

## Article 6 Section 01 Financial Eligibility

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### 06.01.01 Income

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**06.01.01A**  
**General**

The amount of monthly net non-exempt income determines if a CFBU member is eligible to receive CMS benefits. CFBU members whose monthly net non-exempt income is at or below 165% of the annually adjusted Federal Poverty Level (FPL) will:

- Be eligible to CMS; and
- Receive all CMS covered services at no cost, if otherwise eligible.

Effective with applications dated on or after 7/01/08, when monthly net non-exempt income exceeds 165% FPL up to and including 350% FPL as shown on the [MNL chart](#), the worker is to continue the evaluation process for a CMS Hardship, which when completed, is used to determine whether there is as SOC. When monthly net non-exempt family income exceeds 350% FPL, the CFBU member(s) is ineligible to CMS.

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## **06.01.02 Earned and Unearned Income**

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**06.01.02A**  
**Earned**  
**Income**

Gross earned income includes, but is not limited to:

- A. Wages, salaries, bonuses and commissions from an employer or business enterprise.

**NOTE:** Waitresses, cooks, busboys, etc., often have the cost of meals included in the gross income. The meal cost is added to wages by the employer for tax purposes, but may not always be identified as meal allowance on the pay stub. The total gross income, including the meal allowance is to be used in the income computations.

- B. Net profit from self-employment (Refer to [06.01.07](#)).

- C. Payments under the Job Training Partnership Act (JTPA).

**Exception:** Payments which are identified by the local JTPA office as an incentive payment or training allowance will be considered as gross unearned income. Refer to [06.01.03](#) for regulations regarding exempt JTPA payments.

- D. Training incentive payments and work allowances under ongoing manpower programs.

- E. Income received for having provided In Home Support Services (IHSS) services. Refer to [06.01.03](#) for Regulations regarding exemption.

- F. Net income from real or personal property which is the result

of continuous and appreciable effort on the part of the applicant or beneficiary. This includes income from:

- Room and board.
- Rental of rooms which require daily effort on the part of the beneficiary.
- A business enterprise.
- The sale of produce, livestock, poultry, dairy products and other similar items.

G. Earnings from public service employment. This includes Census income.

H. Tips actually received for the performance of work activities, in spite of the amount calculated by the employer for tax withholding purposes.

Tips are added to gross wages to calculate federal income tax withholding. When tips are added to the wages and the same amount is a deduction on the pay stub, the tip amount on the pay stub is not income. Instead the applicant/beneficiary's actual tips reported will be used to calculate total earnings. This is true whether the applicant/beneficiary reports more or less tips than are entered by the employer on the pay stubs. The applicant/beneficiary must complete a sworn statement to describe the reason for any discrepancy between the pay stubs and the amount actually reported.

I. Strike benefits paid to union members who are required to perform a union function, such as picketing, to receive these benefits. As these benefits are contingent upon the performance of some union function, the striker cannot be required to obtain such benefits.

J. Therapeutic wages of persons in Long Term Care.

K. Temporary Worker's Compensation (TWC) payments received by a person who:

- Is not an ABD-linked; and
- Continues to be employed by the employer for whom he/she was working when the injury causing the TWC payments was incurred.

**NOTE:** Only the \$90 Work Expense, Student Exemption, \$30+1/3 and Dependent Care deductions may be applied against the TWC income.

L. State Disability Insurance (SDI) Payments.

M. Post-Adoptive Services Payments are considered earned income if received by a beneficiary as a service provider

unless documentation can be provided to show that it is a reimbursement of expenses.

