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**FOOD AND NUTRITION SERVICES CERTIFICATION**  
**INCOME AND RESOURCES**  
**FNS 305 RULES FOR BUDGETING INCOME**

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**FNS 305 RULES FOR BUDGETING INCOME**  
**Change #11-2021**  
**August 27, 2021**

**305.01 GENERAL RULES FOR BUDGETING INCOME**

When determining countable income for the certification period use the following guidelines:

- A. Food and Nutrition Services (FNS) uses a prospective, or income averaging, budgeting method to determine eligibility and the benefit amount.
- B. All income shall be counted in the calendar month the household receives the income unless it is otherwise noted.
- C. Budget all countable gross earned and unearned income using the same procedures except for income types listed in section FNS 315 Special Budgeting Procedures.
- D. Representative income is income received during the base period that is considered reflective of the FNS unit's future income. Representative income is used to calculate and budget a monthly amount that is reasonably expected to be available to the FNS unit during their certification period.
- E. Nonrepresentative Income is income received during the base period that is irregular, changed, new, or terminated and cannot be reasonably expected to be available to the FNS unit during their certification period. Explore other budgeting methods to calculate and budget a monthly amount that is reasonably expected to be available to the FNS unit during their certification period.
- F. **Exclude** any money used to repay an overpayment to the same source.

**Example:** If the individual's Social Security (SSA) check is garnished to repay an overpayment from previous SSA overpayment, exclude the overpayment amount from the gross income. This is a repayment to the same source.

**Example:** If the individual's SSA check is garnished to repay a Supplemental Security Income (SSI) overpayment, the gross amount is used. These are not repayments to the same source.

**Example:** An individual's private retirement check is garnished to repay a previous overpayment from the same source, exclude the overpayment amount from the gross income. This is a repayment to the same source.

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**305.02 Base Periods**

A. Representative Income:

Determine the base period for representative income based on the type of income. Certain types of income require special base periods, these will be listed in FNS 315 Special Budgeting Procedures.

1. One month:

The base period for most income is the month prior to the month of application or redetermination.

2. Three months:

The base period for child support, spousal support and alimony is the three months prior to the month of application or redetermination.

**Note:** Three-month average is only used if the income is received on a monthly basis, for income received more often than monthly see FNS 315.08 Special Budgeting Procedures for details.

3. Twelve Months:

If the income is received annually or from self-employment, the base period is 12 months.

B. Nonrepresentative Income:

If the income received during the base month is not representative of what the client expects to receive during the certification period:

- a. Explore alternative budgeting methods for projecting or averaging income.
- b. Based on experience and prudent judgement, determine what budgeting method will be the most representative estimate of the income the FNS unit will receive during their certification period.
- c. Clear documentation must be provided to explain why the income is considered nonrepresentative and what income and budgeting method was used to determine countable income.

**305.03 ROUNDING PROCEDURES**

Unless otherwise noted, use standard rounding procedures to round to two decimals (cents).

- A. Round down when the third decimal is 4 or less.

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**Example:**  $\$100.22 \times 2.15 = \$215.473$  round to  $\$215.47$ .

B. Round up when the third decimal is 5 or more.

**Example:**  $\$100.66 \times 4.3 = \$431.419$  round to  $\$431.42$ .

**305.04 DOCUMENTATION PROCEDURES**

Documentation means the type of verification and summary of the information obtained has been entered in the appropriate evidence in North Carolina Families Accessing Services through Technology (NC FAST). Documentation must be detailed enough that a County, State, or Federal reviewer is able to determine the reasonableness of the determination. The following information must be documented:

A. Applicant's statements regarding available income; including client's statement of no income.

**Note:** Accept the FNS unit's signature on the DSS-8207 Application for Food and Nutrition Services, DSS2435 I/R Food and Nutrition Services (FNS) Notice of Expiration Recertification Form, and NC FAST application as their statement of no income. Do not require a separate signed statement.

B. The source, amount, frequency, and type of income, and a collateral contact if one is necessary.

C. Copies of correspondence and documents, forms, and notifications if available.

D. Any changes which are anticipated to occur during the certification period.

E. Other facts, information, or dates used to support your eligibility decision.

**305.05 VERIFICATION SOURCES AND REQUIREMENTS**

A. Sources

There are four main sources of verification that can be used when determining eligibility.

1. Electronic verifications received through the Online Verification System (OVS) from the source of the income. This includes but is not limited to Social Security income, Supplemental Security Income, and Unemployment.

**NOTE:** The Department of Employment Services (DES) is not the source of earned income and cannot be used as verification of wages.

