

(2) When the report is received within the extension period, the agency may delay payment to the recipient, as follows:

(i) In a State that pays within 25 days of the budget month the payment may be delayed 10 days;

(ii) In a State that pays within 25 to 45 days of the budget month, the payment may not be delayed beyond the 45th day.

(c) *What happens if a monthly report is not received by the end of the extension period.* An agency may terminate assistance if it has not received a report or has received an incomplete report, and the 10 day extension period has expired. If the State decides to terminate assistance, it must send the recipient a notice which meets the requirements of § 205.10(a)(4)(i)(B) on adequate notice.

(d) *How a recipient may delay an adverse action based on a monthly report.* If a recipient's assistance is reduced or terminated based on information in the monthly report, and he or she requests a fair hearing within 10 days, the assistance payment shall be reinstated immediately at the previous month's level pending the hearing decision. The payment shall be made effective from the date assistance was reduced or terminated.

[44 FR 26084, May 4, 1979]

#### § 233.31 Budgeting methods for AFDC.

(a) *Requirements for State plans.* A State plan for AFDC shall specify that all factors of eligibility shall be determined prospectively and the amount of the assistance for any month for all assistance units required to file a monthly report for the month designated as the budget month under the State's retrospective budgeting procedures shall be determined using retrospective budgeting as provided in §§ 233.31-233.37 except as provided in § 233.34. The State plan shall specify whether the State uses prospective or retrospective budgeting to determine the amount of the assistance payments for recipients not required to report monthly. Budgeting methods for OAA, AB, APTD, and AABD are described in §§ 233.21-233.29.

(b) *Definitions.* The following definitions apply to §§ 233.31 through 233.37:

(1) *Prospective budgeting* means that the agency shall determine eligibility

(and compute the amount of assistance for the first one or two months) based on its best estimate of income and circumstances which will exist in that month. This estimate shall be based on the agency's reasonable expectation and knowledge of current, past or future circumstances.

(2) *Retrospective budgeting* means that the agency shall compute the amount of assistance for a payment month based on actual income or circumstances which existed in a previous month, the "budget month."

(3) *Budget month* means the fiscal or calendar month from which the agency shall use income or circumstances of the family to compute the amount of assistance.

(4) *Payment month* means the fiscal or calendar month for which an agency shall pay assistance. Payment is based upon income or circumstances in the budget month. In prospective budgeting, the budget month and the payment month are the same. In retrospective budgeting, the payment month follows the budget month.

(5) *Recent work history* means the individual received earned income in any one of the two months prior to the budget month.

[47 FR 5678, Feb. 5, 1982, as amended at 49 FR 35602, Sept. 10, 1984; 57 FR 30160, July 8, 1992]

#### § 233.32 Payment and budget months (AFDC).

A State shall specify in its plan for AFDC the time period covered by the payment (payment month) and the time period used to determine that payment (budget month) and whether it adopts (a) a one-month or two-month retrospective system; and (b) a one-month or two-month prospective system for the initial payment months. If a State elects to have a two-month retrospective system it must also elect a two-month prospective system.

[47 FR 5678, Feb. 5, 1982]

#### § 233.33 Determining eligibility prospectively for all payment months (AFDC).

(a) The State plan for AFDC shall provide that the State shall determine all factors of eligibility prospectively for all payment months. Thus, the State agency shall establish eligibility

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based on its best estimate of income and circumstances which will exist in the month for which the assistance payment is made.

(b) When a IV-A agency receives an official report of a child support collection it shall consider that information as provided in § 232.20(a) of this chapter. (§ 232.20(a) explains the treatment of child support collections.)

[47 FR 5678, Feb. 5, 1982]

**§ 233.34 Computing the assistance payment in the initial one or two months (AFDC).**

A State shall compute the amount of the AFDC payment for the initial month of eligibility:

(a) Prospectively (except as in paragraphs (b) and (c) of this section); or

(b) Retrospectively if the applicant received assistance (or would have except for the prohibition on payments of less than \$10) for the immediately preceding payment month (except where the State pays the second month after application prospectively); or

(c) Retrospectively if:

(1) Assistance had been suspended as defined in paragraph (d) of this section; and

(2) The initial month follows the month of suspension; and

(3) The family's circumstances for the initial month had not changed significantly from those reported in the corresponding budget month, e.g., loss of job.

(d) A State may suspend, rather than terminate, assistance when:

(1) The agency has knowledge of, or reason to believe that ineligibility would be only for one payment month; and

(2) Ineligibility for that one payment month was caused by income or other circumstances in the corresponding budget month.

(e) If the initial month is computed prospectively as in paragraph (a) of this section, the second month shall be prospective if the State elects a 2-month retrospective budgeting system.

[47 FR 5679, Feb. 5, 1982]

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**§ 233.35 Computing the assistance payment under retrospective budgeting after the initial one or two months (AFDC).**

The State plan for AFDC shall provide:

(a) After the initial one or two payment months of assistance under § 233.34, the amount of each subsequent month's payment shall be computed retrospectively, i.e., shall be based on income and other relevant circumstances in the corresponding budget month except as provided in § 233.20(a)(3)(iii). In any month for which an individual will be determined eligible prospectively and will be added to an existing AFDC assistance unit, the State must meet the individual's needs to the same extent it would if the individual were an applicant for AFDC.

(b) Except as provided in § 233.34(b), for the first and second payment month for which retrospective budgeting is used, the State shall not count income from the budget month already considered for any payment month determined prospectively which is not of a continuous nature.

[47 FR 5679, Feb. 5, 1982]

**§ 233.36 Monthly reporting (AFDC).**

(a) Except as provided in paragraph (b) of this section, a State plan for AFDC shall require the caretaker relative, or another person designated by the State, to submit, on behalf of each assistance unit whose members have earned income or recent work history, each assistance unit which has income deemed to it from individuals living with the unit who have earned income or a recent work history and, at State option, other assistance units, a completed report form to the agency monthly on:

(1) Budget month income, family composition, and other circumstances relevant to the amount of the assistance payment; and

(2) Any changes in income, resources, or other relevant circumstances affecting continued eligibility which the assistance unit expects to occur in the current month or in future months.

(3) The income of a parent or a legal guardian of a minor parent, a step-parent, or an alien sponsor, as well as