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**06.01.02B  
Unearned  
Income**

Gross unearned income includes, but is not limited to:

- A. Retirement survivors and disability insurance payments (RSDI) from the Social Security Administration
- B. Annuities which are sums paid yearly or at other specific intervals in return for payment of a fixed sum by the annuitant
- C. Pensions
- D. Retirement payments
- E. Disability payments from an employer or from insurance
- F. Veteran's payments, which include:
  - Pensions based on need
  - Compensation payments
  - Educational assistance
    - a) GI Bill
    - b) Veteran Educational Assistance Program (VEAP)
      - Two-thirds of the benefits received under VEAP are considered unearned income for educational purposes. The remaining one-third is exempt.
- G. Worker's Compensation payments
- H. Railroad Retirement and any other payments made by the Railroad Retirement Board
- I. Unemployment Insurance Benefits
- J. Proceeds from a life insurance policy received by the beneficiary upon death of the insured, which are in excess of the lesser of:
  - \$1,500; or
  - The amount expended on the insured person's last illness and burial expenses.
- K. Other insurance payments
- L. Loans which do not require repayment

**NOTE:** Loans which do require repayment that are not exempt are considered property in the month received rather than income.
- M. Gifts
- N. Child/spousal support received, whether provided voluntarily

or by court order.

- O. Inheritances which are in the form of cash, securities, stocks, bonds, mutual funds, CSV of life insurance policies, savings accounts (including IRA, Keogh, CD, T-Bills), or other liquid assets.
- P. Contributions from any source. A contribution is any benefit in cash or in-kind for which the contributor has no legal liability.
- Q. Prizes and awards
- R. Net income from the rental of real or personal property which is not considered gross earned income in accordance with item [06.01.02AF](#) above.
- S. Dividends/Interest payments are considered unearned income, with the following exception:  
  
Effective August 1, 2005, dividends are exempt for the purpose of determining eligibility for the CMS Program when the interest or dividends are paid to an individual from his or her property, which has been counted in the property reserve.
- T. Royalties

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## 06.01.03 Exempt Income

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### 06.01.03A Exempt Income

Certain items of available earned and unearned income are exempt and are not counted to compute the SOC. The income that remains after applying the exemptions is not exempt.

Income detailed below is exempt and not counted to compute the SOC. These exemptions apply to all applicants/beneficiaries, unless otherwise specified.

#### A. Property Tax Refunds

Refunds or rebates of taxes on real property are exempt.

The Senior Citizens Rent Assistance rebate is exempt from consideration as income in the month received. If not utilized in the month received, the rebate is considered property beginning with the first day of the month following the month of receipt.

B. Public Assistance and General Relief Grants

Public assistance includes assistance under the CalWORKs, SSI/SSP, GR, CAPI, Indochinese refugee or Cuban refugee program. Assistance from these programs is exempt.

C. Federal Housing Assistance

Federal housing assistance in the form of rent subsidies, loans, or partial house payments are exempt if issued under the following acts:

- U.S. Housing Act of 1937
- National Housing Act
- Title V of the Housing Act of 1949
- Housing and Development Act of 1965.

D. In-Home Supportive Services (IHSS)

In-Home Supportive Services (IHSS) payments received by a disabled person to pay for IHSS services received are exempt. If the spouse of the disabled person receives the payment for care of the IHSS recipient, the payment is income to the CFBU.

E. In-Home Caregiver Wages

Effective January 01, 2005, in-home caregiver wages received by a spouse or parent for care of a spouse or minor child in receipt of federal, state or local government in-home services program shall be exempt as income. This exemption includes payments received by a parent or spouse of an IHSS Residual recipient. For the purpose of this exemption, a minor child is defined as a child under 21.

F. In-Home Care Services Payments

Effective January 01, 2005, payments made by California Department of Social Services (CDSS) to an in-home care recipient for the purpose of purchasing in-home care services, including restaurant meals, shall be exempt as income.

G. Adoptive Assistance

Adoptive Assistance payments are exempt income when determining the CMS SOC for the adoptive family.

H. Foster Care Payments

Payments for the care of a foster child received by a licensed foster parent from any source are exempt, with the following exceptions:

- Payments made to a foster parent when a foster child is

temporarily absent from the foster home for one month or more are not exempt.

- Payments made to ensure availability of a room or rooms for foster child are not exempt.

**NOTE:** If the County specifically designates a portion of the foster care payment for care and supervision, that portion is not exempt.

I. Training Expense Allowance

The allowance for training expenses paid by the Department of Rehabilitation to persons participating in that department's training program is exempt.

