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POLICY TRANSMITTAL NO. 07-41	DATE: JULY, 13, 2007
FAMILY SUPPORT SERVICES DIVISION	DEPARTMENT OF HUMAN SERVICES OFFICE OF LEGISLATIVE RELATIONS AND POLICY

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TO: ALL OFFICES

SUBJECT: MANUAL MATERIAL

OAC 340:50-7-45 and 50-7-46.

EXPLANATION: OAC 340:50-7-45 and 340:50-7-46 Instructions to Staff are revised to clarify when actual income is used and when to anticipate income.

Original signed on 7-12-07

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Mary Stalnaker, Director  
Family Support Services Division

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WF # 07-L (NAP)

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## **INSTRUCTIONS FOR FILING MANUAL MATERIAL**

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following an "OKDHS" number, such as personnel policy at OKDHS:2-1 and personnel rules at OAC 340:2-1. The "340" is the Title number that designates OKDHS as the rulemaking agency; the "2" specifies the Chapter number; and the "1" specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, OKDHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, OKDHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at 405-521-4326.

### **REMOVE**

340:50-7-45

340:50-7-46

### **INSERT**

340:50-7-45, pages 1-4, revised 7-1-07

340:50-7-46, pages 1-6, revised 7-1-07

**340:50-7-45. Income**

Revised 4-26-04

(a) The methods in this Part are used to estimate income. The worker uses the method(s) that will best predict income for the current and future months. Actual income is always used for the current and prior month, if known prior to teleprocessing the certification. ■ 1 If the household income is received more often than monthly, the income for future months of the certification period must be converted to a monthly amount, if the conversion represents the income anticipated to be received by the household.

(b) Household income means income from all sources excluding only those items described in Section 22 of this Subchapter. The income considered is that income which is expected to be received during the period of certification. When an applicant or recipient reports no income and/or the household's expenses such as rent or mortgage, utilities, other payments, or miscellaneous personal expenses exceed the income, the worker must determine with the household how these needs are met.

(c) Gross, non-exempt income is verified for all households prior to certification. In cases where all attempts to verify income have been unsuccessful because the person or organization providing the income fails to cooperate with the household, the worker determines the amount to be used based on the best available information.

(1) **Method of verifying income.** The worker uses documentary evidence as the primary source of verification. If other types of verification are used, the worker must document in the case why an alternate source was needed.

(A) Documents which can be used to verify earned income are:

- (i) pay stubs;
- (ii) employee W-2 forms;
- (iii) wage tax receipts;
- (iv) state or federal income tax returns;
- (v) self-employed bookkeeping credits;
- (vi) sales or expenditure records;

- (vii) employer wage records;
  - (viii) statements from an employer;
  - (ix) Oklahoma Employment Security Commission (OESC) statements; or
  - (x) Oklahoma Tax Commission statements.
- (B) Verification of other types of income, documents, or records generally available from the applicant are:
- (i) award letters;
  - (ii) benefit payment checks;
  - (iii) correspondence on benefits;
  - (iv) income tax records;
  - (v) support and alimony payments as evidenced by court order;
  - (vi) divorce or separation papers; or
  - (vii) contribution checks.
- (C) Other sources of income verification include;
- (i) State Data Exchange (SDX) system;
  - (ii) Beneficiary and Earnings Data Exchange (BENDEX) system;
  - (iii) OESC wage records;
  - (iv) union records;
  - (v) workers' compensation records;
  - (vi) information received from Veterans Benefits Administration records; or
  - (vii) tax records.

(2) **Unreported income.** When there is an indication other income which has not

been reported is available to the household, the worker must explore the possibilities of unreported income. When the applicant states he or she has no earnings or other income and the applicant is employable or it appears he or she may be eligible for other benefits, such as Social Security, Supplemental Security Income (SSI), unemployment compensation, or public assistance, it may be necessary to verify the applicant is not receiving income from such sources. ■ 2

(3) **Other required verification.** When verifying income is exempt as a loan, a simple statement signed by both parties which indicates the payment is a loan and must be repaid is sufficient verification. If the household receives payment on a recurrent or regular basis from the same source, but claims the payments are a loan, the worker must require the provider of the loan sign an affidavit which state the payments are being made or that payments will be made in accordance with an established repayment schedule.

