

FAA4.I EAIN - EAIC - Purpose

01 EAIN - EAIC - Purpose

EAIN is used to key [earned income\(g\)](#). Use this screen to add, change or delete earned income. (See [Earned Income - Overview](#))

EAIC is used to calculate and [convert](#) earned income to be displayed on EAIN. **AZTECS** calculates the information keyed and displays the information in the appropriate fields on EAIN when all mandatory fields are keyed and ENTER is pressed.

NOTE For policy and procedure regarding budgeting and keying self-employment income, see [Self-Employment Income](#).

02 Earned Income - Overview

[REVISION 10](#)
(10/01/09 – 12/31/09)

[Earned income\(g\)](#) is countable or not countable according to program policies that may differ.

Count gross earned income before deductions, unless otherwise specified, when determining eligibility for benefits. Key the gross earned income received and any earned income expected to be received for the benefit month.

Clearly document the [case file\(g\)](#) with the method and type of verification used to determine the earned income being budgeted in the [benefit month\(g\)](#).

WARNING

Key not countable earned income using the appropriate Income Code.

Policy and procedures for the treatment of earned income are outlined as follows:

- [Earned Income Types](#)
- [Earned Income Special Considerations](#)
- [Earned Income Verification](#)
- [Earned Income Budgeting Procedures](#)
- [Earned Income Changes](#)

03 ***Earned Income Types - Overview***

REVISION 25

(07/01/13 - 09/30/13)

Policy and procedures regarding types of earned income are outlined as follows:

- [Census Income](#)
- [Contract Income](#)
- [Dependent Child Income](#) (Student Income)
- [Individual Development Accounts Deposits](#)
- [In-Kind Income](#)
- [Jobs Administration Income](#)
- [Jury Duty Income](#)
- [Military Income](#)
- [Money Withdrawn from an LLC Business Account](#)
- [Parsonage Income](#)
- [Sheltered Workshop Income](#)
- [Training Related Expenses Income](#)
- [Vocational Rehabilitation Income](#)
- [Volunteer Income](#)
- [Wages and Salaries](#)
- [Work Adjustment Program](#)
- [Work Study Income](#)
- [Workforce Innovation and Opportunity Act \(WIOA\)](#)

A Census Income

[REVISION 49](#)
(01/01/21 – 12/31/21)

Earnings received from working as a temporary census taker for the U.S. Census are not countable.

A temporary census taker assists the U.S. Census Bureau with collecting census data.

Key temporary census income on EAIC using the CE Earned Income Code.

B Contract Income

[REVISION 48](#)
(01/01/20 – 12/31/20)

Contract income is a specified amount of money paid to a participant based on a binding agreement with an employer. When the agreement identifies that the employment is for a specific project or a designated period, the wages received are considered contract income.

When the agreement does not identify a specific project or designated period of employment, see [Wages and Salaries](#).

Request, verify, and review the participant's contract income to determine the income that is reasonably certain to be received during the approval period. (See [Contract Income Verification](#))

Contract income is countable as earned income.

Key contract income according to the policy and procedures in [Budgeting Contract Income](#).

NOTE When the employer or employee can terminate an employment relationship at any time with or without any advance warning and with no subsequent liability, the contract is considered at-will employment. This does not change how the income is budgeted.

C Dependent Child Income

Policy and procedures regarding earnings of a dependent child are outlined as follows:

- [Dependent Child Income - Not Attending School](#)
- [Dependent Child Income - Under Age 18](#)

- [Dependent Child Income - Age 18 and Over](#)
- [Dependent Child Income - School Definition](#)

.01 Dependent Child Income - Not Attending School

Earnings of a [dependent child](#) who is not attending [school](#) are countable.

Key the earnings on **EAIC** using the CH Earned Income Code.

.02 Dependent Child Income - Under Age 18

[REVISION 51](#)

(01/01/23 - 12/31/23)

Earnings of a [dependent child](#) under age 18 who attends [school](#) at least half-time, as defined by the school, are not countable.

NOTE When school attendance of the dependent child is not verified, the earnings of the dependent child are countable. Earnings of the dependent child are also countable when the child is not under the [parental control\(g\)](#) of an adult NA budgetary unit participant. Key the earnings on EAIC using the CF Earned Income Code.

Consider the student as meeting school attendance criteria during temporary interruptions of school attendance due to semester recess or vacation periods. This applies as long as the child will return to school following the recess.

Key the earnings on **EAIC** using the CX Earned Income Code.

NOTE School attendance must be verified for new applications, renewal applications, and when a change is reported for the dependent child, when the dependent child has earnings. (See [Dependent Child Student Status Verification](#) sources for a list of acceptable documents to verify school attendance.)

.03 Dependent Child Income - Age 18 and Over

[REVISION 05](#)

(07/01/08 - 09/30/08)

Earnings of a child age 18 and over are countable.

Key the earnings on **EAIC** using the WA Earned Income Code for the month following the month the child turns 18.

EXCEPTION

Earnings of a child age 18 to 19 are not countable for CA when the child meets the [CA Student Criteria](#).

Key the earnings on EAIC using the CF Earned Income Code.

.04 Dependent Child Income - School Definition

For purposes of counting or not counting earnings of a child, school is defined as the following:

- Any recognized elementary, middle, high school or training program affiliated with these institutions.
- Vocational Training or General Education Development (GED) classes preparing the child for the GED examination.
- Home schooling recognized or supervised by the state or local school district (request verification when [questionable\(g\)](#)).
- An accredited correspondence course to obtain a high school diploma.

NA EXCEPTION

Do not consider an accredited correspondence course to obtain a high school diploma as school for NA.

D Individual Development Account (IDA) Deposits

50% of earned income, up to a maximum of \$100, deposited into an Individual Development Account (IDA) per month is not countable.

Key the earned income deposits on **EAIC** using the IX Earned Income Code.

NOTE Budget IDA earned income deposits according to the procedures in [Budgeting IDA Deposits](#).

Any earned income that remains on deposit in an active case with an IDA account, including interest earned and kept in the IDA account, is not countable.

Additional policy and procedures regarding the treatment of IDA deposits are outlined as follows:

- [IDA - Financial Accounts](#)
- [IDA - Self-Employment](#)
- [IDA - Unearned Educational Income](#)
- [IDA - Unearned Income](#)

E In-Kind Income

[REVISION 45](#)
(01/01/17 - 12/31/17)

In-kind income is the value of work performed by the participant in exchange for room, board, or other needs. No monetary payment is made on behalf of the budgetary unit.

In-kind income includes, but is not limited to, work in exchange for one or more of the following:

- Meals
- Clothing
- Housing
- Produce from a garden

In-kind income is countable.

NA EXCEPTION

In-kind income is not countable to the NA budgetary unit.

Key the income on **EAIC** using the IK Earned Income Code.

NOTE When both monetary payment and non-cash items are provided, the non-cash items may or may not be considered in-kind income. Investigate with the participant and document clearly. (See [Bonuses](#) and [Reimbursements](#))

F Jobs Administration Income

REVISION 51
(01/01/23 - 12/31/23)

Earnings received from [Jobs](#) or [Tribal NEW](#) are countable and includes the following:

- Jobs On-the-Job Training (OJT)
- Work Supplementation
- Community Work Experience Program (CWEP)
- Stipends and incentive payments provided for education and training purposes
- Full or part time employment resulting from participation in work programs

(See [Reimbursement](#) for income received for [Training Related Expenses](#))

G Jury Duty Income

Earnings received from jury duty are countable.