J. Student Loans, Grants, Scholarships and Fellowships

Exempt loans, grants, scholarships and fellowships are detailed below:

Title IV Student Assistance Payments

Student assistance payments made to graduate or undergraduate students under Title IV are exempt. The exemption is allowed only to the Title IV assistance that is actually paid to the student. To receive the exemption, the student must submit a financial assistance award letter or student financial assistance verification form from a college, school, or financial aid office. The award letter must show the amount of Title IV assistance the student qualifies for and the amount that will be paid to the student.

K. Job Training Partnership Act (JTPA) Payments

JTPA payments received by an adult, other than earnings which reimburse adults for actual training, transportation or child care expenses, are exempt.

L. Veteran Educational Assistance Program (VEAP)

One-third of the amount received by the individual is exempt. Two thirds (the VA contribution) of the amount received is income for educational purposes. The veteran may elect to withdraw his/her contribution, but forfeits entitlement to matching funds from the VA. When a veteran voluntarily withdraws his/her own contribution, the entire amount is exempt from consideration as income. Refer to [06.04](#) for treatment as property.

M. Payments to Victims of Crimes

Payments made under the California Victims of Crimes program are exempt.

N. Federal Payments to Indians and Alaskan Native

- Payments made to Indians under Public Law 90-507 are considered personal property (Refer to [06.04](#)) rather than income.
- Payments made to Indians under Section 6 of Public Law 87-775 and Public Law 92-254 are exempt.
- Payments made as a result of any judgment of the Indian Claims Commission or the Court of Claims in favor of any Indian tribe are exempt.
- Payments made to Alaskan Natives under the Alaskan Native Claims Settlement Act are exempt. Income received from stock investments under this Act is **not** exempt.
- Payments of up to \$2000 per year to an individual member of any Indian tribe from restricted lands or other property held in trust by the federal government or an agency of the federal government, under Section 13736 of Public Law 103-66, are exempt. The individual must provide documentation from the Bureau of Indian Affairs that the income is from restricted lands held in trust by the federal government or is received under Public Law 103-66.
- Payments obtained from lands held in trust and distributed by the federal government to members of the following Indian tribes are exempt.
  - Bad River Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin.
  - Blackfeet Tribe, Blackfeet, Montana.
  - Cherokee Nation of Oklahoma, Oklahoma.
  - Cheyenne River Sioux Tribe, Cheyenne River, South Dakota.
  - Crow Creek Sioux Tribe, Crow Creek, South Dakota.
  - Lower Brule Sioux Tribe, Lower Brule, South Dakota.
  - Devil's Lake Sioux Tribe, Fort Totten, North Dakota.
  - Fort Belknap Indian Community, Fort Belknap, Montana.
  - Assinboine and Sioux Tribes, Fort Peck, Montana.
  - La Courte Oreilles Band of Lake Superior Chippewa Indians, Lac Courte and Oreilles, Wisconsin.
  - Keweenaw Bay Indian Community, L'Anse, Michigan.
  - Minnesota Chippewa Tribe, White Earth, Minnesota.
  - Oglala Sioux Tribe, Pine Ridge, South Dakota.
  - Rosebud Sioux Tribe, Rosebud, South Dakota.
  - Shoshone-Bannock Tribe, Fort Hall, Idaho.



- Standing Rock Sioux Tribe, Standing Rock, North and South Dakota.
- Seminole Indians, Florida.
- Pueblos of Zia and Jemez, New Mexico
- Stockbridge Munsee Indian Community, Wisconsin
- Burns Indian Colony, Oregon.

O. Irregular or Infrequent Income

- The first \$60 of casual or inconsequential unearned income per calendar quarter shall be exempt if either of the following conditions are met:
  - The income is received not more than twice per quarter; or
  - The income cannot be reasonably anticipated.
- Earned income not exceeding \$30 per calendar quarter is exempt if either of the following conditions are met:
  - The income is received not more than twice per quarter; or
  - The income cannot be reasonably anticipated.

