanation is reasonable, unreasonable, or questionable.

Comment: Reasonably anticipating income requires verifying at least 30 days of income. This does not apply to ending income. This procedure does not apply to unreasonable or questionable explanations.

1. Gloria applied for SNAP and turned in 30 days of income from her retail job. At the interview she said the income she provided is not indicative of future income as her hours have been reduced from 30 to 25 hrs/wk because it is a slower time in retail. She's unsure when her hours will be increased back to 30 hrs/wk.

   The worker finds nothing questionable about this information, and given the time of year, it makes sense that it is a slower time in retail. Because there is verification of 30 days of income and the explanation is reasonable, the updated wage amount she reported is used to project income.

2. Rebecca's desk RRED is received on June 12 and she includes paystubs from her job at a hardware store. She indicates on the RRED that the amount of money earned from her job will not stay the same as the stubs she included with her RRED, shown below:

   5/15 = 36 hours @ $16.25/hour = $585
   5/30 = 24 hours @ 16.25/hour = $390

   Because Rebecca said the verification is not indicative, clarification is needed. It is best to contact her by phone to discuss why. She says that the store recently hired several seasonal positions and she had one six-hour shift cut each week, so she is now working 12 hours/week instead of18 hours/week. This will continue until the store gets busier or the seasonal employees are let go. Rebecca's explanation is reasonable and her ongoing income is calculated at 12 hours/week.

3. On April 12, Trinity a SNAP/FIP recipient reports her work hours will increase from 12 hours/week to 35 hours/week as of May 1.

   During the conversation with Trinity, she says she expects the change to continue because she has new responsibilities at work. Her new income **does not** exceed her reporting requirements for SNAP.

   SNAP case action: Her new income does not exceed her reporting requirements, so no action is taken for SNAP at the time of report. If she returns verification of her income because of the RFI sent for FIP, her SNAP income should be updated if the impact to the case is clear. If she does not return the income verification, no action is taken on the SNAP case.

   FIP case action: Request income verification due to the change in work hours for FIP only. If she returns the verification, calculate the new income for FIP. If she does not return the requested verification, cancel FIP with timely notice for failure to provide.

Conversion of Weekly and Biweekly Income

Legal reference: 441 IAC 65.23(1)

Policy: Convert weekly or biweekly income to monthly amounts using the same method as FIP.

Procedure:

1. Total the income being used to make the projection.
2. Divide the total by the number of payments you used in Step 1.
3. Multiply the result in Step 2:
    - By four if the income is weekly, or
    - By two if the income is biweekly.
4. The total of Step 3 is the monthly amount to use for the household's SNAP eligibility and benefits.

Josie is paid biweekly. During the 30 days before her interview, she received three paychecks. Her projected income is calculated below:

$ 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	Total number of payments
$ 639.92	Average biweekly pay
x 2	Number of times she is normally paid each month
$ 1,279.84	Projected monthly income

Her income is converted to a monthly amount of $1,279.84 to be used for each month of her certification period.

New Income Source

Legal reference: 7 CFR 273.10(c)(1)(i) and 273.2(f)

Policy: Get the best estimate of future income directly from the income source when the income is from a new source.

Do not count income from a new source until the amount and the date of the first payment is reasonably established.

- "Best estimate" means the income source's estimate of future income.
- "Client-provided information" is information the client provides regarding the new income source. This should only be used for the projection of income after all other attempts to get verification from the source have been exhausted.

Procedure: Obtain verification from the source when the income is new. If it is earned income, ask the employer:

- How many hours per week will the employee work?
- What is the hourly rate of pay?
- Can overtime or extra pay be anticipated?
- What is the pay schedule?

If verification cannot be obtained using the generic release, see 7-G, *Third Party Fails to Provide Verification*. After exhausting all attempts to verify, determine an amount based on client-provided information. Clearly document the case record.

Determining Assistance

Legal reference: 7 CFR 273.9(a), 273.10(e)(2) and (e)(3)

Policy: Determine SNAP eligibility prospectively for each month of the certification period.

- Categorically eligible households do not need to meet either gross or net income guidelines.
- Households with at least one elderly or disabled person must only meet the net income guidelines.