Key the earnings on **EAIC** using the JP Earned Income Code.

(See [Reimbursement](#) for income that is identified as a reimbursement for mileage)

H Military Income

Military income includes, but is not limited to, the following:

- Base Pay (BP)
- Basic Allowance for Housing (BAH)
- Basic Allowance for Subsistence (BAS)
- Clothing Maintenance Allowance (CMA)
- Family Subsistence Supplemental Allowance (FSSA)
- Special and Incentive Pay

Policy and procedures regarding military income are outlined as follows:

- [Military Income - Stationed IN Arizona](#)
- [Military Income - Stationed OUTSIDE Arizona](#)
- [Military Income - Combat Zone Pay](#)

.01 Military Income - Stationed IN Arizona

Earnings received for serving in the military while stationed IN Arizona are countable as earned income.

Key the earnings on EAIC using the MP Earned Income Code.

EXCEPTION

Clothing Maintenance Allowance (CMA) received, as a reimbursement is not countable as earned income. (See [Reimbursement](#))

.02 Military Income - Stationed OUTSIDE Arizona

[REVISION 44](#)
(10/01/16 - 11/30/16)

Earnings received for serving in the military while stationed outside Arizona are not countable as earned income. (See [Military Unearned Income](#) for treatment as unearned income)

EXCEPTION

When the military income is considered Combat Zone Pay, see [Earned Income Combat Zone Pay](#).

CA EXCEPTION

When the military member stationed outside Arizona is the parent and only away from home due to active military duty, the following apply:

- The parent serving in the military is considered a mandatory CA participant.
- The military income is considered earned income for the military member and the entire amount (less Combat Zone Pay) is countable income to the CA budgetary unit. Key the earnings on EAIC using the MP Earned Income Code.

- Expenses paid by the parent serving in the military are not vendor payments to the budgetary group.

(See [Budgeting Out-of-State Military Income](#))

.03 Military Income - Combat Zone Pay

REVISION 45
(01/01/17 - 12/31/17)

Combat zone pay received by a member of the United States Armed Forces is not countable when all of the following apply:

- Received in addition to the service member's basic pay
- Received as a result of the service member's deployment to an area designated as a combat zone
- Not received by the service member prior to the service member's deployment to a Federally-designated combat zone

Key the earnings on **EAIC** using the **CZ** Earned Income Code.

I Money Withdrawn from an LLC Business Account

REVISION 20
(04/01/12 - 06/30/12)

When money is withdrawn from an **LLC** business account to pay for personal expenses and the business has elected to be treated as a corporation, the money is countable as earned income.

Personal expenses include, but are not limited to, the following:

- Car payment
- Entertainment
- Food
- Homeowner's Insurance
- Mortgage payment
- Utility payment

Key the income on EAIC using the **OT** Earned Income Code.

J Parsonage Income

REVISION 32
(10/01/14 - 11/30/14)

Parsonage income is money paid by a church or other organization to church professionals for their expenses incurred while providing a

service. This money is paid in addition to money paid for services rendered. Church professionals include, but are not limited to, the following:

- Clergy
- Ministers
- Priests

Consider parsonage income as wages when the participant is employed by the church.

Key WA in the INCOME TYPE field on EAIC.

EXCEPTION

Budget parsonage income as self-employment when any of the following are met:

- There is no employer-employee relationship
- The participant is working from one's own recognizable business, trade, or profession
- The participant works for a business or another individual on a commission basis, but pays own withholding taxes for state, federal, and FICA

Key OT in the INCOME TYPE field on SEEI.

When parsonage income is paid to a third party for the budgetary unit's expenses, see [Vendor Payments](#).

K Sheltered Workshop Income

Earnings paid to a handicapped participant working in a sheltered workshop are countable.

Key the earnings on EAIC using the WA Earned Income Code.

L Training Related Expense (TRE) Income

[REVISION 49](#)
(01/01/21 - 12/31/21)

Reimbursements for Training Related Expenses (TRE) are not countable. These include, but are not limited to, the following:

- Fair Labor Standards Act (FLSA) supplements issued to Jobs participants.
- Unpaid Work Experience (UWE) supplements issued to Jobs participants.

NOTE Reimbursements paid by an employer for job related expenses are considered [employer reimbursements](#) and are not considered TRE income.

The TRE reimbursement is paid to participants on their EBT card. Verification of the TRE reimbursement payment displays on the EBT Transaction History (EBTH) screen in the BEN TYPE field. EBTH displays the following codes:

- CATE - JOBS TRE TANF
- CATX - TRE TANF Exempt
- CAAR -TRE at Risk Exempt
- CATF - TRE Food Stamps
- CAFL - TRE FLSA

Key the reimbursements on **EAIC** using the TR Earned Income Code.

M Vocational Rehabilitation (VR) Income

[REVISION 37](#)
(08/01/15 - 09/30/15)

Earnings received from Vocational Rehabilitation (VR) sponsored On-the-Job Training (OJT) are countable.

Key the earnings on **EAIC** using the VE Earned Income Code.

NA EXCEPTION

When the VR income is paid through the Workforce Innovation and Opportunity Act (WIOA), the income is not countable. Key the earnings on EAIC using the OX Earned Income Code.

(See [Reimbursements](#) for VR sponsored OJT earnings identified as a [Training Related Expense](#), incentive payment or subsistence and maintenance allowances)

N Volunteer Income

REVISION 46
(01/01/18 - 12/31/18)

Volunteer income from Title I and II of the Domestic Volunteer Services Act (DVSA) of 1973 (Public Law 93-113) includes, but is not limited to, the following:

- Title I:
 - Volunteers in Service to America (VISTA)
 - University Year for Action (UYA)
 - Urban Crime Prevention Program (UCPP)
- Title II:
 - Retired and Senior Volunteer Program (RSVP)
 - Foster Grandparent Program (FGP)
 - Senior Companion Program (SCP)

Policy and procedures regarding volunteer income are outlined as follows:

- [Title I Earnings](#)
- [Title II Earnings](#)

.01 Volunteer Income – Title I Earnings

REVISION 46
(01/01/18 - 12/31/18)

Earnings from Title I of the Domestic Volunteer Services Act (DVSA) are countable, when the earnings are more than the federal hourly minimum wage.

Key the earnings on **EAIC** using the OA Earned Income Code.

NA EXCEPTION

Earnings from Title I of the DVSA are countable when the participant joined the volunteer program prior to applying for or receiving benefits.
Key the earnings on EAIC using the OF Earned Income Code.

.02 Volunteer Income - Title II Earnings

REVISION 24
(04/01/13 - 06/30/13)

Earnings from Title II of the Domestic Volunteer Services Act (DVSA) are not countable.

Key the earnings on EAIC using the OX Earned Income Code.

ARCHIVED (Valid Until 10/02/23)

O Work Adjustment Program

REVISION 33
(12/01/14 - 01/31/15)

The Work Adjustment Program is administered by Arizona's Health Department of Health Services Division of Behavioral Health Services. This program provides payment to the participant for services while the participant seeks competitive employment.

The program is not funded under Vocational Rehabilitation or the Workforce Innovation and Opportunity Act (WIOA).

Money received from the Behavioral Health Work Adjustment Program is countable as earned income.