P. Disaster Assistance Fund

Disaster Assistance funds from federal, state, or local government agencies or disaster assistance organizations are permanently exempt and shall not be counted as income or property. Interest earned on funds exempt under this provision is exempt from income and from property. If the exempt funds have been commingled with nonexempt funds, interest accruing on the accounts must be prorated.

Q. IHSS Plus Waiver Income

The income received under the In-Home Supportive Services (IHSS) Plus Waiver is exempt as income. These exempt payments include:

- Caretaker wages that are paid to a parent of an IHSS Plus Waiver minor child recipient for services provided to that child (for purposes of this exemption, a minor child is defined as a child under 21).
- Caretaker wages that are paid to a spouse of an IHSS Plus waiver recipient for services provided to that recipient.

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## 06.01.04 In-Kind Income

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**06.01.04A  
In-Kind  
Income**

Income in-kind exists when a full item of need for one or more CFBU members is earned or voluntarily contributed by a person, other than a responsible relative, for a full calendar month. In-kind income exists when a payment is made to the provider of the item of need. However, if the money is given to the applicant/beneficiary, the entire amount is income rather than income in-kind.

The following items of need will be considered when determining if in-kind income exists:

- Housing
- Utilities
- Food
- Clothing

Income in-kind should be evaluated anytime the applicant/beneficiary's income appears to be less than his/her needs. It should also be explored anytime a beneficiary reports a loss, significant decrease, or absence of income, as well as a change in household composition, or in any shared housing situation. Existing income in-kind should be re-evaluated whenever the recipient reports a job start or other source of new income. The worker will document clarification of income on the Provider Statement Form (CMS-17) or in the case comments. In-kind income cannot be assumed solely because the applicant/beneficiary does not pay toward a needed item.

A. Earned Income In-Kind

Verification is **only** required if the applicant/beneficiary claims the amount is lower than the allowed standard. A written statement from the provider of the need item is acceptable.

B. Unearned Income In-Kind

Unearned income in-kind is **not** to be verified unless the applicant/beneficiary states that the actual value is less than the standard value shown in [06.02 Appendix A](#). When appropriate, unearned income in-kind should be verified and a written statement from the provider of the need item is acceptable.

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**06.01.05 Actual and Apportioned Income**

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**06.01.05A  
General**

Income used in the CMS determination is the available nonexempt amount received or expected to be received in the budget month, unless it is to be apportioned (distributed over a specified period of time) as detailed in this section.

The amount of monthly income used in the CMS budget must be computed when:

- Received other than monthly;
- Amount fluctuates;
- Frequency changes; or
- Amount must be estimated.

Staff must document how the income used in determining eligibility and benefit level is computed and budgeted. Automated budget worksheets are used when computing monthly income amounts and determining eligibility or benefit level, as long as it is clearly documented.

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**06.01.05B  
Actual Income**

The actual amount of weekly/biweekly income received or expected in the month must be used when any of the following situations exist:

A. Short Term Benefits

The applicant states that he/she wishes to receive CMS for less than three months

B. Beginning/Terminating Income

The applicant will not receive the income for the full month. The most common examples are when a person begins employment or when benefits, such as UIB, are exhausted.

C. Fluctuating Income

Fluctuating Income is income that is not the same each time received. If actual amounts of fluctuating income are known, the actual amounts must be used.

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**06.01.05C  
Apportioned  
Income**

When non-fluctuating income is received in intervals other than monthly, it will be converted to a monthly amount.

A. Income received weekly: Multiply gross weekly income received by 4.33.

B. Income received biweekly: Multiply gross biweekly income received by 2.167. (Example: UIB income, though

determined as a weekly benefit amount, is normally paid at biweekly intervals; therefore, the total amount received biweekly would be multiplied by 2.167 to determine the monthly amount.

- C. Income received twice monthly: Multiply gross semi-monthly income received by 2, if each paycheck is for the same amount.
- D. Income received bimonthly (every two months): Divide gross bimonthly income received by 2.
- E. Income received quarterly (every three months): Divide gross quarterly income received by 3.
- F. Annual Contracts of employment, if an annual contract of employment provides that duties are to be performed (earned) and income received in more than eight but less than twelve months (e.g. teachers): The total earnings are to be apportioned equally over the period of the contract beginning with the first month of the contract.