  This includes households with a member who is 59 on the date of application but who will turn 60 before the end of the month of application.
- All other households must meet both the gross and net guidelines.

For migrant or seasonal farm worker households, first calculate gross and net income according to policies in 7-I, *Migrant and Seasonal Farm Workers*. Then compare the household's gross income (if there are not any elderly or disabled members) and net income to the corresponding monthly income standards.

Household Composition and Resources at Application

Legal reference: 7 CFR 273.1(a) and 273.10(b)

Policy: Determine household composition as it was on the date of the interview. Count resources available to the household at the time of interview.

EXCEPTIONS:

- If someone leaves or joins the household after the application is received, use the household composition as of the date of interview to determine eligibility and benefits.
- Resources available as of the date of interview are countable, even if different than what was reported on the application form.

See 7-G for how to treat household composition and resources at time of recertification.

Gross Income Limit

Legal reference: 7 CFR 273.10(e)(1)(i)(a) and 273.10(e)(2)

Policy: Determine the gross monthly income. Gross income includes all income before any deductions.

Procedure:

1. Add the total countable gross monthly earnings of all household members and people whose income is considered. See 7-I, *Ineligible Household Members*. Include all income before any deductions.
2. Count cents in all calculations. Drop the third digit after the decimal point.
3. For households that do not have an elderly or disabled member or are not categorically eligible, compare the household's total gross monthly income to the maximum allowable for the household size. Do not include ineligible members when determining household size.

   The maximum gross monthly income amounts are updated every October 1.

Household Size	Maximum Gross Monthly Income
1	$1,632
2	$2,215
3	$2,798
4	$3,380
5	$3,963
6	$4,546
7	$5,129
8	$5,712
For each additional person, add $583	

4. Go on to compare income to the net income limit if the household has:
   - income that is equal to or less than the gross income limit, or
   - an elderly or disabled member.

   If neither of these conditions is met, the household is ineligible.

Deductions

Legal reference: 441 IAC 65.23(1)

Policy: For policies on handling deductions, see 7-E, *Deductions*.

Procedure:

1. Estimate monthly expenses for each month of the certification period.
2. If expenses that are billed on a weekly or biweekly basis, convert them to a monthly amount. To convert the expenses, follow the same method as you do to convert weekly or biweekly income. See Conversion of Weekly and Biweekly Income.

Net Income Limit

Legal reference: 7 CFR 273.10(e)(1)(ii) and (2) and 273.9(a)

Policy: Determine net monthly income. Count cents in all calculations. Drop the third digit to the right of the decimal point.

Procedure: To calculate net monthly income:

1. Gross earned income

   Start with the household's gross earned income.

2. Earned income deduction

   Multiply the total gross earned income by 20% and subtract that amount from Step 1, or multiply the total gross earned income by 80%.

3. Unearned income

   Add to the result of Step 2 the total nonexcluded unearned income from all household members and people whose income is considered.

4. Standard deduction

   Subtract the standard deduction (listed under 7-E, *Standard Deduction*) from the total in Step 3.

5. Medical expenses

   Total the allowable medical expenses (see 7-E, *Medical Expenses of Elderly or Disabled Household Members*) and subtract this from the result in Step 4.

6. Child support payment deduction

   Total the allowable child support payments and subtract from the result in Step 5. See 7-E, *Child Support Payment*.

7. Dependent care costs

   Total the allowable dependent care costs, and subtract the amount from the result in Step 6. See 7-E, *Child and Dependent Care*.

8. Homeless standard deduction

   If a homeless household chooses the homeless standard deduction instead of shelter costs, subtract the standard amount from the result in Step 7. See 7-E, *Homeless Standard Deduction*. If a household gets this deduction, skip Step 9 below. They are not eligible for both deductions.

9. Excess shelter expenses

   Total the allowable shelter costs, then subtract 50% of the monthly income after allowing all previous deductions. The remaining amount, if any, is the excess shelter cost. If a household gets the homeless standard deduction, they are not eligible for excess shelter expenses.

   Subtract the excess shelter costs from the result in Step 7.

   - If the household is subject to the maximum shelter deduction, subtract the excess shelter cost up to the allowed maximum.
   - If they are not subject to the maximum shelter deduction, subtract the total excess shelter cost. See 7-E, *Shelter Expenses*.

