



## **POLICY CHANGE ALERT #15-004F**

**CHILD, SPOUSAL OR CASH MEDICAL SUPPORT INCOME BUDGETING CHANGES**

**ISSUE DATE: 02/17/2015**

**EFFECTIVE DATE: 03/01/2015**

### **Summary**

Programs Impacted: NA and CA

This Policy Change Alert is being issued to inform staff that changes have been made to the Child, Spousal or Cash Medical Support income budgeting policy. These changes are being made in an effort to simplify the budgeting of support payments, align policy with federal guidelines and reduce QC errors.

The following changes have been made to the support income budgeting policy and are effective with all determinations completed 03/01/2015 and later:

- Child support payments are considered income of the parent whom support is court ordered to be paid
- Only court ordered child support payments are budgeted as child support
- Budget all recurring arrearage support income
- Child, spousal or cash medical support income that is not court ordered is budgeted as a gift
- Support income is budgeted as a monthly amount; a conversion factor is no longer used for support income received more often than monthly
- The last 30 days of income is used when the court order and payment history indicate it is an accurate reflection of future income

For additional information on budgeting support income see FAA4.H06 - Budgeting Child, Cash Medical, and Spousal Support of the FAA Policy Manual (Index: Budgeting child support).

### **Revision Details**

The FAA Policy Manual will be updated to include the information in this Policy Change Alert during one of the next bimonthly revisions. Until then, an alert will be placed in each revised section with a link to this document as a reminder of the policy change.

### **POLICY REFERENCE: FAA4.H040 - Child, Spousal or Cash Medical Support**

Child, **spousal** or **cash** medical support is any payment **ordered by the court and** received by a participant, from any of the following:

- **An absent parent.**
- **The Clerk of the Court in Arizona or another state.**
- **Any state's child support centralized payment processing center.**



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- A private collection agency.
- The Department of Child Support Services (DCSS).

NOTE For a listing of state web sites that provide [Child Support Payment information on-line](#).

**A child, spousal or cash medical support payment that is received by a participant but not court ordered is countable as a gift unless the payment is a recurring arrearage payment.**

### **WARNING**

Effective 07/01/03, DCSS began issuing child support income to [Benefit Cap children](#). When more than one Benefit Cap child is in the CA budgetary unit, **and they have the same absent parent** the Benefit Cap child support income must be evenly divided among the Benefit Cap children, when they have the same absent parent.

Support payments are considered unearned income of the **participant** for whom **the support is court ordered to be paid**.

NOTE **Do not budget current support income over the court ordered amount unless the payment is for arrearages. Any monies received for current support over the court ordered amount are countable as a gift.**

### **WARNING**

Court ordered child support payments intended for a [Benefit Cap Child](#) or a child receiving [Supplemental Security Income](#) must be keyed using the appropriate BC income code. This support income must be keyed next to the participant to whom the support is court ordered to be paid.

When **part of** a support payment is for a [Benefit Cap \(BC\) child](#) or a child receiving **Supplemental Security Income (SSI)**, complete the following to identify a specific amount for each child:

- Determine for which children the absent parent is paying child support.
- Divide the total amount of income equally between the numbers of children to determine each child's share.
- **Key the portion of court ordered support income intended for a BC or SSI child separately.**



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Key the BC or SSI child's support income next to the participant for whom the support is court ordered to be paid, using one of the following BC codes:

- BC RE (current)
- BC AR (arrearage)
- BC LS (lump sum)

The following policies and procedures outline which support income is countable or not countable:

- [COUNTABLE Support - CA or MA](#)
- [NOT COUNTABLE Support - CA or MA](#)
- [COUNTABLE Support - NA](#)
- [NOT COUNTABLE Support - NA](#)

(See [Budgeting Child Support](#) for policy and procedures regarding budgeting support payments)

### **POLICY REFERENCE: FAA4.H040.01 - COUNTABLE SUPPORT - CA OR MA**

Child, spousal or **cash** medical support payments **are countable** when any of the following apply:

- The **court ordered** payment is **made to a participant** in the budgetary unit.
- The payment is a recurring arrearage payment.
- The payment is paid or returned to the participant **by DCSS**.
- The payment is paid to the participant **by** a private collection agency.
- The budgetary unit receives support payments after approval and does not turn in the payments to DCSS. (See [Not Surrendered Support](#))

NOTE The participant is allowed to keep child support issued by DCSS for a [Benefit Cap child](#) or a child receiving **Supplemental Security Income**.