The first month of the contract is the one in which the employee is required to begin performance of the contract duties, even if the employee will not be working a full month. The last month is the one in which the contractual obligation ends.

If an employee works under an annual contract of employment but does not meet the “earned and received in more than either but less than twelve months” requirement, the income is considered in the month received.

- G. Self-Employment income: Estimate annual net profit and divide by 12 to determine gross monthly income.
- H. A Loan which is not exempt from consideration as income, and which specifies that it is to cover a certain period of time: Apportion the income over that period of time. The most common example is a graduate student loan. A non-exempt loan which is not intended or does not specify that it covers a certain period of time is considered income in the month received.
- I. Interest Income:
  - 1) Deed of Trust: The interest portion of payments received from note Deeds of Trust or Contracts of Sale must be determined on an annual basis and divided by 12 to determine the monthly amount.
  - 2) Other interest income: Interest income (other than that discussed in 1) above) received less often than monthly,

and which is not exempt as irregular or infrequent, is an exception to the rule of prospective budgeting. This type of income must be calculated as shown in the table below:

Step	Action
1	Determine the number of months in the period during which the interest accrued (interest period).
2	Divide the interest income by the number of months in the interest period.
3	Count the amount determined in Step 2 as income in each of the months next interest period.

This apportionment method assumes that the beneficiary will continue to receive the interest income in the months to which it is being applied. If the beneficiary is not expected to continue to receive the interest income, then it is not to be included in the SOC budget.

If other interest income is received monthly or more often, the monthly amount must be determined in the manner applied to any other unearned income (actual if known, fluctuating, estimated).

J. Income received less often than monthly: Income received less often than monthly in intervals other than those detailed in A, B, D above, is considered income in the month received.

**Exception:** When an applicant's income exceeds the CMS MNL or CMS Hardship MNL as a result of converting the weekly or bi-weekly gross income to a monthly amount, the worker will re-compute eligibility based upon actual income received in the month. If the applicant is eligible, the worker will certify CMS or CMS Hardship with a certification period ending the month before the extra payday month. All exceptions must be recorded in the case record comment section of the CMS IT system.

Example	The applicant applies in the month of May and is receiving bi-weekly gross earned income of \$1,562.50. Based on the paydays, the applicant will receive two paychecks per month for the period of May through August and will get a third paycheck in September. The gross income totals \$3,385.94 when converted to a monthly amount using the 2.167 factor. The net non-exempt income is \$3,295.94 after deducting the \$90 standard work expense, which puts the applicant over the CMS
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	MNL. The worker will re-compute eligibility using the actual income of \$1,532.50 x 2 paydays in the month. This equals a net countable income of \$2,975 after deducting the \$90. The worker will certify CMS for the months of May through August.
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## 06.01.06 Anticipating Income

### 06.01.06A Income From a New Source

When the applicant states with reasonable certainty that income from a new source is expected to begin in the current or a future month, and the amount is known or can be estimated, the income is used to determine eligibility for the month it is expected to be received.

Example:	The applicant was employed and received earnings in July, before entering the hospital in July. Because of the hospitalization and time needed to recuperate, the applicant will not receive another paycheck, and has applied for SDI. The worker counts the amount of earnings received in July, plus the amount of SDI expected to be received in July, to determine income eligibility for the July application.
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### 06.01.06B Income Changes

When the applicant expects a change in income in the month following the month of application, the worker determines income eligibility for the application month and the following month.

#### A. Decrease

When monthly net nonexempt income exceeds the CMS Hardship MNL in the month of application, normally that application is denied. However, if the applicant expects a decrease in net nonexempt income in the following month, the worker determines eligibility for the month(s) following the month of application. Refer to [13.04](#) if the change in income will result in a decrease to the SOC.

