



DEPARTMENT OF CHILDREN AND FAMILIES  
DIVISION OF FAMILY AND ECONOMIC SECURITY  
ADMINISTRATOR'S MEMO SERIES

**DFES 21-04**

ISSUE DATE: 03/12/2021

DISPOSAL DATE: 12/31/2021

ACTION

NOTICE

**DATE: 03/12/2021**

**TO: Refugee Cash Assistance Administrators**

**FROM: Connie M. Chesnik  
Division Administrator**

**RE: Implementation of the Refugee Cash Assistance Grace Period**

**References:** W-2 Manual, Chapter 18

**PURPOSE:**

The purpose of the Administrator's Memo is to describe the implementation of a Grace Period for Refugee Cash Assistance (RCA), which will serve as an early employment incentive as well as to reduce the frequency of the type of overpayments that occur by virtue of the payment cycle.

**BACKGROUND:**

RCA payments are issued manually. Due to the immediate and critical needs of RCA recipients upon their arrival to the country, payments are pro-rated from the date of application and must be issued within five (5) working days of the applicant's eligibility determination (W-2 Manual, Chapter 18.2.2.5). This unavoidably results in a prepaid payment cycle, by which RCA recipients are paid at the beginning of each month of eligible participation in the program. Due to this prepaid payment cycle, an overpayment occurs when an RCA recipient enters employment during their eligibility period, as long as earned income renders the recipient financially ineligible for RCA. Entering employment before the end of the eligibility period accounts for the vast majority of overpayments made to RCA recipients. The introduction of the grace period, which allows 30 days of continued payments to those who become employed before the end of eight months, will significantly reduce these instances.

**ADMINISTRATIVE PROCESS CHANGE:**

In order to implement this new grace period policy, changes to estimating income, financial reporting, and issuing payments are required. These changes will be detailed in a new subsection related to changing estimated income found in Chapter 18 of the W-2 manual. The

**PROGRAM CATEGORIES:**

- W-2 - Wisconsin Works
- RA - Refugee Assistance
- CS - Child Support
- CF - Children First
- TJ - Transitional Jobs
- TMJ - Transform Milwaukee Jobs

addendum to the section can be found below, including detailed examples of applying the grace period policy. This policy is effective and may be applied immediately, upon publication of this administrator's memo.

### **Addendum to 18.2.5.2.7 (Changing Estimated Income):**

#### **18.2.5.2.7 Changing Estimated Income (Original)**

Once determined eligible for RCA, if the RCA assistance group has income and it is expected to exceed the 115% gross income limit (see [18.2.5.2.1](#)) for at least two consecutive months, the group becomes ineligible for RCA. Participants must report any change in earned or unearned income within 10 calendar days of the occurrence. (See [18.2.6.6](#)) The FEP must redetermine the best estimate for income when any change in the income's source, rate of pay, or payment schedule has been reported.

#### **18.2.5.2.7.1 Grace Period Early Employment Incentive (New addendum)**

If earned income renders an assistance group ineligible for RCA before the 1<sup>st</sup> of the month prior to the final month of eligibility, then the grace period policy shall be applied. The grace period will give FEPs sufficient time to make an income availability determination and properly reduce or terminate cash benefits.

#### **Terminating RCA:**

FEPs verify eligibility near the end of each time-eligible month before scheduled payments are issued. If an individual obtained employment during the previous month and is no longer financially eligible for RCA, then a 30-day grace period clock will begin on the date on which an individual entered employment. One final payment will be issued for the upcoming month, which will be a partial payment accounting for the remaining days of the 30-day grace period, the first day of which is the day the refugee entered employment. Example 1 illustrates how the grace period policy should be applied in the instance that the individual is no longer financially eligible for RCA.

#### **Reducing RCA:**

If an individual obtained employment totaling less than 30 hours per week, FEPs should continue to follow guidance from 7.4.1.4 (per 18.2.6.9) pertaining to Prorated CSJs. If the individual is determined to be eligible for a prorated CSJ, the grace period policy applies only to the month for which the full CSJ-level payment has already been issued. The prorated CSJ payment level must then be applied beginning the first of the month following the date on which the part-time employment began. Example 2 illustrates how the grace period policy should be applied to a prorated CSJ placement.

#### **Grace Period Financial Reporting:**

The grace period payments will be reported in a separate line item in SPARC, called RCA Incentive Payments. The line item code to be used for these payments is 0134A. Grace period payments should be recorded in SPARC in the month they are made. This may require making a

report correction, which SPARC accountants can do upon request for up to 90 days after the end of the reporting month.

**Grace Period Application:**

EXAMPLE 1: A refugee's date of entry to the United States is 8/14/2020 and their eight-month eligibility for Refugee Cash and Medical Assistance ends on 4/13/2021. The refugee is eligible for cash assistance and is placed into a CSJ payment level (\$653/month). At the end of November, the FEP verifies the client's ongoing eligibility before issuing the upcoming December payment, and discovers that the refugee entered employment on November 20<sup>th</sup> and their earned income renders them financially ineligible for RCA. The FEP issues a final check for the remainder of the grace period, which will end on December 19<sup>th</sup>, in the amount of \$400. The total RCA Incentive Payment to be reported in SPARC is \$653, which was issued partially in November and partially in December.

EXAMPLE 2: A refugee's date of entry to the United States is 9/10/2020 and their eight-month eligibility for Refugee Cash and Medical Assistance ends on 6/09/2021. The refugee is eligible for cash assistance and is placed into a CSJ payment level (\$653/month). At the end of February, the FEP verifies the client's ongoing eligibility before issuing the upcoming March payment and discovers that the refugee entered part-time employment on February 10<sup>th</sup>. Their earned income renders them eligible for a 1/3 CSJ payment of \$218 per month. In this instance, the grace period policy applies to the time period during which they were no longer eligible for the full CSJ, beginning on the day they entered employment and ending at the end of that month. The FEP issues a \$218 check for the month of March. The total RCA Incentive Payment to be reported in SPARC is \$280, which is the difference between 18 days of a full CSJ payment (\$420) and 18 days of a 1/3 CSJ payment (\$140). The remaining partial payments are not considered an RCA Incentive Payment.

**Attachment:**

[W-2 Policy Manual Section 18.2.5.2.7](#)