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- Child support payments issued through DCSS that exceeded the CA benefit amount.
- Child support payments issued through DCSS to a CA participant to determine Grant Diversion (**GD**) eligibility. **These payments are only countable to determine the needy family criteria.**

**NOTE** Do not budget current support income over the court ordered amount unless the payment is for arrearages. Any monies received for current support over the court ordered amount are countable as a gift.

### **POLICY REFERENCE: FAA4.H040.02 - NOT COUNTABLE SUPPORT - CA OR MA**

Do not count support payments received **towards CA** when any of the following apply:

- The payment is **paid to a participant** in the home who is not included in the budgetary unit.
- The payments are small nonrecurring that do not exceed \$30 per quarter, per child, from an absent parent.
- The payment is a vendor payment, such as rent or mortgage paid directly to the landlord or mortgagor by the absent parent.
- The payment is an In-kind benefit(g) provided by the absent parent.
- Child support payments issued through DCSS to a CA participant receiving a Grant Diversion payment.
- The payment is intended for a Benefit Cap child or a child receiving Supplemental Security Income (SSI) in a CA budgetary unit.

#### **WARNING**

Do NOT budget any support payments that are ASSIGNED and RETAINED by DCSS after CA or MA approval. (See Example Child or Medical Support 1 and Example Child or Medical Support 2)

### **POLICY REFERENCE: FAA4.H040.03 - COUNTABLE SUPPORT - NA**

Support payments **are countable** when any of the following apply:

- The payment is **paid to a participant** included in the budgetary unit.
- The court has ordered payment be made directly to the **participant**.



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- Legally owed payments are diverted by the provider to a third party for a household expense.

NOTE When the expense is allowable, give the budgetary unit the shelter expense deduction.

- The child for whom support is intended is no longer in the home and the support is retained by the budgetary unit.
- A support payment received after approval [is not turned in to DCSS](#). The participant is allowed to keep child support issued by DCSS for a [Benefit Cap child](#) or a **child receiving Supplemental Security Income**.
- The **court ordered** child support payment is issued by DCSS to a CA participant during the three month Grant Diversion time frame.
- The **court ordered** child support payment is issued by DCSS and is in excess of the CA benefit amount.
- The court has ordered payment to be made to the **participant**, but an in-kind benefit is made instead. Do not key any amount in excess of the court order.

### **POLICY REFERENCE: FAA4.H040.04 - NOT COUNTABLE SUPPORT - NA**

Support payments **that are received by a nonparticipant are not countable towards the NA** budgetary unit.

#### **EXCEPTION**

The **support** income of [nonqualified noncitizens](#) must be prorated to the remaining budgetary unit participants. (See [NA Special Considerations](#))

When the court has ordered support payments be paid to a third party instead of the **participant**, the payment is considered a [vendor payment](#). (See [Budgeting Support 1](#)) Do not count any amount in excess of the court order.

NOTE **Do not allow an expense deduction for any expense paid by a vendor payment.**

Do not count nonrecurring monies from an absent parent **that are not court ordered and** that do not exceed \$30 per quarter, per child.



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### **POLICY REFERENCE: FAA4.H06 - Budgeting Child, Spousal or Cash Medical Support**

Child, spousal or cash medical are considered income of the **participant to whom support is court ordered to be paid.**

#### **EXCEPTION**

Do NOT key support income when ALL of the following are in the same budgetary unit:

- The parent **or spouse** paying the support income.
- The **participant court ordered to receive** the support income.