Example 1	The applicant is unable to work because of an illness or injury. In the month of the application, the applicant's earnings exceed
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	the CMS Hardship MNL; however, in the following month anticipated disability benefits are below the CMS Hardship MNL. The worker certifies CMS SOC beginning with the month following the month of application.
Example 2	The applicant is unable to work because of an illness or injury. In the month of the application, net countable income equals 170% of the FPL. The applicant is eligible to CMS Hardship eligibility and may have a SOC in month one; however, the following month, anticipated disability income is below 165% of the FPL. The applicant shall be certified for CMS Hardship for the month of application and standard CMS beginning in month two and continuing through the end of the normal certification period. Both approvals shall be recorded on the approval notice of action.

**B. Increase**

When monthly net non-exempt income is equal to or less than 350% of the FPL in the month of application but the applicant expects the income to exceed the maximum 350% FPL in the following month, the worker certifies CMS for the month of application only. Refer to [13.04](#) if the change in income will result in an increase to the SOC.

Example 1	An applicant is currently receiving UIB that is less than the 350% FPL. The applicant is returning to work, and the amount of earnings is expected to exceed the 350% FPL. The worker certifies for the month of application only.
Example 2	An applicant is currently receiving UIB that is less than the standard CMS MNL. The applicant is returning to work, and the amount of earnings is expected to exceed the standard CMS MNL but is within the income limit for CMS Hardship. The worker certifies standard CMS for the month of application and CMS Hardship benefits beginning in month two and continuing through the end of the normal certification period.

## 06.01.07 Net Profit from Self-Employment

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### 06.01.07A General

The net income from self-employment is an estimation of the annual net income for the current year based on the federal tax returns filed for the previous year. If the applicant did not file a tax return for the previous year or if using that tax return would give an inaccurate estimation of income, the worker uses current business records.

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### 06.01.07B Computing Net Income From Self- Employment

Net self-employment income (business income) is determined by subtracting from the total business revenue those expenses which are directly related to the production of goods and services, and without which the goods or services could not be produced.

The net income to be counted when determining CMS, is the net profit from self-employment when either of the following conditions exist:

- The individual who receives the income has a business license; or
  - The individual reports the income for tax purposes as self-employment or the individual considers the income as income from self-employment.
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### 06.01.07C Allowable Expenses

Expenses which are directly related to the production of goods and services, and which are subtracted from business revenue to compute net business income include the following:

- Material and supply costs;
- Wages and other benefits paid to employees;
- Payment for rental of space or equipment;
- Payment of interest on loans for capital assets or durable goods;
- Transportation costs to call upon customers, or deliver goods;
- Maintenance and repair costs; and
- Other necessary costs of doing business (e.g. advertising, business dues and publications, and insurance).

**NOTE:** If an expense is partially personal and partially business, only the business part is deductible.

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### 06.01.07D Expenses Not

Certain expenses, although connected to business activities, are not considered to be directly related to the production of



## Allowed

goods and services, and cannot be subtracted from business revenue for purposes of determining business income. These non-allowable expenses include:

- Entertainment costs;
  - Depreciation;
  - Expenditures to purchase capital equipment;
  - Payment on the principal of loans used to acquire capital assets or durable goods;
  - Meals; and
  - Transportation to and from work.
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### 06.01.07E Verification and Records of Self- Employment Income

- IRS form used to verify income.
  - The previous year's tax returns can be used to determine projected monthly self-employment income.
  - Current business records.
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## 06.01.08 Deductions when CFBU Includes an ABD-MN Individual

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### 06.01.08A CFBU Includes ABD MN Individual

The deductions detailed below are subtracted, as appropriate, from nonexempt income of CFBU's that include ABD MN persons. These deductions are allowed only if a member of the CFBU applies, and is found eligible as aged, blind or disabled.

#### 1. Educational Expenses

Certain educational expenses for college or similar training, which are incurred by a beneficiary are deducted from income received for educational purposes or any loan received for educational purposes which is counted as property.

#### 2. Income for Educational Purposes

Income for educational purposes from which allowable expenses can be deducted includes, but is not limited to:

- Exempt student loans, grants, or fellowships;
- Nonexempt student loans, grants, or fellowships which do not require repayment;
- Social Security and Veterans Administration payments to a child attending school which are based on a deceased or

- disabled parent's entitlement; and
- Veterans Educational Assistance Program payments.