10. Net monthly income

    This final amount is the net monthly income. For households that are not categorically eligible, compare this amount to the maximum allowable for their household size. Do not include ineligible members when determining household size.

    The maximum net monthly income amounts are updated every October 1.

Household Size	**Maximum Net Monthly Income**
1	$1,255
2	$1,704
3	$2,152
4	$2,600
5	$3,049
6	$3,497
7	$3,945
8	$4,394
For each additional member, add $449	

11. Continue to determine the household's households benefit level as directed under Calculating Benefit Level if the:
    - household's income is equal to or less than the net income limits, or
    - household is categorically eligible

    If neither of these conditions is met, they are ineligible.

Changing Income Guidelines

Legal reference: 7 CFR 273.10(e)(2)(v)

Policy: When a household member turns 60 or begins receiving SSI or a disability payment or an elderly member moves out, this change may affect which income guidelines the household must meet.

Procedure: Start using the new income guidelines (gross/net) at the next recertification or whenever action is taken on the case.

Calculating Benefit Level

Legal reference: 7 CFR 273.10(e)(2) and (4)

Policy: Determine the amount of the monthly benefits based on the household's net monthly income.

Procedure:

1. Multiply the household's net monthly income by 30%.
2. Round the total up to the next whole dollar. $.01 - $.99 cents round up.
3. Determine the maximum SNAP allotment for the applicable household size by using the following chart. **NOTE**: the Consolidated Appropriations Act temporarily increased the maximum allotment amounts from January 2021 through June 2021*.

Household Size	Maximum Monthly Allotment
1	$292
2	$536
3	$768
4	$975
5	$1,158
6	$1,390
7	$1,536
8	$1,756
For each additional member, add $220	

4. Subtract the Step 2 total from the Step 3 total. This is the net monthly allotment.

See Exceptions to Benefit Level for minimum benefits in certain circumstances and Prorating Initial Month's Benefits for payment for a partial month.

Exceptions to Benefit Level

Legal reference: 7 CFR 273.10(e)(2) and (4)

Policy: If the allotment is not prorated as an initial month's benefits and is $1, $3, or $5, certify the household for $2, $4, or $6, respectively. For an initial month's prorated benefits, see the next section.

The minimum monthly allotment for all eligible one-member and two-member households is $23. In an initial month, prorate this minimum monthly allotment from the date of application.

When net-tested households, with three or more members, have a calculated allotment of zero, this is because their net income exceeds the minimum level for which benefits are issued. The system will automatically deny these households.

Prorating Initial Month's Benefits

Legal reference: 7 CFR 273.10(a)(1) and 273.2(h)(2), 441 IAC 65.35(1)

Policy: An "initial month" is the first month a household is certified following any break in certification. EXCEPTION: For migrant or seasonal farm worker households, "initial month" means the first month the household is certified following a break in participation of at least one month.

In the initial month of certification, prorate the amount of net monthly allotment (Step 4 of Calculating Benefit Level), from the date of application through the end of the month.

Determine the amount of the prorated allotment by using the following formula:

Net Monthly Allotment (from Step 4)	× (31 - date of application) ÷ 30 =	Initial Prorated Allotment

Procedure: When using the prorating formula, do the following steps:

1. Subtract the date of application from 31
2. Multiply the Step 1 total by the full month's allotment
3. Divide the Step 2 total by 30
4. Round the Step 3 total down to the whole dollar (drop the cents).

> A monthly allotment of $64 is prorated as follows if the date of application was the second of the month:
>
> [64 x (31-2)] ÷ 30 =
> (64 x 29) ÷ 30 =
> 1856 ÷ 30 =
> 61.86 = $61 = Prorated allotment

If application is made on the 31st of the month, enter it into the formula as the 30th day.

If the proration results in benefits of less than $10, the household will not receive an issuance for the initial month. In these situations, the initial month is still the first month of the certification period as long as the household is entitled to benefits in the following months.

When the application is not processed until the second 30 days because of a delay caused by the household, prorate benefits for the initial month of certification from the date the household takes the necessary action to allow the application to be processed. See 7-B, *Delays in Processing*.