## INSTRUCTIONS TO STAFF 340:50-7-45

Revised 7-1-07

### 1. (a) Actual income is used only when:

**(1) all income for the month has been received and verified for the month of certification unless:**

**(A) the income is ongoing with at least 30 days of verified income; and**

**(B) the month of certification is a month when the person receives an extra check due to weekly or bi-weekly pay. The worker anticipates income in these instances by converting to a monthly amount. Examples of when not to use actual income are when the person is paid:**

**(i) every two weeks and received three checks in the month of certification from ongoing employment; or**

**(ii) weekly and received five checks in the month of certification from ongoing employment; or**

**(2) the income is terminated. Terminated income is counted only in the month received.**

**(b) If all income for the month has not been received and verified, the worker**

**uses anticipated income.**

2. (a) Additional situations in which the possibility of unreported income is investigated are when:
- (1) information contained on Form 08AD104E, Financial Management Worksheet, indicates the household has paid expenses that exceed the amount of income reported;
  - (2) the worker has difficulty contacting any employable household member at home when seasonal employment in the area is at its peak;
  - (3) households report zero income; and
  - (4) other questionable situations occur.
- (b) When all other methods of verification have been exhausted, a field investigation may be required.

**340:50-7-46. Converting to monthly income**

Revised 04-26-04

(a) **Converting income.** When a full month's income is anticipated but is received more often than monthly, the income is converted to a monthly amount as indicated in (1) through (5) of this subsection. When the amounts to be converted differ, such as fluctuating daily, weekly, or biweekly amounts, an average is obtained and the average is multiplied by 4.3 or 2.15 whichever is applicable. Cents are carried through all steps and then rounded to the nearest dollar when the monthly amount is determined. One cent through 49 cents are rounded down and 50 cents through 99 cents are rounded up. The worker must exercise extreme caution when determining whether income is received twice per month or biweekly (every two weeks).

(1) **Daily.** Income received on a daily basis is converted to a weekly amount then multiplied by 4.3 only when there is a consistency in days worked each week and a regularity of pay dates. ■ 1

(2) **Weekly.** Income received weekly is multiplied by 4.3.

(3) **Twice a month.** Income received twice a month is multiplied by 2.

(4) **Biweekly.** Income received every two weeks is multiplied by 2.15.

(5) **Irregular income.** Income received at irregular intervals is not converted. ■ 2

(b) **Anticipating income.** For the purpose of determining the household's eligibility and monthly benefit allotment, the worker takes into account the income already received by the household and any anticipated income the household can be reasonably certain to receive during the certification period. ■ 3

(1) **Uncertain income.** If the amount of income that will be received or when it will be received is uncertain, that portion of the household's income is not counted. For example, a household's anticipated income from a new source, such as a new job, recently applied for public assistance, or unemployment benefits, may be uncertain as to the time and the amount of the initial payment.

(A) The anticipated payment is not considered unless there is reasonable certainty concerning the month the payment will be received and the amount of the payment.

(B) The payment is disregarded if there is no way to determine the amount of the

payment.

(C) If the exact amount of the income is not known, that portion of it which can be anticipated with reasonable certainty must be considered as income.

(D) In cases where the receipt of income is reasonably anticipated but the monthly amount may fluctuate, the household may elect to have their income averaged.

(E) Households are advised to report all changes in gross monthly income as required.

(2) **Income received in the past 30 days.** Income received during the past 30 days may be used as an indicator of income anticipated to be available to the household during the next certification period. Past income is not used to anticipate future income for any month in which a change in income has occurred or employment has terminated. ■ 4

(3) **Regular employment.** When the head of the household or other members of the household have regular employment, income from previous months is usually a good indicator of the amount of income that can be anticipated in the month of application and subsequent months. If information supplied by the household or collateral contact indicates that future income will differ substantially from the previous month's income, the worker uses the information to make a reasonable estimate of the anticipated income. The method used to determine the income is fully documented in the case record. ■ 5

(4) **Withheld wages.** Wages withheld at the request of the employee are considered income to the household in the month the wages would otherwise be paid by the employer. Wages withheld by the employer as a general practice even if in violation of the law are not counted as income to the household, unless the household anticipates that it will ask for and receive an advance, or the household anticipates that it will receive income from previously held wages. Advances on wages are counted as income when they can be reasonably anticipated.

(c) **Averaging income.** Households, except for destitute and migrant or seasonal farm worker households, may have their income averaged. To determine the household's eligibility, all other income is added to this averaged monthly income then the income exclusions and deductions are applied in the normal manner.

(1) **Fluctuating income.** Households with fluctuating income may elect to have the income averaged.

(A) If the household indicates the most recent 30 days income is representative of anticipated future earnings, it is appropriate to use this income for computing gross monthly income.

(B) When the household indicates the most recent 30 days of income is not representative of anticipated future income, the worker uses additional months income to arrive at a representative anticipated monthly gross income.

