

2835 - AFDC RELATEDNESS BUDGETING**POLICY
STATEMENT**

AFDC budgets are completed when determining eligibility under IV-E Foster Care or IV-E Adoption Assistance Medicaid.

**BASIC
CONSIDERATIONS**

The AFDC Budget is based on the circumstances in the home from which the child was removed.

The Gross Income Ceiling (GIC) test is used to determine financial eligibility based on the AU's gross countable income.

The Standard of Need (SON) test is used to determine financial eligibility based on the Assistance Unit's(AU) net countable income.

Refer to Chart 2835.1 for GIC and SON limits.

Chart 2835.1 - AFDC Income Standards		
Number in AU	Gross Income Ceiling	Standard of Need
1	435	235
2	659	356
3	784	424
4	925	500
5	1060	573
6	1149	621
7	1243	672
8	1319	713
9	1389	751
10	1487	804
11+	1591	860
For each additional Member	+44	+24

**BASIC
CONSIDERATIONS
(cont.)**

An individual's income and resources are not considered in two separate AFDC budgets simultaneously.

The resource limit for AFDC relatedness is \$10,000.00. Refer to Section 2399 for treatment of resources.

All countable income and resources of the AU members are considered in determining financial eligibility.

The countable income of the following non-AU members are considered in determining financial eligibility:

- Ineligible parents
- Stepparents
- Parents of a minor caretaker
- Spouses of married minors
- Intentional Program Violation (IPV) disqualified individuals as noted in SUCCESS
- Sanctioned Standard Filing Unit (SFU) individuals.

Employed individuals include the following:

- Employed AFDC AU members
- Sanctioned SFU individuals whose earnings are included in the AFDC budget.

An SSI recipient's income and resources are not considered in determining AFDC eligibility. However, any income given to the AFDC AU by a recipient of SSI is treated as a contribution.

A responsibility budget is completed in the following situations:

- To determine whether a non-parent relative can be included in the AU as caretaker.
- To determine how much of the income of a stepparent or the parent(s) of a minor caretaker to include in the AFDC budget.
- To determine how much income an AFDC eligible adult can allocate to meet the needs of his/her AFDC ineligible spouse and/or child.

PROCEDURES**Gross Countable Income**

Gross countable income is the AU's income after subtracting the following:

- The \$50 child support deduction
- Allocated income
- The earnings of an AFDC child (see PROCEDURES, Earnings of an AFDC child, in this section)
- Any other income excluded by law (refer to Chapter 2400, Income)
- Unemployment Compensation Benefit (UCB) received by the Principal Earner in an AFDC-Underemployed/Unemployed Parent AU.

NOTE: Gross countable income includes income deemed from a responsibility budget and earnings from self-employment after subtracting the cost of doing business.

Net Countable Income

Gross countable income is used in completing the GIC test. Refer to Section 2499 for treatment of income for types of countable income.

Net countable income is the AU's income after allowing all deductions (refer to [Section 2830](#), AFDC Deductions). Net countable income is applied to the SON to determine eligibility.

Earnings of an AFDC Child

Exclude an AFDC child's earnings from gross countable income for up to six months per calendar year if the child is in school at least equal to the amount of time worked according to the following:

- Compare full-time school attendance to full-time work, etc., to determine in school at least equal status.
- After six months of the exclusion, include the earnings as income when completing the GIC test.
- If the AU is eligible based on the GIC test, exclude the child's earnings from the remainder of the budgeting process.

Determining Financial Eligibility

Follow the steps below to establish the AU's financial eligibility for AFDC.

Determine the members of the AU (refer to [Section 2610](#), LIM Assistance Units).

PROCEDURES**(cont.)****Determining Financial Eligibility (cont.)**

Identify non-AU members whose income and resources are considered in determining financial eligibility and benefit level.

Determine the countable resources, income and expenses of the AU members and those identified in Step 2.

Verify all resources, income and expenses on all household members as required.

Determine that the AU has resources less than or equal to the AFDC relatedness resource limit (\$10,000.00).

AFDC Budget

SHINES calculates the AFDC Relatedness budget based on data verified, documented and validated by RevMax RMS. The steps below complete an AFDC Relatedness budget.

Complete the GIC test by comparing the gross countable income of the AU to the gross income ceiling (GIC) for the AU size.

If the gross countable income is equal to or less than the GIC, continue to the next calculation.

If the gross countable income is greater than the GIC, the child is not IV-E eligible. Notify the SSCM through the SHINES Eligibility Summary Page. Complete a Continuing Medicaid Determination (CMD).

Determine if there are employed individuals in the AU.

If there is an employed individual(s) proceed to complete a SON trial budget to determine eligibility for the \$30 plus 1/3 deduction. (Step C: Standard of Need Test on the AFDC budget sheet.)

- Subtract the \$90 standard work expense from the gross earned income of each employed individual.
- Subtract dependent care not to exceed the maximum from the earned income of each employed individual who incurs and pays this expense.
- Add the unearned income of all individuals whose income is considered.
- Compare the total net income to the SON for the AU size.

If the total net income is less than the SON, a deficit, for that AU, then

PROCEDURES

(cont.)

**AFDC Budget
(cont.)**

allow the \$30 plus 1/3 deduction earned income deduction.

If the total net income is greater than or equal to the SON, the child is not IV-E eligible. Notify the SSCM. Complete a CMD.

Determine the AU's income deficit. (Step D: Payment Budget of the AFDC budget sheet.)

- Apply all applicable earned income deductions to the gross countable earned income of each employed individual to determine the net earned income.
- Add the unearned income of all individuals whose income is considered, including any deemed income, to the net earned income to determine the net countable income.
- Subtract any allocated income.
- Deduct the net countable income from the SON.

If the net countable income is less than the SON (there is a deficit), AFDC relatedness (financial need) for the child is established.

If the net countable income is greater than or equal to the SON, AFDC relatedness (financial need) for the child is not established and the child is not eligible for IV-E. Complete a CMD.

NOTE: For complicated budgeting situations, refer to the Economic Support Services Manual, in effect July 1996.

PROCESSING

AFDC Relatedness budgeting is calculated by SHINES as a function of the eligibility determination at the initial application.