Key support payments next to the **participant court ordered to receive.**

**Only court ordered child support payments are budgeted as child support. When the absent parent gives money directly to the participant without being ordered by the court, the income is budgeted as a gift. All recurring arrearages received must be budgeted.**

When support payments are issued through **DCSS**, review **CHSP** to view support income history. The following support income is issued through DCSS and displays on CHSP as follows:

- Current Child Support (CS RE or BC RE)
- Current Alimony or Spousal Maintenance Support (SP RE)
- Current Cash Medical Support (CM RE)
- Support Arrearages (CS AR, CS LS, BC AR, BC LS, SP AR, SP LS, CM AR or CM LS)

NOTE AR indicates a support arrearage payment that **is may be** RECURRING. LS indicates a Lump Sum payment. **Lump sum payments are NOT countable as income when received for prior months. Count such payments as a resource.**

A discrepancy may occur between CHSP and the participant's statement or the participant's verification. When this occurs, elevate the case situation to the Policy Support Team (PST) via e-mail for resolution.

#### **WARNING**

CHSP screens can be printed for the case file(g) ONLY. Per FAA's Data Sharing Agreement (DSA) with DCSS, DO NOT PRINT CHSP screens to give to a participant.



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(See [Release of Confidential Information](#))

NOTE For a listing of state web sites that provide child support income information on-line, see [Child Support On-line Information](#).

To budget support income, complete the following:

- When the participant is available, discuss with the participant the **court ordered amount and the pay history when the amounts are different**.
- **When the court ordered amount is different due to an additional recurring arrearage, budget the additional support income.**
- Review **additional payments when necessary** to obtain an accurate support income amount.
- When the participant or the payment history indicates that support income is received on a regular basis, **budget the monthly amount received in the last 30 days, next to the participant court ordered to receive the support.**

### **WARNING**

When support income is received **more often than monthly**, but the amounts vary, determine an average monthly amount by **adding** the support payments received within each month **and dividing by the number of months** reviewed (See Example [Budgeting Support 5](#)).

When support income is received directly from a private collection agency count the gross amount received. Do not deduct fees retained by the collection agency.

### **WARNING**

When support income, received from any source, is assigned to and retained by, DCSS, do NOT budget the support income during the following times:

- Beginning the month after the month CA is approved.
- While CA remains in OPEN status.

Key the appropriate Unearned Income Code in the INC TYP field on UNIC when support income is received. When **court ordered** support income is received directly from a private source it is considered Direct Pay Support Income. Private sources include but are not limited to the following:

- Clerk of the Court



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- Private collection agency
- The absent parent or ex-spouse

The following are Direct Pay Support Income Type Codes:

- DC RE: Direct Pay Child Support Received; Current
- DC AR: Direct Pay Child Support; Arrearage/Recurring
- DC LS: Direct Pay Child Support; Lump Sum/Nonrecurring
- DB RE: Direct Pay BC Child Support Received; Current
- DB AR: Direct Pay BC Child Support; Arrearage/Recurring
- DB LS: Direct Pay BC Child Support; Lump Sum/Nonrecurring
- DS RE: Direct Pay Spousal Maintenance Received; Current
- DS AR: Direct Pay Spousal Maintenance; Arrearage/Recurring
- DS LS: Direct Pay Spousal Maintenance; Lump Sum/Nonrecurring
- DM RE: Direct Pay Cash Medical Support Received; Current
- DM AR: Direct Pay Cash Medical Support; Arrearage/Recurring
- DM LS: Direct Pay Cash Medical Support; Lump Sum/Nonrecurring

Budgetary units that receive support income on a regular basis may, at times, receive an extra support payment for reasons including any of the following:

- A change in issue dates
- Weekends or holidays cause an interruption in issuing schedules
- Payment was not received in the month for which it was intended (See Example [Budgeting Support 2](#))

When the participant indicates an amount they usually receive every month, complete the following:

- **Review a copy of the court order and pay history**
- Have the participant write a statement
- Budget a true picture of the amount the participant expects to receive **but not more than the court ordered amount**

### WARNING

When the support income received in the application month is for a full month, the amount is known. For initial applications, budget the known amount **that is court ordered** for the application month. For ongoing months, **use the last 30 days, or**



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**more when necessary**, including the month of application.

