



Memorandum

Date: July 5, 2005

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

From: Pam Goulet, Executive Director Adult and Children’s Programs, and
John Petersen, Executive Director Employment and Income Assistance Programs

Telephone:

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

This directive replaces Directive 93-37 and provides policy clarification related to the treatment of unearned income that is reported at intake and during enrollment. Unearned income is defined as all income received by an applicant or participant **except** wages and net revenue from farm or business operations. Common sources of unearned income include maintenance orders, pensions, and income from assets. Section 15 of the Employment and Income Assistance (EIA) Policy Manual contains further information on unearned income.

Definition of final and ongoing unearned income:

Ongoing unearned income:

Ongoing unearned income is unearned income that will continue to be received by the participant after the date of application (i.e. participant continues to receive Employment Insurance (E.I.)). Unearned income is to be considered as an available resource. The EIA budget is based on the previous month’s unearned income, in order to estimate what the households needs will be in the current month.

Final unearned income:

Final unearned income is unearned income that ends prior to application for EIA benefits (i.e. individual received their final E.I. cheque prior to application). Any remaining resources are subject to liquid asset provisions. Section 14.3.2 of the EIA Administrative Manual contains further information on allowable liquid asset provisions.

1. Treatment of ongoing unearned income.

Unearned income should be entered under the appropriate heading on the MUIN screen in SAMIN. Unearned income is deducted “dollar for dollar”. There is no work incentive calculated on unearned income.

a) At Intake

At intake, when unearned income will continue (ongoing unearned income), the EIA budget will be determined by pro-rating the EIA budget to the Case Effective Date (usually the date of application), less the pro-rated unearned income (based on the previous month’s unearned income).

Example: Single mother applies for EIA on June 15.

EIA monthly budget	\$1,000
Ongoing unearned income for May	\$800
June EIA (pro-rated @ 50%)	\$500
Subtract pro-rated ongoing unearned income -	\$400
June EIA budget entitlement	\$100

SAMIN will do all of the necessary pro-rating calculations.

- b) Final unearned income will be received after application for EIA.

When final unearned income will not be received until after the date of application, the previous month's unearned income should be used to determine EIA benefits for the current month.

- c) Ongoing assistance - After household has received first month of assistance

Consider all of the previous month's unearned income to determine the next month's assistance benefits. SAMIN will do all of the necessary calculations.

- d) Unearned income exceeds EIA budget resulting in an income overage.

When the file is in "income overage" due to unearned income exclusively (not a combination of earned and unearned) the file should be closed immediately. The exit point policy (section 16.3.7) should be applied to cases that also have income from employment earnings.

Eligibility for health only benefits (HEX) benefits should be determined in accordance with section 22.2.11 (Extended Health Services Assistance) of the EIA Administrative Manual.

Should an individual reapply for assistance in or following the month that their file was closed, an individual reassessment of circumstances should be done to determine if financial eligibility exists.

2. Treatment of final unearned income received prior to application for EIA.

- a) Income that falls within liquid asset provisions

When final unearned 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 unearned income has been spent prior to application, it cannot be considered an available resource. When final unearned income 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 Manitoba Public Insurance (MPI) disability payment (\$1,000).

- The individual placed the entire payment 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 MPI 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 E.I. cheques (total \$1,000).

- They spent the total amount prior to applying for EIA.
- These payments should not be considered when determining EIA benefits. Persons in the general assistance category have no liquid asset provisions at intake.

b) Unearned income that exceeds liquid asset provisions

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

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

- She received her CPP disability payment (total \$500) one-day prior to applying for EIA.
- She placed her cheque 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.
- Excess liquid assets are to be considered dollar for dollar. Therefore, this applicant has \$500 of income available when calculating her eligibility for benefits.

3. Requests for additional assistance when ongoing unearned income decreases or ends.

a) At Intake

In situations where an applicant has ongoing unearned income and spent all of the funds prior to applying for benefits, it may be determined that they require additional assistance to meet their needs for rent and/or basic needs until they receive their next pay cheque 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.

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) Ongoing Assistance

The income assistance budget is calculated monthly based on the previous month's earnings and unearned income. In the month that a participant is no longer receiving unearned income, the current budget continues to be based on the previous month's earnings.

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.

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