Key the income on EAIC using the OT Earned Income Code.

P Work Study Income

Policy and procedures regarding work study income are outlined as follows:

- [Not countable work study earnings](#)
- [Countable work study earnings](#)

(For policy regarding other types of educational income, see [Educational Income](#))

.01 Work Study Income - Not Countable Earnings

REVISION 22
(10/01/12 - 12/31/12)

Earnings received from participation in college work study programs funded under any of the following are not countable:

- Title I of the National and Community Service Act of 1990
- Title IV of the Higher Education Act
- Title XIII of the Indian Higher Education Program

Key the earnings on **EAIC** using the WS Earned Income Code.

.02 Work Study Income - Countable Earnings

Earnings from participation in college work study programs when received from either of the following are countable:

- Federal work study, when the funds do not come under Title IV of the Higher Education Act.
- Veterans Administration.

Key the earnings on **EAIC** using the WA Earned Income Code.

Q Workforce Innovation and Opportunity Act (WIOA) Income

REVISION 11
(01/01/10 - 03/31/10)

Workforce Innovation and Opportunity Act (WIOA) program earnings are not countable. This includes earnings received from On-the-Job Training (OJT).

Key the earnings on **EAIC** using the WI Earned Income Code.

NA EXCEPTION

WIOA OJT earnings of participants 19 years of age and older are countable. Key the earnings using the WO Earned Income Code in the INC TYPE field on EAIC.

R Wages and Salaries - Overview

REVISION 48
(01/01/20 - 12/31/20)

Wages and salaries are considered compensation for services of an employee.

A participant is considered an employee when the person or business they work for is responsible for any of the following:

- Paying the participant's withholding taxes.
- Providing work related training to the participant.
- Covering the participant's liability insurance or workers' compensation.

- Providing benefits, such as insurance, pension, or paid leave to the participant.
- Reimbursing the participant's work-related expenses.
- Controlling and limiting the participant's work hours and the manner in which the work is performed.

When a participant is not considered an employee, review the following to determine how to budget the income:

- [Earned Income Types](#)
- [Self-Employment Definition](#)

Policy and procedures regarding wages and salaries are outlined as follows:

- [Gross Wages and Salaries](#)
- [Wage Advances](#)
- [Bonuses and Incentives](#)
- [Cafeteria Plans](#)
- [Flex Credits](#)
- [Leave Pay](#)
- [Employer Reimbursements](#)
- [Tips and Gratuities](#)
- [Wages Paid on Commission](#)

.01 Gross Wages and Salaries

REVISION 49

(01/01/21 - 12/31/21)

Wages and salaries received, prior to the following deductions, are countable:

- Taxes and Federal Insurance Contributions Act (FICA)
- Garnishments
- Allowances
- Adjustments

NOTE [Earned Income Tax Credits](#) (EITC) that are included as part of the regular wages are not countable. Deduct the EITC from the gross wages prior to budgeting.

Wages withheld by the employer that have not been previously counted are countable when received or when expected to be received.

Wages withheld at the participant's request are countable in the month the wages normally would have been received.

Wages earned prior to termination, but received after termination, are countable when received or expected to be received. (See [Terminated Income](#))

Wages paid in the form of [cryptocurrency\(g\)](#) are countable. Use the [current market value\(g\)](#) of the cryptocurrency, measured in U.S. dollars, as of the date it was received.

Key the wages on **EAIC** using the WA Earned Income Code.

.02 Wage Advances

Income paid as an advance is countable as part of the participant's gross wages in the month received.

The participant's wages, less the repayment of the wage advance, is countable when the wage advance is received in a prior month.

Key the wages on **EAIC** using the WA Earned Income Code.

.03 Bonuses and Incentives

REVISION 46
(01/01/18 - 12/31/18)

A bonus or incentive is income paid to the participant in addition to their normal wages. A bonus or incentive is countable.

When projecting income, review how often bonuses or incentives are received. Further clarify with the participant or employer, when necessary, to determine whether the bonuses or incentives are ongoing. This includes reviewing whether and how often bonuses were received in the past. (See Examples [Bonus or Incentive Income 1](#) and [Bonus or Incentive Income 2](#))

Key the bonuses or incentives on EAIC using the OT Earned Income Code.

EXCEPTION

Noncash bonuses or incentives are not countable. This includes, but is not limited to the following:

- Gift cards
- Meals
- Prizes
- Merchandise

.04 Cafeteria Plans

Income deposited into a Cafeteria Plan is countable as part of the participant's gross wages.

Key the wages on EAIC using the WA Earned Income Code.

.05 Flex Credits

Flex credits are funds that are made available to the participant by the employer to purchase any of the following benefits:

- Life Insurance
- Health Insurance
- Annual or Sick Leave

Policy and procedures regarding flex credits are outlined as follows:

- [Flex Credits - Cash Payment](#)
- [Flex Credits - No Cash Payment](#)

.06 Flex Credits - Cash Payment

Flex credits are countable when the employee can choose to receive a cash payment in lieu of purchasing benefits. Count the greater amount of either of the following:

- The employer established cash value amount of the flex credit.
- The amount remaining after subtracting the cost of the benefits, when the total of the benefits purchased by the employee is less than the flex credit.

Key the flex credits on **EAIC** using the OT Earned Income Code.

(See Example [Flex Credits 1](#))

.07 Flex Credit - No Cash Payment

Flex credits are not countable when the employee cannot choose to receive a cash payment in lieu of purchasing benefits.

Key the flex credits on **EAIC** using the OX Earned Income Code.

(See Example [Flex Credits 2](#))

.08 Leave Pay

[REVISION 48](#)
(01/01/20 – 12/31/20)

Leave pay includes, but is not limited to, the following:

- Vacation pay
- Sick pay
- [Severance Pay\(g\)](#)
- Bereavement pay
- Maternity pay
- Paid [Family and Medical Leave\(g\)](#) (FMLA)
- Disability pay when paid by the employer instead of sick pay
- Short-Term and Long-Term Disability Payments that are paid through the employer

NOTE When Short-Term and Long-Term Disability Payments are paid through an insurance company see [Insurance Payments](#)

Policy and procedures regarding leave pay are outlined as follows:

- [Leave Pay - Still Employed](#)
- [Leave Pay - No Longer Employed](#)

.09 Leave Pay - Still Employed

[REVISION 49](#)
(01/01/21 - 12/31/21)

Leave pay received while the participant is still employed is countable.

Key the leave pay on **EAIC** using the LS Earned Income Code.

See [Railroad Retirement Board \(RRB\)](#) when the participant is still employed and receives RRB Sickness Insurance.

.10 Leave Pay - No Longer Employed

[REVISION 48](#)
(01/01/20 - 12/31/20)

For CA, leave pay received as an installment or lump sum, after the participant has [terminated employment](#), is countable. Key the leave pay on EAIN using the LT Earned Income Code.

NOTE Count the lump sum payment as income in the month it is received.

For NA, leave pay received as either of the following, after the participant has terminated employment, is not countable as earned income:

- In installments (See [Leave Pay Unearned Income](#))
Key the LE FS Unearned Income Code in the INC TYP field on UNIC.
- A lump sum payment (See [Lump Sum Liquid Assets](#))
Key the LS Lump Sum Code in the TYP field on LIAS.

