

**2659 – CONTRACT EMPLOYEES**

<b>POLICY STATEMENT</b>	Income received from contractual employment is averaged over a 12-month period if the income is not received on an hourly or piecemeal basis.
<b>BASIC CONSIDERATIONS</b>	<p>Contractual employment is defined as working for a period of time less than a year.</p> <p>Contract employees include truckers, certain school employees and others who contract to work on a renewable annual basis.</p> <p>The contract renewal process may involve one of the following:</p> <ul style="list-style-type: none"> <li>• signing a new contract each year</li> <li>• automatic renewal of a contract</li> <li>• implied renewal precluding the use of a written contract</li> </ul> <p>Contract employees are considered compensated for an entire year, even during predetermined non-work periods such as summer breaks or vacations.</p> <p>Income received by contract employees is considered compensation for a full year, regardless of the frequency of pay stipulated in the terms of the contract.</p>
<b>PROCEDURES</b>	<p>Follow the steps below to determine the eligibility of a contract employee:</p> <p><b>Step 1</b> Determine that the individual is a contract employee.</p> <p><b>Step 2</b> Determine the frequency of pay to calculate the monthly gross income.</p> <p><b>Step 3</b> Multiply the monthly gross income by the number of times received to determine the annual gross income.</p> <p><b>Step 4</b> Divide the annual gross income by twelve to determine the average monthly gross income.</p>

**PROCEDURES  
(cont.)**

**Step 5** Add the contract income to all other monthly income to determine the total gross monthly income.

**Step 6** Apply income deductions appropriate to the COA under which eligibility is being determined.

EXCEPTIONS: Do not apply the above budgeting procedures in the following situations:

- when payments are not made as specified in the contract
- a labor dispute interrupts the flow of earnings as specified in the contract.