### 3. Allowable educational expenses

Allowable educational expenses shall be deducted from educational income if they are incurred by a beneficiary for college or similar training. These expenses must be documented to be allowed as deductions. Allowable educational expenses include:

- Tuition;
- Books;
- Fees;
- Equipment and Supplies;
- Special clothing needs;
- Child care services; and
- Transportation.

The cost of transportation to and from school is based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets these criteria, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven each month. Allowable transportation costs include, but are not limited to:

- Car payments;
- Car insurance;
- Car registration; and
- Gasoline.

### 4. 30 Plus 1/3 Earned Income Deduction for AFDC-MN or MI Persons

ABD MN CFBU's which include an AFDC-MN or MI person may be entitled to the \$30 plus 1/3 deduction. The 30 plus 1/3 deduction is computed by deducting the first \$30 of the non-exempt earned income, and subtracting 1/3 of the amount remaining after the \$30 deduction.

### 5. Sixty-Five Plus One-Half - Earned Income Deduction

Deduct the first \$65 plus one-half of the remainder of the nonexempt earned income which remains after applying appropriate deductions detailed above. This deduction is allowed for aged, blind, or disabled MN persons and the spouse or parents of these persons.

6. Work Expenses of the Blind

In addition to the \$65 plus one-half deduction, deduct the actual cost of work related expenses from the nonexempt earned income of a blind person.

7. Income Necessary to Achieve Self-Support for Blind and Disabled Persons

Deduct non-exempt earned and unearned income of a blind or disabled person if the income is needed to implement a plan of self-support that meets all of the following criteria:

- Plan of self-support is in writing;
- Plan of self-support was initiated and approved while the person was receiving SSI/SSP; and
- The person continues to follow the plan of self-support.

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## **06.01.09 Deductions When CFBU Does Not Include an ABD-MN Spouse or Child**

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### **06.01.09A Deductions When CFBU Does Not Include an ABD-MN Spouse or Child**

Deductions detailed below are for AFDC-MN, MI or ineligible members of a CFBU which does not include an eligible aged, blind, or disabled spouse or child. These are deducted from income in the following sequence.

1. Educational Expenses

Certain educational expenses for college or similar training, which are incurred by a beneficiary, are deducted from income received for educational purposes or any loan received for educational purposes which is property.

2. Income for Educational Purposes

Income for educational purposes from which allowable expenses can be deducted includes, but is not limited to:

- Exempt student loans, grants, or fellowships and
- Non-exempt student loans, grants, or fellowships which do not require repayment; and
- Social Security and Veterans Administration payments to a child attending school which are based on a deceased or disabled parent's entitlement; and
- Veterans Educational Assistance Program payments.

### 3. Allowable Educational Expenses

Allowable educational expenses shall be deducted from educational income detailed in [06.01.08](#), if they are incurred by a beneficiary for college or similar training. These expenses must be documented in order to be allowed as deductions.

### 4. Deduction for Work Expense

Deduct \$90 for mandatory deductions and work related expenses from the non-exempt gross earned income of each person.

### 5. Dependent Care Deduction

- Criteria

Deduct dependent care from the remaining non-exempt earned income when:

- The person has reasonable and necessary costs of obtaining child care for a child or incapacitated person in the CFBU.
- The worker determines that adequate dependent care cannot be provided by another member of the CFBU.
- The dependent care deduction is allowed to a member of the CFBU, other than a spouse or parent, if the CFBU member terminated employment specifically to provide the necessary care.

- Amount of Deduction

The amount deducted is the lesser of the actual amount paid or:

- \$200 per child under two years old, or
- \$175 per child two years of age or older
- \$175 per incapacitated person.

REMINDER: If the actual amount paid is less than the maximum allowable deduction detailed above, the actual amount paid will be allowed.

