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**Executive Office of Health and Human Services**  
**Department of Transitional Assistance**  
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**Field Operations Memo 96-21**  
**July 1, 1996**

**To:** Local Office Staff

**From:** Joyce Sampson, Assistant Commissioner for Field Operations

**Re:** Treatment of Terminated Income and Supplemental Payments for PA/FS Households Subject to Monthly Reporting and Retrospective Budgeting

**Background**

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State Letter 1097 transmits federally mandated changes to current policy at 106 CMR 365.155.

This field operations memo will:

- define when income from a terminated source must be disregarded for PA/FS cases subject to monthly reporting and retrospective budgeting;
  - provide instructions on the treatment of terminated income for PA/FS cases on monthly reporting;
  - provide examples of common terminated income scenarios;
  - define when supplemental payments must be counted for food stamp purposes; and
  - provide instructions on the treatment of TAFDC/AFDC supplemental payments.
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**Income from a Terminated Source**

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**When Terminated  
Income  
Must Be  
Disregarded**

Income, whether earned or unearned, received by a TAFDC/AFDC household subject to monthly reporting from a *terminated source* must be disregarded in calculating the food stamp allotment if (1) *the termination of income is reported in a **timely manner** and (2) the termination of the income would result in an **increase** in the cash grant.*

**Timely Reporting  
of Terminated  
Income**

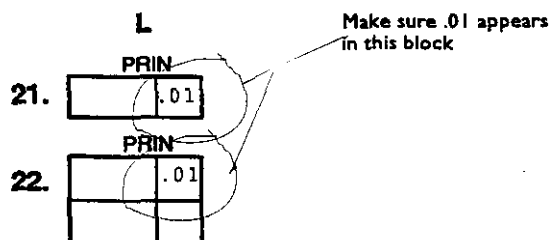
To allow sufficient time to process the change and affect the allotment in the payment month, the household on monthly reporting must report that the income source has terminated either:

- (1) on the monthly report; or
- (2) by contacting the worker (by phone or in person) at least **10 days** before the PACES Update Deadline listed on the Cases Participating in the Monthly Reporting Cycle Schedule of the *Systems User's Guide*, Volume I, PACES, Appendix E.

**PACES Data Entry  
and Benefit  
Determination**

The worker must enter the earned or unearned income from a terminated source on Line 21 or Line 22, FIW2 section of the PACES Worksheet.

The worker must then enter **.01** in the corresponding Prin Block, FIW2 section of the PACES Worksheet.



Categories 2, 2TA, 4

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**PACES Data Entry  
and Benefit  
Determination**  
(Continued)

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The .01 entry in the Prin Block will alert PACES that the income is from a terminated source. PACES will calculate the cash grant using the income from the terminated source and compare it to the current grant on file. If the current grant on file is less than the cash grant calculated using the terminated income, PACES will disregard the terminated income when calculating the food stamp allotment.

*Note:* This comparison calculation will be done by PACES and is transparent to the worker. However, the worker must enter the .01 in the Prin Block for the comparison to occur.

**Entering Unearned Income:**

Unearned income from a terminated source must be entered on Line 21. **This is a change from current procedures.**

- ▶ If the terminated unearned income is Soc/Sec/Other from Block 1 of the FIW1 section of the PACES Worksheet, the worker must:
  - Zero out the income in Block 1;
  - Reenter the income on Line 21 with an X in the 4 1/3 Block to indicate a monthly amount; and
  - Enter .01 in the Prin Block to alert PACES that the income is from a terminated source.

*Note:* Terminated SSI income is not used in calculating the cash grant. The worker must zero out the income in Block 1 **only**. No entry in Line 21 is required.

- ▶ If the terminated unearned income was previously entered on Line 20, the worker must:
    - Zero out the income on Line 20;
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**PACES Data Entry  
and Benefit  
Determination**  
(Continued)

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- Reenter the income on Line 21; and
  - Enter .01 in the Prin Block to alert PACES that the income is from a terminated source.

**Special Situation: *Roomer / Boarder / Rental Income***

Terminated roomer/boarder/rental income cannot be zeroed out and reentered on Line 21 as described above.

- ▶ If the terminated income is roomer/boarder/rental income, the worker must:
  - Zero out the roomer/boarder/rental amount on Line 20;
  - Perform an on-line calculation using the CALC screens to determine the countable amount of roomer/boarder/rental income. **This amount will be shown on the “net income” line of the RPTS screen.**
  - Enter the countable roomer/boarder/rental income as OU on Line 21 and enter X in the 4 1/3 Block to indicate a monthly amount.
  - Enter .01 in the Prin Block alert PACES that the income is from a terminated source.

*Reminder:* Do not forget to zero out the .01 in the Prin Block in the following month.

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### Terminated Income Examples

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#### Terminated Income Reported on Monthly Report

*Example 1:*

A recipient with SSN ending in 9 indicates on the Monthly Report received by the worker on August 23 that her job terminated on August 3. The worker must:

- Enter the reported earnings on Line 21 in the FIW2 section of the PACES Worksheet.
- Enter .01 in Block 21 L. Prin, FIW2 section of the PACES Worksheet. The .01 entry will alert PACES that the earned income is from a terminated source.