(C) Income that is received more often than monthly is converted to a monthly income prior to determining a monthly average. The number of months used to arrive at the average income need not be the same as the number of months in the certification period. For example, if fluctuating income for the past 30 days and the month of application are known and, with reasonable certainty, are representative of the income fluctuations anticipated for the coming months, the income for the two months may be averaged and projected over the certification period.

(2) **Employment contract and self-employment.** Households which by contract or self-employment derive their annual income in a period of time shorter than one year must have that income annualized over a 12-month period, provided the income from the contract is not received on an hourly or piece-work basis. These households may include school employees, sharecroppers, farmers, and other self-employed households. These provisions do not apply to migrant or seasonal farm workers. ■ 6

(d) **SSA/SSI Income.** When using the Beneficiary and Earnings Data Exchange System (BENDEX) or the State Data Exchange System (System) to verify Social Security (SSA) benefits or Supplemental Security Income (SSI), see OAC 340:65-3-4.

## **INSTRUCTIONS TO STAFF 340:50-7-46**

**Revised 7-1-07**

**1. When a person is paid daily, income is converted to a weekly amount then multiplied by 4.3 to arrive at a monthly gross wage. There must be consistency in the days worked each week and a regularity in pay dates in order to use this method of income conversion. For example, when a person is employed:**

**(1) five days a week, Monday through Friday, and paid daily, daily income is converted to a weekly amount then multiplied by 4.3 to arrive at the monthly gross wage; or**

(2) three days a week, Monday, Wednesday, and Friday, and paid daily, daily income is converted to weekly then multiplied by 4.3 to arrive at the monthly gross wage.

2. When there is no consistency in the work offered or when pay is received, it is appropriate to average the income received in a calendar month.

(1) For example, a person is registered with a day labor agency but has only worked two days in the last two full months: May 16, \$60, and June 21, \$50. The appropriate method for determining monthly gross wage is to average these two months income:  $\$60 + \$50 = \$110$  divided by 2 = \$55.

(2) For example, a person has just started working for a day labor agency. The person has worked three days so far in the first month, the application month, but the month is not yet ended. It is appropriate to total the wages earned so far in the first/application month and use that amount as the countable earned income for the initial and ongoing months, as there is no reasonable way to anticipate earnings.

3. (a) Actual income is used only when:

(1) all income for the month has been received and verified for the month of certification unless the:

(A) income is ongoing with at least 30 days of verified income; and

(B) month of certification is a month when the person receives an extra check due to weekly or bi-weekly pay. The worker anticipates income in these instances by converting to a monthly amount. Examples of when not to use actual income are when the person is paid:

(i) every two weeks and received three checks in the month of certification from ongoing employment; or

(ii) weekly and received five checks in the month of certification from ongoing employment; or

(2) the income is terminated. Terminated income is counted only in the month received.

(b) If all income for the month has not been received and verified, the worker

**uses anticipated income.**

4. When income fluctuates to the extent that a 30-day period alone cannot provide an accurate indication of anticipated income, a longer period of past income may be requested and used to determine representative income. If the additional verification is not provided, the worker uses the most recent 30 days income to determine eligibility.
5. (a) When computing ongoing earned income using pay stubs, the procedures listed in (1) through (5) are followed.
  - (1) The worker must use the most recent pay stubs from the date of the face-to-face interview back, even if the client is paid later in the day.
  - (2) Pay stubs must be consecutive. Using a calendar to identify the pay dates ensures there are no missing pay stubs.
  - (3) Gross amounts of income must be used in the calculation process.
  - (4) If hours worked fluctuate each pay period, the worker must discuss with the client the reason for varying hours, such as employee missed work due to illness or hours fluctuate due to amount of work performed. The reason for fluctuating hours is documented in the Family Assistance/Client Services (FACS) case notes.
  - (5) Only those pay periods determined as representative pay for the next certification period are used in the calculation. The case record is documented with the reason for the exclusion.
- (b) If a person receives a benefit allowance from his or her employer, count the regular gross earnings plus any money left after deducting the insurance cost from the benefit allowance.
- (c) If the employer adds a cash benefit to the employee's income because the employee chooses not to purchase insurance, the amount added to the income is counted as earned income.
- (d) When computing earned income from new employment and a full pay check has not been received, it is appropriate to use an employer's statement or Form 08AD094E, Employment Verification that has been completed by the employer. The statement or form must include the client's scheduled hours

per week, rate of pay, and how often paid. When anticipating new income based upon an employer's statement only, the income is converted using the appropriate 2.15 or 4.3 calculation method.

6. Schools generally have contracts with all their employees. The worker determines whether the contract pay is hourly or salaried to determine how it is computed for food benefits. Contract pay that is for a salary is computed according to OAC 340:50-7-46(c)(2). Hourly contract pay is computed according to OAC 340:50-7-46(a).