.11 Employer Reimbursements

Reimbursements paid by an employer for job related expenses are not countable as earned income. (See [Reimbursements](#))

.12 Tips and Gratuities

Tips and gratuities received for services are countable as earned income. Count the tips and gratuities as part of the gross wages using all of the following:

- The SAME earned income calculation as the wages (See [Budgeting Income](#))
- The SAME pay period as the wages
- The SAME budgeting method as the wages
- The SAME conversion method as the wages

Use the amount of tips shown on the paycheck stub unless the participant claims a different amount and the tips are verified.

When tips are not listed on the paycheck stub, obtain the participant's written tips record. When no tips record is available, obtain the [participant's statement](#) and inform the participant of the requirement to keep a daily tips record.

Key the wages on EAIC using the WA Earned Income Code.

.13 Wages Paid on Commission

Policy and procedures regarding wages paid on commission are outlined as follows:

- [Commissions - Still Employed](#)
- [Commissions - No Longer Employed](#)

.14 Wages Paid on Commission - Still Employed

Wages paid on commission while the participant is still employed are countable.

Key the wages on **EAIC** using the WA Earned Income Code.

.15 Wages Paid on Commission - No Longer Employed

Wages paid on commission after the participant has [terminated employment](#) are countable as earned income. (See [Commissions Unearned Income](#) for treatment as unearned income)

04 Special Consideration of Income - Overview

Special considerations apply to how income is counted for a participant whose needs are not included in the budgetary unit.

Policy and procedures regarding special consideration of income is outlined as follows:

- [CA special consideration](#)
- [NA special consideration](#)

A CA Special Consideration of Income

REVISION 41
(04/01/16 – 05/31/16)

The income of participants is counted in full whether their needs are included or not.

Participants who are disqualified, or otherwise ineligible for a cash benefit, have their gross income counted in full toward the needs of the budgetary unit.

A participant who meets one of the following criteria is considered disqualified and is coded DI in the PT field on SEPA:

- Noncompliant with the [SSN Enumeration Requirement](#)
- [Nonqualified Noncitizen](#)
- [CA Fleeing Felon](#)
- [Felony Drug Conviction](#) on or after 08/23/96
- [Voluntary Job Quit](#) - reduction in work effort

A participant who meets one of the following criteria is considered disqualified and is coded DF in the PT field on SEPA:

- [Intentional Program Violation](#)
- Convicted of making fraudulent statements to receive benefits in multiple states

A participant who meets one of the following criteria is considered ineligible, their needs are not included in the budgetary unit, but their income is counted in full:

- [Unwed Minor Parent](#) policy (coded UM in the PT field on SEPA).
- Nonqualified noncitizen (coded DI in the PT field on SEPA).

The sponsor (and the sponsor's spouse), when living with the sponsored [Qualified Noncitizen](#), do not have their needs included in the budgetary unit; however, their income is countable in full. (See [Sponsor Income Budgeting](#))

EXCEPTION

Income of the following CA participants is not countable:

- Specified relatives who are not included in the budgetary unit or who are not required to have their income counted.
- A child who is not included in the budgetary unit due to receipt of [foster care payments](#), [lack of deprivation](#), [benefit capped children](#), etc.
- A child who meets the [dependent child earnings](#) criteria.

B NA Special Consideration of Income

REVISION 23

(01/01/10-03/31/12)

The income of the disqualified participant is counted in full or prorated to the remaining participants in the budgetary unit, depending on the disqualification reason. Disqualified participants are not included when determining the budgetary unit size or when assigning a benefit level. (See [Case Participation](#))

A participant who meets one of the following criteria is considered disqualified and has their income counted in full:

- [NA Work Requirement disqualification](#) - (When DE is keyed in the PT field on SEPA).
- [Intentional Program Violation](#) (When DF is keyed in the PT field on SEPA).
- [NA Fleeing Felon](#) (When DF is keyed in the PT field on SEPA).
- [Felony drug conviction](#) (When DF is keyed in the PT field on SEPA).
- A conviction for any of the following (When DF is keyed in the PT field on SEPA):
 - Trading NA for controlled substances.
 - Trading controlled substances for NA.
 - Trafficking NA benefits.
 - Making fraudulent statements concerning identity or residence in order to receive multiple NA benefits.
- [Voluntary job quit](#) - reduction in work effort (When DE is keyed in the PT field on SEPA).
- The following [Nonqualified noncitizen](#) (When DI is keyed in the PT field on SEPA):

Diplomats
Students
Tourists
Undocumented noncitizens
Visitors

A participant who meets one of the following criteria has their income prorated:

- Noncompliance with the [SSN enumeration requirements](#) (When DI is keyed in the PT field on SEPA)
- The following [Nonqualified noncitizen](#) participants(When DI is keyed in the PT field on SEPA):
 - LPR's not meeting the five year residency requirement.
 - Parolees
 - Special agricultural workers admitted for temporary residence

05 **Earned Income Verification - Overview**

[REVISION 02](#)
(10/01/07 - 12/31/07)

The participant has the primary responsibility for providing income verification. Assist the participant in obtaining verification.

Prior to approval or renewal, verify all gross income of the budgetary unit.

Policy and procedures regarding verification of earned income are outlined as follows:

- [Sources of Earned Income Verification](#)
- [Income Verification](#)
- [New Source of Income Verification](#)
- [Terminated Income Verification](#)
- [Contract Income Verification](#)
- [In-kind Income Verification](#)

A **Sources of Earned Income Verification**

[REVISION 50](#)
(01/01/22 - 12/31/22)

Sources of acceptable verification of earned income include the following:

- Arizona State Retirement System (ASRS)
- A copy of a paycheck stub
- Copy of checks when the gross earnings are listed
- A printout from a third party payroll verification source provided by the participant
- Written tips record

NOTE FAA staff use the dollar amount of tips shown on a paycheck stub unless the participant claims a different amount and that amount is verified. Document the case file with the reason the paycheck stub amounts were not used.

- Third Party Payroll Verification Sources when the employer uses the verification source as its legal agent to provide payroll services or respond to inquiries about employee records. Third party payroll verification sources approved by FAA include the following:
[Equifax/EMVI](#)

Corporate Cost Control (CCCVerify)

Verify Advantage (formerly known as VerifyDirect)

NOTE When a new company needs to be approved as a third party payroll verification source by FAA, send the company information via email to the Policy Support Team at FAApolicymgmt@azdes.gov. For more information, see [Third Party Payroll Verification Sources definition](#).

