



## Memorandum

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Date: July 26, 2005

To: Community Social Services  
Supervisors – EIA and  
EIA Rural Program Managers

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Telephone:

Subject: **Earned Income – Procedures for Treatment**

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This directive provides policy clarification related to the treatment of earned income that is reported at intake and during enrollment. Earned income refers to all income received by an applicant through employment wages and net revenue from farm or business operations. Section 16 of the Employment and Income Assistance (EIA) Policy Manual contains further information on earned income.

### **Definition of final and on-going earned income:**

On-going earned income: Earned income that will continue to be received by the participant after the date of application (i.e., participant continues to be employed or has final paycheque pending). The earned income is to be considered an available resource. The EIA budget is based on the previous month's earnings, in order to estimate what the household's needs will be in the current month.

### Final earned income:

Income that ends prior to application for EIA benefits (i.e. individual received final paycheque prior to application). Any remaining resource's are subject to liquid asset provisions. Section 14.3.2 of the policy manual contains further information on allowable liquid asset provisions.

### **1. Treatment of on-going earned income:**

#### a) At intake

Single parents (including single parents in the Persons with Disabilities category) are eligible for a \$115 earning exemption, plus allowable child care costs, in their first month of assistance.

All other applicants are eligible for a \$100 earning exemption, plus allowable child care expenses, in their first month of assistance.

At intake, when earned income will continue (on-going earned income), the EIA Case Effective Date (CED) should be the **first of the month**, and all of the previous month's earnings should be considered an available resource.

Example: Single mother applies for EIA on March 25.

CED is March 01.

EIA budget is \$1,000.

On going earned income from February was \$800 (considering all paycheques).

Allow \$115 earning exemption and child care expenses.

Participant would be eligible for \$315 for the month of March (assuming no child care costs).

SAMIN will do all of the necessary calculations.

b) Flexible Benefits (Flex)

Flexible Benefits are usually calculated and issued in two-week intervals. When there is ongoing earned income, it may not always be possible to make the CED the first of the month. Therefore, the CED should be one-week prior to the applicant's most recent paycheque. This process will assist EIA with the administration of benefits and provide weekly income to the participant (one week EIA, next week paycheque, following week EIA, etc.).

Example: Single general assistance applicant applies for assistance on March 21.

EIA two-week budget = \$200

Most recent paycheque was March 18 for \$125.

CED should be one week prior, March 11.

Consider only the most recent paycheque and issue assistance for two weeks.

Allow \$100 earning exemption.

Participant would be eligible for \$175 for two-week period

SAMIN will do all of the necessary calculations.

c) Final pay will be received after application for EIA

When final earned income will not be received until after the date of application, the previous month's paycheques should be used to determine EIA benefits for the current month. These cases should be treated the same as examples 1a or b.

d) On-going assistance - After household has received first month of assistance

Consider all of the previous month's earned income (paycheques) to determine the next month's assistance benefits. After the first month of assistance, regular earning exemptions apply (net amount plus percentage). Refer to Section 16 of the EIA policy manual for further information on earnings exemptions. SAMIN will do all of the necessary calculations.

e) Hours of work that fluctuate from month to month

Where a participant's income and hours of work are known to fluctuate widely from month to month, and the exit point policy (Section 16.3.7. of the EIA online policy manual) would result in frequent closings and re-openings, the file may be kept open for three months and the overage from the second month carried to the calculation of eligibility for the third month. In these situations, ineligibility for cash in three consecutive months shall be cause for immediate closure. Eligibility for extended health benefits (HEX) should be determined in accordance with section 22.2.11 (Extended Health Services Assistance) of the EIA policy manual.

## **2. Treatment of final earned income received prior to application for EIA:**

### **a) Income that falls within liquid asset provisions**

When final earned income has not been spent at the time of application, and falls within a participant's allowable liquid asset provisions, it should not be considered as an available resource. When final earned income has been spent prior to application, it cannot be considered an available resource. When final pay is received prior to application for EIA benefits, the CED should be the date of application.

Example 1: a single parent applies for assistance two days after she received her final paycheque (\$1,000).

The individual placed her entire paycheque in the bank.

She has a total of \$200 in other liquid assets.

The liquid asset provisions should be applied to the \$1,000 derived from earnings and her other \$200.

Therefore, her total liquid assets fall within the liquid asset provisions and should not be considered as an available resource when determining EIA benefits.

Example 2: A general assistance couple with no children applies for assistance two days after receiving their final paycheques (total \$1,000).

They spent the total amount prior to applying for EIA.

These paycheques should not be considered when determining EIA benefits. Persons in the general assistance category have no liquid asset provisions at intake.

### **b) Income that exceeds liquid asset provisions**

When final earned income is reported and exceeds an individual's liquid asset provision, any excess liquid assets should be considered an available resource.

Example 1: A single mother with one child applies for assistance.

She received her final pay (total \$500) one day prior to applying for EIA.

She placed her paycheque in her bank account; she has \$2,000 in other savings. She now has a total of \$2,500 in liquid assets, which exceeds her liquid asset exemption by \$500.

Earning exemptions and childcare costs may be applied to her \$500 of earnings when calculating her eligibility for benefits. Any excess liquid assets should be considered an available resource.

## **3. Treatment of Self-Employment Income**

Please refer to Section 17 of the EIA Policy Manual and Directive 2004-13 for detailed information on self employment income – enhanced and non-enhanced.

## **4. What to do when participants have received all of the EIA benefits that they are eligible for and request additional funds?**

### **a) At Intake**

There may be situations where applicants have on-going earned income and have spent all of their earnings prior to applying for benefits, and have requested additional assistance to meet their needs for rent and/or basic needs until they receive their next paycheque or Canada Child Tax Benefit (CCTB). In these situations, participants should be encouraged to negotiate a payment plan for any arrears with their landlord, utility company or childcare

provider, etc.

In exceptional circumstances, caseworkers may review the situation with their Community Social Service Supervisors or EIA Rural Program Managers, who may contact the Minister's designate for further direction.

b) On-going Assistance

The EIA budget is calculated monthly based on the previous month's earnings. For example, in the month that a participant is no longer employed the current budget continues to be based on the previous month's earnings. Any income received by the participant after employment has ended must continue to be applied to the following month's budget (e.g., final pay, vacation pay etc).

This may result in participants having an immediate need for funds that exceed the amount for which they are eligible. In these situations, caseworkers may review the situation with their Community Social Service Supervisors or EIA Rural Program Managers, who may contact the Minister's designate for further direction.