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2. Documentary evidence which includes wage stubs, work number, award letters, bank statements, etc.
  - a. The FNS unit has primary responsibility for providing documentary evidence to support statements on the application and to resolve any questionable information.
  - b. The FNS worker must assist the applicant or household in obtaining verifications as needed or if requested by the FNS unit.
  - c. Documentary evidence may be provided in person, by mail, electronically, by fax, or through an authorized representative.
  - d. Do not require a specific type of verification. Accept any reasonable documentary evidence that adequately proves the information provided by the FNS unit.
  
3. A collateral contact is a person knowledgeable enough about the information needed to provide an accurate statement of verification. Examples of acceptable collateral contacts may include employers, landlords, social service agencies, migrant service agencies, and neighbors of the household who can be expected to provide accurate third-party verification. Collateral contact verification must include:
  - a. The date; and
  - b. The name of the person spoken to; and
  - c. The title of the person spoken to, if applicable; and
  - d. The method of contact, such as telephone number or email address; and
  - e. The exact information that was verified.
  
4. Client's statement is acceptable, unless questionable, in the following circumstances:
  - a. Ineligibility can be established based on the client's statement.
  - b. The information results in a decrease in benefits or termination of an active FNS case.
  - c. The FNS unit states that they cannot obtain the required verification. The FNS worker must try to obtain the information through telephone, electronic, or written correspondence directly with the source of the verification. If the source of verification refuses or fails to provide the

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required verification, the worker may use the client's statement as best available information.

**B. Requirements**

**1. Applications:**

Verify all statements concerning income made by the FNS unit prior to certification. This includes statements regarding terminated, ongoing, new, or change income received or expected to be received:

- a. In the base period; or
- b. In the month of application; or
- c. Reasonably anticipated during the certification period.

**2. Recertification:**

a. Unless the information is incomplete, inaccurate, inconsistent or outdated, verification is not required for income at recertification if it meets the following criteria:

- i. The source has not changed; **and**
- ii. The amount is unchanged or has changed by \$125 or less.

**Note:** The worker should use prudent person concept and reasonable judgement to determine on a case-by-case basis if the information is incomplete, inaccurate, inconsistent, or outdated and document the reason in the NC FAST case file.

**Example:** The FNS household returns their recertification form and states that they are receiving \$1256 a month in Social Security income. This is the same amount that is being budgeted in the FNS case. However, when running Online Verification, the BENDEX shows the individual is receiving \$1287 in Social Security income. Even though the change is less than \$50, the information provided by the FNS household is incorrect and the worker must determine the correct amount prior to recertification.

b. Verify all statements concerning income made by the FNS unit prior to certification if the income is terminated, new, or does not meet the criteria in FNS 305.05 B. 2. a. above:

- i. In the base period; or

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- ii. In the month of application; or
- iii. During the certification period.

3. Changes in Situation in an Ongoing Case

- a. Document the source of the verification in NC FAST evidence and notes as appropriate.
- b. If available, scan the verification document(s) into NC FAST using the appropriate taxonomy as outlined in NC FAST Help.

**305.06 BUDGETING ONGOING INCOME WITH REPRESENTATIVE BASE PERIOD INCOME**

The budgeting of ongoing income is based on the representative earned or unearned income received by the FNS unit during their base period and no changes are expected to occur up to the point of certification.

- A. Calculate the ongoing income to be budgeted from each source separately using the following steps.
  - 1. Determine the number of times the income was received in the base period. Remember to use the date the income was paid or made available to the FNS unit. Consider income mailed to the FNS unit as received on the third postal day after the mail date.
  - 2. Add the income received during the base period together. Result is total monthly income.

This includes adding in a zero for a pay or benefit period when no income was received in the base period and this is also representative of the next certification period. Do not add zeros if the income is fluctuating or inconsistent.
  - 3. Divide the total monthly income by the number of times the income was received from step 1. Result is the average income.
  - 4. Multiply the average income by the following formulas to convert or project incomes to a monthly amount.
    - If received weekly, multiply by 4.3
    - If received bi-weekly, multiply by 2.15
    - If received semi-monthly, multiply by 2
    - If received quarterly, divide by 3

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- If received monthly, use the monthly gross
- If received semi-annually, divide by 6
- If received annually, divide by 12

**NOTE:** Income received on a daily or sporadic basis may be difficult to project. If the FNS unit's income is received on a daily or sporadic basis, verify the income received during the prior month. Use this income as a monthly amount. **Do not convert the income.** Document that the income is received sporadically. If the prior month's income is not representative of what will be received in the certification period, use best available information and document the reason.

B. Budget this income until the next recertification or reported change.

**Note:** While it is important that the FNS worker understands how to calculate monthly income, it is recommended and acceptable to enter information into NC FAST and allow the system to perform the calculations.