PACES will calculate the cash grant using the terminated income to determine if the grant has increased by comparing it to the current grant on file.

Since in this example the recipient worked only part of the budget month, her cash grant would increase as a result of the terminated income. *PACES will not count the earnings in calculating the food stamp allotment.*

#### Terminated Income Reported Before the PACES Update Deadline

*Example 2:*

A recipient with SSN ending in 5 mailed his Monthly Report on August 14. His earnings were data-entered on August 16. On August 23 he notified his worker that he just lost his job. (*This is 10 days before the PACES Update Deadline.*) His earnings from the July budget month are from a terminated source. The worker must:

- Pull the pending worksheet which was data-entered on August 16; and
  - Reenter the earnings on Line 21 of the worksheet with .01 in the Prin Block.
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**Terminated Income Examples (Continued)**

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PACES will calculate the cash grant using the earned income and determine if the grant would increase by comparing it to the current grant on file.

Since in this example the recipient worked during the entire budget month, his cash grant would not increase as a result of the terminated income. *PACES will count the earnings in calculating the food stamp allotment.*

**Terminated  
Income Reported  
After the PACES  
Update Deadline**

*Example 3:*

Mr. & Mrs. X are on monthly reporting with SSN ending in 1. The monthly report is received by the worker on August 12 with Mrs. X's pay stubs. Mr. X calls his worker on August 27 to notify that he will receive his last unemployment check on August 30. (*This is not 10 days before the PACES Update Deadline.*) The worker must:

- Advise Mr. X to submit verification of the termination of unemployment income with Mrs. X's pay stubs on the *next* monthly report.
  - When the September monthly report is received, zero out the unemployment income on Line 20 and reenter it on Line 21 in the FIW1 section of the PACES worksheet.
  - Enter .01 in the corresponding Block 21 L. Prin, FIW2 section of the PACES Worksheet. The .01 entry will alert PACES that the unearned income is from a terminated source.
  - Enter Mrs. X wages as usual.
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**Terminated Income Examples (Continued)**

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PACES will calculate the cash grant using the earned and unearned income and determine if the grant would increase by comparing it to the current grant on file.

Since in this example Mr. X received unemployment checks for the full budget month, the cash grant would not increase as a result of the terminated income. *PACES will count the unearned income in calculating the food stamp allotment.*

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**TAFDC/AFDC Supplemental Payments**

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**Treatment of  
TAFDC/AFDC  
Supplemental  
Payments**

Immediate or Monthly Reporting supplemental payments must be counted when calculating the food stamp allotment in the corresponding payment month for PA/FS households subject to monthly reporting.

**TAFDC/AFDC  
Supplemental  
Payments --  
Income is  
Terminated**

If a PA/FS recipient requests and is eligible to receive either an immediate or monthly reporting TAFDC/AFDC supplemental payment due to **terminated income**, the supplemental payment must be counted in calculating the food stamp allotment for the corresponding payment month.

The worker must:

Enter the **amount of the supplemental payment** in the Block 21 or 22 L. Prin, FIW2 section of the PACES Worksheet in the month following the supplemental payment.

*Note:* Zero out any income from the terminated source which appears on Line 21 or 22, FIW2 section of the PACES Worksheet.

Enter the amount of any subsequent supplemental payment in the same way.

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**TAFDC/AFDC  
Supplemental  
Payments --  
Income is  
Terminated  
(Continued)**

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*Reminder:* Do not forget to zero out the Prin Block in the month following the last supplemental payment so that it will not be counted in calculating future food stamp allotments.

*Example:* A recipient with SSN ending in 9 indicates on the Monthly Report received by the worker on August 23 that her job terminated on August 17. The recipient requests a supplemental payment. The worker must:

- Enter the reported earnings on Line 21 in the FIW2 section of the PACES Worksheet with a .01 in the Prin Block.
- Calculate and issue the supplemental payment in the usual way.
- The *following* month, enter any earned income received in the budget month and enter **the amount of the supplemental payment** in the Prin Block.

*Note:* It is not necessary to enter .01 in the Prin Block.

Entering the supplemental payment amount in the Prin Block will alert PACES that (1) the earnings are from a terminated source and (2) the supplemental payment must be counted in calculating the food stamp allotment.

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**TAFDC/AFDC  
Supplemental  
Payments --  
Income is  
Reduced**

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If a PA/FS recipient requests and is eligible to receive either an immediate or monthly reporting TAFDC/AFDC supplemental payment due to a **reduction in income**, the supplemental payment must be counted in calculating the food stamp allotment for the corresponding payment month.

The worker must enter this type of supplemental payment in Block 5, Special Income Type F, FIW1 section of the PACES Worksheet.

Any subsequent supplemental payment must be entered in the same way.

*Reminder:* Do not forget to zero out the Block 5, Special Income Type F, FIW1 section of the PACES Worksheet in the month following the last supplemental payment so that the amount will not be counted in calculating future food stamp allotments.

**Questions**

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Policy questions should be directed by your Hotline designee to the Policy Hotline at (617) 348-8478. Systems questions should be directed to Customer Support Services at (617) 348-5290.

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