- A NEW EMPLOYMENT VERIFICATION (C005) notice that is completed, dated, and signed by the employer or their payroll authority. The statement must include all of the following:
Name, address, and telephone number of the employer
Gross pay for the periods needed
Frequency of pay, and day of the week pay is received
Any expected changes in pay
- For new or current employment verification, a completed Verification of New/Current Employment (FAA-0053A) form

that includes a date and the signature of the employer or their payroll authority

- For terminated employment verification, a completed Verification of Terminated Employment (FAA-1701A) form that includes a date and the signature of the employer or their payroll authority
- Letter from the agency providing government-sponsored training
- Leave and Earnings Statement (LES) from the military
- [HOSC Information](#)
- A collateral contact with the employer or their payroll authority

NOTE Use other means of verification when contacting the employer would jeopardize the participant's employment. Document the [case file\(g\)](#) with the reason the employer was not contacted. (See [Providing Verification](#))

- When all other sources of verification have been exhausted, use a participant statement

Do not call for employment or wage information verification from the following employers:

- Wendy's: Mail an FAA-0053A or the FAA-1701A when requesting employment verification from any of these specific Wendy's restaurants. (See [Wendy's Employment and Wage Information](#))
- Solutions Staffing: Mail an FAA-0053A or the FAA-1701A when requesting employment verification. (See [Solution Staffing](#))

B Income Verification

[REVISION 48](#)
(01/01/20 – 12/31/20)

Determine eligibility according to the budgetary unit's income. (See [Earned Income Overview](#), [Unearned Income Overview](#), and [Verification process](#))

Income verification must be requested for NA when income is reported on a renewal application, change report, or [data match](#) and any of the following apply:

- The source of the income has changed
- The income is [questionable\(g\)](#) or [unclear\(g\)](#)
- The reported income amount has changed by \$51 or more
- The previous verification in the case file is more than 59 days old

Budget the income already received by the budgetary unit during the budget month and any income reasonably certain to be received during the approval period. Do not budget income when it is not reasonably certain to continue.

When an application or a change is submitted, request verification of normal income received during a 30 day period leading up to the interview or change report date. Request, verify, and review income for a longer period when the requested 30-day period is not a true reflection of the income that is reasonably certain to be received during the approval period. (See [Income Request Period\(g\)](#))

Project income when it is reasonably certain that the participant is to receive a specified amount of income during any month of the approval period. (See [Projecting Income](#))

To determine the income that is reasonably certain to be received by the participant, complete the following:

- Review the income verification the participant provides and the amount reasonably certain to be received for the upcoming approval period.
- When the participant does not provide an estimate of the income that is reasonably certain to be received on the application or change report, request additional information.
- When the participant is unable to provide an estimate of ongoing income, contact the employer or the source of income.
- When income received during the 30 days is not sufficient to determine projected income, consider income for a longer period of time. The additional income is used when it provides a more accurate indication of the income expected to be received.

NOTE Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be normal. (See [Income Documentation Requirements](#))

C New Source of Income Verification

REVISION 47
(01/01/18 –12/31/18)

Consider income to be from a new source, when either of the following apply:

- The participant is conducting work for the first time for the source
- The participant is rehired by a terminated source

WARNING

The following scenarios are not considered new sources of income:

- The participant changes jobs but works for the same employer.
- The participant is on a leave of absence and returns.
- The participant is on maternity leave and returns.

Verify all the following, when the participant reports a new source of income:

- Name, address, phone number of the source
- Date the participant first received or expects receiving the income
- [Frequency of income](#)
- Day of the week paid, and dates income is received and scheduled to be received
- Pay period end dates
- Gross amount of income received, and amounts expected to be received
- Hourly wage
- Hours worked and expected to be worked
- Extra income, such as bonuses, tips, overtime

To budget a new source of income, See [Budgeting Income - Overview](#).

EXCEPTION

When a change of a new source of income is reported during the approval period, and the change causes a decrease, see [Effecting Changes](#).

D Terminated Source of Income Verification

REVISION 48
(01/01/20 – 12/31/20)

Income from a terminated source must be reviewed when it meets both of the following conditions:

- Has been or is expected to be received in the benefit month being determined
- No further income is expected to be received in any following month

WARNING

The following scenarios are not considered terminated sources of income:

- The participant changes jobs but works for the same employer. This includes participants who are employed through a temporary employment agency.
- The participant is on a leave of absence, including maternity leave, and it is verified that employment is not terminated.

When a terminated source of income is reported, or when HOSC displays income in the two calendar quarters prior to the date HOSC is accessed, complete the following:

- Review the [case file\(g\)](#) to determine if the terminated source of income has been verified.
- When verification of the terminated source is not in the case file, verify the following:

Date of termination. (See [Providing Verification.](#))

Reason the income terminated when reviewing for voluntary quit. (See [Voluntary Quit and Striker](#))

Gross amount and date of last income received when the income is received in the month being budgeted.

Gross amount and dates of [leave pay](#) received after the participant terminated employment when the income is received in the month being budgeted.

NOTE Verification of the last gross amount is required only when the income is counted in the budget month being determined.

When the verified income is received prior to the benefit month, ensure that no income is displayed from that terminated source for the benefit month being determined.

When the verified income is received in the benefit month being determined and is not expected to be received in any following months, see the following:

- A [full month's income](#)
- [Less than a full month](#) of income

E Contract Income Verification

[REVISION 48](#)
(01/01/20 – 12/31/20)

When verifying contract income, use one of the following sources of verification:

- A copy of the contract

NOTE When the contract does not provide enough information, clarify the income details with the participant or employer.

- [Collateral contact](#) to the employer
- [Participant's statement](#) when no other verification can be obtained, and the participant's statement is not questionable

Verify all the following for contract income:

- Name of the employer or source of income
- Contract employee's name
- Period the contract is intended to cover
- Period the employee is expected to work
- How much income the participant receives for the contract
- Frequency in which the income is paid
- Whether the contract is the participant's primary source of income
- Whether the contract income represents the participant's annual income

When contract income is received hourly or on a [piecework\(g\)](#) rate, other sources of verification may be needed, such as, but not limited to, pay stubs and employer's printout.

Budget contract income according to the policy and procedures in [Budgeting Contract Income](#).

F In-kind Income Verification

Verify the dollar value of the item being exchanged with the provider of the [in-kind income](#). (See [Income Verification](#))

The provider may be, but is not limited to, the following people who provide an item or value in exchange for services:

- A landlord who is providing all or a portion of rent or utilities in exchange for services.

NOTE When a participant works in return for rent the budgetary unit may be entitled to the [A1 need standard](#).

- A store owner who provides goods such as groceries, clothes, or furniture in exchange for services.
- An individual who provides personal items in exchange for services.
- An individual who trades a car, gasoline, building material, tools, etc. in exchange for services.

06 Budgeting Earned Income - Overview

[REVISION 49](#)
(01/01/21 - 12/31/21)

The following apply to budgeting earned income:

- Consider all income available to the budgetary unit when determining eligibility.

NOTE Do not consider the income of a nonparticipant available to the budgetary unit.

- Budget countable gross income before deductions when determining eligibility for benefits.

NOTE When the gross income amount includes countable and not countable income, separate and budget the income types individually.

- Budget the countable gross income before deductions for the following:

When the participant's income is being reduced for fraud or Intentional Program Violation (IPV).

When checks or cash are lost or stolen.

NOTE When the lost or stolen items are replaced, do not count the replacement.

EXCEPTION

When an employee makes stock purchases from their employer, the employer may match some or all of their stock purchase. Any purchase for the employee by the employer is not countable as earned income. Budget the customer's gross income minus the amount the employer paid.

NA EXCEPTION

When earned income is reduced to collect an overpayment from the same [income source\(g\)](#), budget the net income which is the gross income minus the overpayment amount. Document the [case file\(g\)](#) to support why the net income was budgeted. (See Example [Budgeting Net Income Documentation](#)).

Give [special consideration](#) to the income of a participant whose needs are not included in the budgetary unit.

When income of one or more [participants\(g\)](#) and a [nonparticipant\(g\)](#) are combined into one payment, identify each participant's share of income using the [verification process](#).