**When necessary**, average the support income by completing the following:

- Review the support income received for the income period.
- Add the support income amounts together for each of the months being reviewed.
- Divide the total support income received by the number of prior calendar months reviewed. (See Example [Budgeting Support 3](#))

### **WARNING**

RECURRING support arrearage payments are countable as unearned income and must be budgeted.

When the arrearage payment is recurring and can be anticipated, budget the support income using the appropriate Unearned Income Code in the INC TYP field on UNIC. (See Example [Budgeting Support 6](#))

The participant or payment history may indicate that support income is SPORADIC. When this occurs, add the support income amounts in the months income was received along with the zero income months. (See Example [Budgeting Support 4](#))

**Do not budget current support income over the court ordered amount unless the payment is for arrearages. Any current support monies received over the court ordered amount are countable as a gift. Do not budget a lump sum arrearage payment. A lump sum payment is considered a one-time lump sum and is not expected to continue.**

Follow the same budgeting procedures when the participant does not surrender support payments assigned to DCSS.

Key the CS NS Unearned Income Code in the INC TYP field on UNIC.

Support income passed through by DCSS, for children not included in the CA benefit, such as a family benefit capped (BC) child or a child receiving Supplemental Security Income (SSI), displays as BC RE, BC AR and BC LS on CHSP. Budget the support income for the child not included in the CA benefit. Key the appropriate Unearned Income Code in the INC TYP field on UNIC.



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### **POLICY REFERENCE: FAA4.L11A.01 - CHILD SUPPORT EXPENSE VERIFICATION**

Verify the legal obligation to pay child support and the current paid amount before allowing the expense.

Acceptable verification of the legal obligation to pay and **the** amount of child support required to be paid includes the following:

- Court records
- **Pay records or histories from the Clerk of the Court in Arizona or another state**
- DCSS documents showing the amount of support required to be paid
- SSA award letter when the child support is taken out of the SSA benefits

Acceptable verification of the **support amount** paid includes the following:

- Cancelled checks
- **Copies of money orders made out to the custodial parent**
- **Receipts and pay histories from any state's child support centralized payment processing center**
- Paycheck stub with garnishment amount
- DCSS documents showing the current amount being paid
- Written statement from a person not in the budgetary unit to whom payments are made (See [Written Verification](#))

### **POLICY REFERENCE: FAA4.L12D - BUDGETING CHILD SUPPORT EXPENSES**

Determine the child support deduction for the NA approval period by considering the average monthly payment the NA budgetary unit participant paid in the prior approval period.

**NOTE** The average monthly child support payment deduction must not exceed the monthly amount of the **court order unless payments are for arrearages**. When the **court ordered** amount includes **spousal maintenance**, allow only the portion identified as **court ordered** child support **or any arrearages** as an expense.



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When monthly payments are made and the NA budgetary unit provides a record of more than one month of paid child support, complete the following:

- Average the legally obligated child support. (See Example [Budget Child Support](#))
- Budget the average **monthly** amount **paid** as the court-ordered child support deduction. Take into account any anticipated changes in the **court order**.
- **Allow the average monthly child support arrearage payment paid.**
- Adjust the deduction during the approval period based on reported or discovered changes.
- When there is no history of child support payments, anticipate the verified monthly child support for the NA approval period.
- When child support payments have been made during the income period used, [average the payments](#) to project the amount of the deduction.

### **POLICY REFERENCE: FAA6.N25M - BUDGETING SUPPORT EXAMPLE 1**

The court ordered an absent parent to pay \$400 per month directly to the landlord for half of the participant's \$800 monthly rent.

The \$400 is NOT countable as income. It is considered a vendor payment since the court ordered the payment to go directly to the landlord instead of the participant.

Deduct the portion of the rent that is paid by vendor payment.  
The participant is eligible for a \$400 shelter expense deduction.

Document the case file on how the decision was made.