When each participant's share of income cannot be identified through the verification process, complete the following:

- Divide the gross income equally between the number of participants and nonparticipants for whom the income is intended.
- Count the resulting amount as each participant's share of income.

Count income as received at the time it is made available to the participant.

EXCEPTION

Count income in the month for which it is intended rather than the month in which it is made available for reasons including, but not limited to, any of the following:

- Income is paid directly to a financial institution and it is automatically deposited into the participant's account.
- Income is held or delayed at the request of the participant, or the participant fails to obtain the income when it becomes available.
- An extra check is received due to a change in pay dates, such as a third or fifth check issued early due to a holiday or weekend.
- A change in pay dates or mailing cycles results in monthly or semi-monthly pay being received in another month.

Key earned income on EAIC or SEEI.

Policy and procedures for budgeting income are outlined as follows:

- [Projecting Income](#)
- [Anticipating Income](#)
- [Converting Income](#)
- [Actual Income](#)
- [Prorating Income](#)
- [Budgeting Contract Income](#)
- [Budgeting Out-of-State Military Income](#)
- [Budgeting IDA Deposits](#)
- [Calculating Year to Date](#)
- [Special Considerations](#)
- [Budgeting Documentation](#)

A Projecting Income - Overview

[REVISION 48](#)
(01/01/20 – 12/31/20)

Projecting income is predicting future income using recently received income that is expected to continue.

Request, verify, and review the participant's income received during a prior 30-day period to determine the income that is reasonably certain to be received during the approval period. (See [Income Verification](#))

When projecting income, all checks that have been received in the [budget month\(g\)](#) must be used in that month. When budgeting for ongoing months, do not use a check that does not reflect the participant's ongoing income because the check is a [High or Low Check\(g\)](#). (See [Full Month's Income Has Been Received](#))

NOTE Verify differences in pay, including overtime and bonuses. When the check includes overtime or a bonus that won't continue, do not use that check for budgeting ongoing months.

When a zero pay period is expected to continue or is received in the budgeting month, see [Zero Pay Period](#) for AZTECS keying procedures.

Do not use the past income as an indicator of projected ongoing income when one or more of the following occurred or can be expected during the approval period:

- One or more semi-monthly checks do not represent the participant's ongoing income. (See [Received Semi-Monthly](#))
- An increase or decrease in the number of hours worked during or after the application month. (See [Changes in Hours Worked](#))
- An increase or decrease in the rate of pay during or after the application month. (See [Changes in Rate of Pay](#))
- There are no recent checks that are normal and are expected to continue. (See [Anticipating Income](#))
- The income was terminated. Only budget the income for the month received and remove it for ongoing months.

NOTE Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be normal. (See [Income Documentation Requirements](#))

.01 Projecting Income - A Full Month's Income Has Been Received

[REVISION 47](#)
(01/01/19 – 12/31/19)

When a full month of income has been received and no changes are expected, include the income for the month it is received and for ongoing months.

When a full month of income has been received and changes are expected, include the unusual income only in the month received. (See Example [Unusually High or Low](#)) Project the income for ongoing months based on the budgetary unit's verified circumstances.

When the income is verified as terminated, include the income only when received in the application month and remove it for ongoing months. (See Example [Terminated Source](#)).

When a [full month of income\(g\)](#) has been received, complete the following on the appropriate income screen:

- Key the [gross income\(g\)](#) received in each pay period for the benefit month.
- Key the date the income is received.
- Key the appropriate [frequency code](#).

(See Examples [Budgeting One Check When All Checks are the Same](#) and [Budgeting Less Than 30 Days of Income](#))

.02 Projecting Income – Zero-Pay Periods

[REVISION 26](#)
(10/01/13 – 12/31/13)

When there is a [zero-pay period\(g\)](#) received during the past 30 days or longer and it is expected to continue, include the zero pay period to average the monthly gross income. (See Example [Zero-Pay 1](#)).

When a zero-pay period occurs and is expected to continue, complete the following on the appropriate income screen to project the income:

- Key the appropriate [frequency code](#).
- Key the number of pay periods from the income period used.
- Key the date the income is received for each pay period.
- Key the [gross income\(g\)](#) received in each pay period.

WARNING

Do not key the pay date and gross income information for the zero-pay periods. **AZTECS** does not accept an amount keyed as zero. When zero is keyed and ENTER is pressed, an edit message displays.

When there is a [zero-pay period\(g\)](#) received during the past 30 days or longer and it is not expected to continue, include the zero-pay only when received in the month of application. Remove the zero-pay for the ongoing months. (See Example [Zero-Pay 2](#)).

Documentation must support the income budgeted.

.03 Projecting Income - Received Semi-Monthly

[REVISION 30](#)
(06/01/14 - 07/31/14)

Income received or expected to be received twice a month on the same dates is considered semi-monthly income. This includes all income scheduled to be paid on a semi-monthly pay cycle.

Manually convert the income when either of the following apply:

- Expecting a new source of income
- One or more checks in the income period used does not represent the participant's ongoing income

Complete the following when expecting a new source of semi-monthly income:

- Determine the average hours worked per week.
- Multiply the average hours worked per week by the hourly rate, this amount is the projected weekly gross income.
- Multiply the projected weekly gross income by 2.15. This amount is the projected semi-monthly income.
- When the SM code is keyed, AZTECS multiplies the projected semi-monthly income by 2 and calculates the monthly gross income.

(See Example [Semi-Monthly Income 2](#))

Complete the following when one of the semi-monthly checks is normal and one or more semi-monthly checks do not represent the participant's ongoing income.

- Key the normal semi-monthly check on EAIC.
- Manually convert and budget the second semi-monthly check as follows:

Determine the average hours worked per week.

Multiply the average hours worked per week by the hourly rate, this amount is the weekly gross income.

Multiply the weekly gross income by 2.15. This amount is the projected semi-monthly check. Key the amount on EAIC.

(See Example [Semi-Monthly Income 3](#))

When all semi-monthly checks in the income period used do not represent the participant's ongoing income, see [Converting Income - Overview](#). (See Example [Semi-Monthly Income 4](#))

.04 Projecting Income - Expected Changes in Hours Worked

REVISION 26
(10/01/13 – 12/31/13)

When the participant's income received from the last 30 days or longer is not normal due to an increase or decrease in the number of hours worked, complete the following:

- For the application month, budget the income received for the month and any changes in income when needed.
- For ongoing months, budget the income using the verified changes.

Documentation must support the income budgeted.

(See Example [Change in Hours](#))

.05 Projecting Income - Expected Changes in Rate of Pay

REVISION 26
(10/01/13 – 12/31/13)

When the participant's income received from the last 30 days or longer is not normal due to a change in rate of pay and the number of hours worked does not fluctuate, complete the following:

- Verify the change.
- For the application month, budget the income received for the month and any changes in income when needed.
- For ongoing months, budget the income using the verified changes.

Documentation must support the income budgeted.

When the participant's income received from the last 30 days or longer is not normal due to a change in rate of pay and the number of hours worked normally fluctuates, complete the following

- Total the number of hours in the income period used.
- Divide the total hours by the number of pay periods the hours cover to obtain the average hours per pay period.

- Drop the third number after the decimal point of the average hours per pay period.
- Key the following on **EAIC** for the benefit month:
 - The appropriate frequency code.
 - The known gross income received.
 - The expected changes in income as follows:
 - The date of the first check expected in the budget month, with the new hourly rate, in the DATE PAID field.
 - The average of the hours worked per pay period in the HOURS field.
 - The new hourly rate of pay in the HR. RATE field.
- Budget the income using the verified changes in income for ongoing months.