### **POLICY REFERENCE: FAA6.N25N - BUDGETING SUPPORT EXAMPLE 2**

Application month is May. Review amounts received in the three prior months:

02/00		03/00		04/00	
02/08	\$175	03/08	\$175	04/03	\$125
02/22	\$125			04/10	\$175
				04/24	\$125



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The **participant** states that the payment that should have been received on 3/22 was delayed due to an accounting problem. The payment was received on 04/03. **This caused an extra payment in the month of April. When the extra payment is not expected to continue it is not budgeted for ongoing months.**

**When the court order is not available or the amount received each month differs,** have the participant write a statement of the amount reasonably anticipated to be received. Obtain Supervisor approval and budget the amount indicated.

**NOTE Do not budget current support income over the court ordered amount unless the payment is for arrearages. Any monies received for current support over the court ordered amount are countable as a gift.**

### **POLICY REFERENCE: FAA6.N250 - BUDGETING SUPPORT EXAMPLE 3**

Application month is 05/15. The three prior calendar months and payments follow:

02/15		03/15		04/15	
02/04	\$0	03/13	\$100	04/03	\$125
		3/17	\$75	04/10	\$100

The participant explains that in February, the children's father was ill and didn't work. The participant states she usually receives around \$200 per month, but it varies.

Total the child support received in March and April (\$400). Divide the \$400 by the number of months child support was received (2).

The average amount (\$200) agrees with the **court order or pay history**. Budget \$200 for the application month and document CADO or the CADO Extension Form (CEF) on how the decision was made.

### **POLICY REFERENCE: FAA6.N25Q - BUDGETING SUPPORT EXAMPLE 5**

The PI turns in an application in May and is interviewed the same month. The PI states she receives support income weekly **so the monthly amount fluctuates**. Review the **monthly** support income amounts received in the three prior calendar months. To determine an average monthly amount complete the following:

- In each month add the support income amounts received each week together **to determine the amount received for each month**



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- **Add each monthly amount received together**
- Divide the total support income received by the number of **months reviewed**. The resulting figure is the average **monthly** amount received

**Budget the resulting monthly amount next to the participant court ordered to receive the support.**

February		March		April	
02/05	\$85	03/05	\$85	04/02	\$85
02/12	\$50	03/12	\$0	04/09	\$45
02/19	\$75	03/19	\$120	04/16	\$50
02/26	\$40	03/26	\$55	04/23	\$70
				04/30	<b>\$62</b>
Total	<u>\$250</u>	Total	<u>\$260</u>	Total	<u><b>\$312</b></u>
$\$250.00 + \$260.00 + \$312.00 = \$822.00$					
$\$822.00 / 3 = \$274.00$					

Key the resulting figure as follows:

- Key MO in the FREQ field on UNIC.
- Key **\$274.00** in the GROSS AMOUNT field on UNIC.

Key the appropriate Unearned Income Code in the INC TYP field on UNIC.

### **POLICY REFERENCE: FAA6.N25R - BUDGETING SUPPORT EXAMPLE 6**

Application month is April and the PI is interviewed on April 15th. The PI states she receives child support arrearages. A review of CHSP for the prior 3 months indicates the participant received **an** arrearage payment in February **and** March of **\$200.00**.



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Add the support arrearage income for the months' income was received along with the 0.00 amounts for the months no arrearages were received. Divide the total arrearage income by the number of months being reviewed.

January	February	March
\$200	\$400	\$0
$\$200 + \$400 + \$0 = \$600$ total support arrearages		
$\$600 / 3 \text{ months} = \$200$		
\$200.00 is the total average monthly arrearage payment		

Key the resulting figure as follows:

- Key MO in the FREQ field on UNIC.
- Key \$200 in the GROSS AMOUNT field on UNIC.
- Key the CS AR income type code in the INC TYP field on UNIC.

Please contact the FAA Policy Support Team by phone at (602) 774-5523 or by e-mail at [FAAPolicyMgmt@azdes.gov](mailto:FAAPolicyMgmt@azdes.gov) with any questions or concerns regarding this broadcast.

**Please consider the environment before printing this broadcast.**

(14-2322)