Documentation must support the income budgeted.

(See Example [Change in Rate of Pay](#))

B Anticipating Income - Overview

REVISION 47
(01/01/19 - 12/31/19)

Anticipate income when there is not a full month of income received or the [projected](#) amount does not accurately reflect the monthly circumstances. This includes situations where verified changes (i.e. pay raises or pay decreases) must be anticipated.

Determine the anticipated income that is budgeted by discussing with the participant and documenting the following:

- The reason the prior income is not expected to continue
- The amount of income the participant expects to receive monthly

(See Example [Anticipating Earned Income](#))

WARNING

Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be normal. (See [Income Documentation Requirements](#))

C Converting Income - Overview

REVISION 47
(01/01/19 – 12/31/19)

Income received more often than monthly must be converted to a monthly amount. **AZTECS** completes the following before converting income keyed on **EAIC** and **UNIC**:

- Totals the gross income.
- Divides the total by the number of pay periods to arrive at an average income per pay period.
- Drops the third number after the decimal point of the average income per pay period.

The following conversion factors are based on the frequency of pay:

- Weekly income (once a week): AZTECS multiplies the weekly amount by 4.3 to arrive at the monthly gross income.
Key the WK Frequency Code in the FREQ field on EAIC or UNIC when the income is received weekly. (See Example [Weekly Income](#)).
- Bi-weekly (every two weeks): AZTECS multiplies the bi-weekly amount by 2.15 to arrive at the monthly gross income.
Key the BW Frequency Code in the FREQ field on EAIC or UNIC when the income is received bi-weekly. (See Example [Bi-weekly Income](#)).
- Semi-monthly income (twice a month): AZTECS multiplies the semi-monthly amount by 2 to arrive at the monthly gross income.

Key the SM Frequency Code in the FREQ field on EAIC or UNIC when income is received semi-monthly. (See Example [Semi-monthly Income 1](#)).

To manually convert income received more often than monthly, complete the following:

- Add all gross income received during the income period.
- Divide the total gross income by the number of pay periods in the income period used. This amount is the average gross amount per pay period.
- Multiply the average gross amount per pay period by the appropriate conversion factor. This amount is the monthly gross income.

WARNING

Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be normal. (See [Income Documentation Requirements](#))

D Actual Income- Overview

REVISION 46
(01/01/18 - 12/31/18)

When income is received with no established frequency or the frequency is unpredictable, the income is budgeted as actual.

NOTE When the frequency of the income can be reasonably expected, [convert](#) the income to a monthly amount. (See Example [Actual Income 1](#))

Request, verify, and review the participant's income received during the prior 30-day period to determine the income that is reasonably certain to be received during the approval period. (See [Income Verification](#))

Income that is budgeted as actual includes, but is not limited to, the following:

- Income received or expected to be received each day, such as day labor, is considered daily wages. Key AC in the FREQ field on EAIC or UNIC. (See Example [Actual Income 2](#))
- Income received or expected to be received for less than a [full month's](#) pay is budgeted as actual in the month the income is received. Key AC in the FREQ field on EAIC or UNIC. This includes the following:
 - A [new source of income](#) (See Example [New Source of Income](#))
 - A [terminated source of income](#) (See Example [Terminated Source](#))
 - A [break in employment\(g\)](#)
- Income received or expected to be received occasionally, irregularly or infrequently is considered occasional income, on-call, or odd jobs. Key OC in the FREQ field on EAIC or UNIC. AZTECS does not average and convert income received occasionally.
- Income received or expected to be received regularly once a month. Key MO in the FREQ field on EAIC or UNIC. AZTECS does not average and convert monthly income.

WARNING

Documentation must support determinations of eligibility and benefit level. Document in sufficient detail to ensure that any reviewer can assess whether the determination is reasonable and accurate. Include specific information regarding the reason the income is determined to be normal. (See [Income Documentation Requirements](#))

E Prorating Income - Overview

REVISION 26
(10/01/13 – 12/31/13)

Prorating income is used to evenly spread a participant's income over the period of time the income is intended to cover. The following are types of prorated income and how it should be budgeted:

- Income received once a year ([annually](#)); divide the annual gross amount by 12.
- Income received once every two months ([bi-monthly](#)); divide the bi-monthly gross amount by two.
- Income received once every three months ([quarterly](#)); divide the quarterly gross amount by three.

- Income received twice a year ([semi-annually](#)); divide the semi-annual gross amount by six.

WARNING

When the participant receives contract, education, or self-employment income, see the following policy and procedures:

- [Budgeting Contract Income](#)
- [Budgeting Educational Income](#)
- [Budgeting Self-Employment Income](#)

.01 Prorating Income Received Annually – AZTECS Procedures

[REVISION 26](#)
(10/01/13 – 12/31/13)

Key AN in the FREQ field on **EAIC** or **UNIC** when the income is received annually.

AZTECS prorates the income keyed by dividing the annual amount by 12.

.02 Prorating Income Received Bi-monthly – AZTECS Procedures

[REVISION 26](#)
(10/01/13 – 12/31/13)

When income is received every other month, complete the following:

- Divide the bi-monthly gross income by 2.
- Drop the third number after the decimal point.
- Key MO in the FREQ field on **EAIC** or **UNIC**.

AZTECS does not prorate income keyed as monthly.

.03 Prorating Income Received Quarterly – AZTECS Procedures

[REVISION 26](#)
(10/01/13 – 12/31/13)

Key QR in the FREQ field on **EAIC** or **UNIC** when the income is received quarterly.

AZTECS prorates the income keyed by dividing the quarterly amount by 3.

.04 Prorating Income Received Semi-annually – AZTECS Procedures

[REVISION 26](#)
(10/01/13 – 12/31/13)

Key SE in the FREQ field on **EAIC** or **UNIC** when the income is received semi-annually.

AZTECS prorates the income keyed by dividing the semi-annual amount by 6.

F Budgeting Contract Income - Overview

[REVISION 48](#)
(01/01/20 – 12/31/20)

Budget contract income in one of the following ways:

- When the contract represents the participant's primary source of income, see [Prorated Over a 12-Month Period](#)
- When the contract covers less than 12 months, is not the participant's primary source of income, and does not represent the participant's annual income, see [Received for Specified Period](#)
- When the participant is paid by the hour, for overtime, or on a piecework basis, see [Received Hourly or by Piecework](#)

To determine how to budget the income, review the [Contract Income Verification](#) and clarify the income with the participant or employer.

The following questions may assist with the clarification:

- What period is the contract intended to cover?
- What period is the employee expected to work?
- Is the participant paid only for the number of hours worked?
- Is the participant guaranteed to receive the full amount listed in the contract regardless of how many hours are worked?

- Is the participant receiving overtime or differential pay?
- How often is the income paid?
- Does the participant receive a lump sum payment at the start, end or anytime during the contract period? (Include any lump sum payments in the prorated contract amount)
- Is the participant paid outside of the specific period the contract covers?
- How much income does the participant receive for the contract?
- Does the contract income represent the participant's annual income?
- Is the contract the participant's primary source of income?

.01 Budgeting Contract Income - Prorated Over a 12-Month Period

REVISION 48
(01/01/20 - 12/31/20)

Prorate contract income over a 12-month period when one or more of the following apply:

- The contract covers a 12-month period.
- The participant is paid once every 12 months.
- The contract covers a period less than 12 months and the participant indicates that the contract amount is their annual income.
- The contract covers a period less than 12 months and the contract is the participant's primary source of income.

NOTE When the contract states the participant is paid based on an hourly or piece work basis, see [Received Hourly or by Piecework](#).

Key the following on EAIC:

- The WA Earned Income Code in the INC TYPE field.
- The AN Frequency code in the FREQ field.
- The number of hours in the HOURS field or the hourly rate in the HR. RATE field.
- The gross income specified in the contract in the GROSS AMOUNT field.

(See Example [Budgeting Contract Income 1](#))

NOTE Budget the prorated income for the 12-month period unless the contract employment has been [terminated](#).

Documentation must support the contract income budgeted.

.02 Budgeting Contract Income - Received for a Specified Period

REVISION 48
(01/01/20 – 12/31/20)

Prorate contract income over the specified period it is intended to cover when all of the following apply:

- The contract covers less than 12 months.
- The contract income does not represent the participant's annual income.
- The contract is not the participant's primary source of income.
- The participant is not paid on an hourly or piecework basis.

Key the following on **EAIC**:

- The WA Earned Income Code in the INC TYPE field.
- The MO Frequency Code in the FREQ field.
- The number of months the contract is intended to cover in the NUMBER OF PERIODS field.
- The gross income specified in the contract in the GROSS AMOUNT field.

(See Example [Budgeting Contract Income 2](#))

Documentation must support the contract income budgeted.

.03 Budgeting Contract Income - Received Hourly or by Piecework

REVISION 48
(01/01/20 – 12/31/20)

Budget contract income using the appropriate income period and frequency when the contract states the participant is paid based on either of the following:

- The number of hours worked
- A [piecework\(g\)](#) rate

[Project](#) the contract income received hourly or on a piecework basis by keying the following on EAIC:

- The WA Earned Income Code in the INC TYPE field.
- The appropriate [Frequency Code](#) in the FREQ field.
- The number of hours worked per pay period in the HOURS field.
- The gross income received per pay period in the GROSS AMOUNT field.

(See Examples [Budgeting Contract Income 3](#) and [Budgeting Contract Income 4](#))

Documentation must support the contract income budgeted.

G Budgeting Out-of-State Military Income for NA and CA

REVISION 44
(10/01/16 - 11/30/16)

Military income includes, but is not limited, to the following:

- Base Pay (BP)
- Basic Allowance for Housing (BAH)
- Basic Allowance for Subsistence (BAS)
- Clothing Allowance
- Special and Incentive Pay
- Family Separation Allowance (FSA)
- Family Subsistence Supplemental Allowance (FSSA)

NOTE See [Military Income – EAIN](#) when the income is for a military member stationed in Arizona. This income is considered earned income.

Income received while serving in the military when stationed outside Arizona is budgeted as follows:

- The income of the military member stationed outside of Arizona is not countable.
- Any portion of the military income that is available to the budgetary unit is countable as unearned income.
- When the military member outside of the budgetary unit pays the mortgage, rent, or utilities directly to the company, the income is considered a [vendor payment](#).

EXCEPTION

When the military income is considered Combat Zone Pay, see [Earned Income Combat Zone Pay](#).

Income received for serving in the military while stationed outside of Arizona is budgeted as follows:

- Key the income on UNIC using the MS Income Code.
- Key only the portion of income made available to the budgetary unit on UNIC next to one of the following who are coded IN on SEPA:
 - The [spouse\(g\)](#) of the participant who is serving.
 - The non-serving parent of a common child.
 - The parent of a child, age 18 or younger, when the child is serving.
 - The participant to whom the income is made available.
- Document the [case file\(g\)](#) with the reason the income is keyed next to the participant coded IN.

CA EXCEPTION

When the military member stationed outside Arizona is the parent and only away from home due to active military duty, the following apply:

- The parent serving in the military is considered a mandatory CA participant.
- The military income is considered earned income for the military member and the entire amount (less Combat Zone Pay) is countable income to the CA budgetary unit. Key the earnings on EAIC using the MP Earned Income Code.
- Expenses paid by the parent serving in the military are not vendor payments to the budgetary group.

H Budgeting IDA Deposits

REVISION 26
(10/01/13 – 12/31/13)

An Individual Development Account (IDA) is an interest bearing savings account that allows eligible CA participants to save money for any of the following:

- Education
- First Home Purchase
- Training
- Business Capitalization

50% of earned or self-employment income, up to a maximum of \$100, deposited into an IDA per month is not countable. Subtract the allowable IDA deposit from the gross income. The remaining amount is countable.

Interest earned by an IDA, when the interest remains in the account is not countable.

Any unearned or educational income deposited into an IDA account is countable.

[Project](#) IDA deposits based on the previous history and the [participant's statement](#) of expected deposits as follows:

- Subtract the allowable IDA deposit (the portion that is not countable) from the gross income.
- Key the remaining gross income using the applicable Income Code.
- Key the IDA deposit on the appropriate income screen, using the IX Income Code as follows:
On EAIN when the income is from earned income.
On SEEI when the income is from self-employment.

WARNING

An [overpayment](#) exists for any month in which excess CA benefits are paid due to incorrect anticipation of IDA deposits of earned income.

I Budgeting Income - Calculating Year to Date

REVISION 26
(10/01/13 – 12/31/13)

When a participant provides two nonconsecutive paychecks and the middle paycheck is missing, it may be possible to calculate the gross amount of the missing paycheck by using the year-to-date (YTD) amount. To calculate the missing paycheck, complete the following:

- Subtract the current gross wages shown on the paycheck received after the missing paycheck, from the YTD total. Document the remaining amount.

- Subtract the YTD total shown on the paycheck received before the missing paycheck, from the remaining amount. The resulting amount is the gross wages received on the missing paycheck.
- Key the gross wages on **EAIC**.
- Document the [case file\(g\)](#) explaining how the missing paycheck was determined.

(See Example [Verification Earned Income](#))

J Budgeting Income - Documentation Requirements

[REVISION 26](#)
(10/01/13 – 12/31/13)

Documentation must explain discrepancies and support the decision made. Include the following information when documenting income and budgeting:

- Explanation of the income period used
- Explanation of why the income period was used
- Explanation why the income period was not used
- Explanation of how the income was determined
- Explanation of deductions such as earned Income tax credits (EITC), child support, etc.
- Explanation of why the income in the application is higher or lower than the amount budgeted
- Explanation, when applicable, of why the pay stubs in OnBase were not used

When hard copy verification is unavailable, the following information provided by a [collateral contact](#) must be documented:

- Date of collateral contact
- Name, title, and phone number of the person providing verification
- Hourly wage
- Hours worked
- Pay period end date
- Actual pay date
- Frequency of pay

- Date changes occurred or are expected to occur
- Extra income, such as bonuses, tips, commissions and overtime
- Date income started
- Date income stopped

07 Changes in Earned Income

REVISION 45
(01/01/17 - 12/31/17)

During the [application process](#), the budgetary unit is required to report changes in earned income.

After approval, the budgetary unit must report changes based on one of the following assigned reporting requirements:

- [Standard Reporting](#)
- [Simplified Reporting](#)