### 6. Court Ordered Alimony or Child Support Paid by the CMS Beneficiary

Court ordered alimony or child support, or support paid as the result of an agreement with a district attorney, is deducted from the income of an AFDC-MN or MI beneficiary when it is actually paid by that beneficiary. The amount deducted is the lesser of the amount:

- Actually paid; or
- Specified in the court order or agreement with a district attorney

7. Child/Spousal Support Received by the CMS Beneficiary

Deduct \$50 of each month's child/spousal support received in the current month by AFDC-MN and MI family members whether provided voluntarily or by court order.

8. Income Use to Determine Public Assistance Eligibility of Another Family Member

- Deduct that portion of the income of an MN or MI person or person responsible for the MFBU which is counted in determining the eligibility of a spouse, parent, or child as a PA or Other PA recipient.
- Deduct the income of a stepparent and the value of income in kind provided by a stepparent which is counted in determining the eligibility of a spouse or stepchildren as PA or Other PA recipients.

9. Health Insurance Premiums

Deduct health insurance premiums paid by and purchased for any person in the family. Average health insurance premiums paid less often than monthly to determine the monthly deduction.

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## 06.01.10 Unconditionally Available Income

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### 06.01.10A General

As a condition of eligibility for CMS, all applicants/beneficiaries are required to apply for, and accept, any unconditionally available income for which they appear eligible.

Income is unconditionally available if the applicant/beneficiary has only to claim or accept the income. Unconditionally available income includes, but is not limited to:

- Retirement, Survivors and Disability Insurance (OASDI) benefits
- Unemployment Insurance Benefits (UIB)
- State Disability Insurance Benefits (SDI)
- Veterans' benefits
- Private pension plans, union welfare funds, life insurance

disability benefits, etc.

**NOTE:** Not considered unconditionally available income:

- Public Assistance (including SSI/SSP) payments.
  - Title II Retirement Benefits until the applicant/ beneficiary reaches full retirement age as prescribed by SSA.
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**06.01.10B  
Worker  
Responsibility**

As part of the initial, recertification or reapplication process, the worker will evaluate each applicant/beneficiary's circumstances to determine if there is potential eligibility for any unconditionally available income. Applicants/beneficiaries who appear eligible to one or more types of unconditionally available income are to be advised that, as a condition of eligibility for CMS, they must apply for, and accept, the income to which they may be entitled.

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**06.01.10C  
Applicant/  
Beneficiary  
Responsibility**

The applicant/beneficiary must take all actions necessary to obtain any unconditionally available income to which he/she appears eligible as determined by the worker. This includes applying for the income and cooperating in supplying the information requested by the agency making the award determination.

1) CMS Only

At initial application, recertification or reapplication, as a condition of eligibility and in alignment with Medi-Cal policies, all applicants/beneficiaries, who appear eligible for any unconditionally available income (e.g. Unemployment Insurance Benefits (UIB), State Disability Insurance (SDI) benefits, SSA Title II Retirement (OASDI) benefits, etc.), are required to apply for the unconditionally available income to which they may be entitled. CMS benefits shall be approved upon receipt of verification of the application for unconditionally available income as long as all other eligibility requirements are met.

**NOTE:** Title II Retirement Benefits is not considered unconditionally available income until the applicant/beneficiary reaches full retirement age as prescribed by SSA.

**NOTE:** Applicants or beneficiaries who do not have a potential claim present on the IEVS EDD on-line real time match should not be referred to EDD to apply for UIB or DIB (State Disability) unless it is an out of state claim. **A copy of**

**the screen is required in the case record for documentation.**

2) Dual CMS/Medi-Cal DDS Applications

CMS applicants who also have a Medi-Cal DDS application being processed by an HOS worker must apply for and provide verification of having applied for unconditionally available income to meet Medi-Cal eligibility requirements. CMS is **not** approved until all eligibility and verification requirements have been met for the Medi-Cal application.

3) Recovery Home Residents

Recovery home residents who are not allowed to seek employment during their drug treatment program are not required to apply for UIB. EDD requires a person to be actively seeking employment in order to get UIB benefits. In these situations, the worker is to inquire and document how long the applicant is prohibited from seeking employment. The worker must inform the applicant that upon release to seek employment, they must apply for UIB before CMS benefits are recertified.

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## 06.01.11 Income Verification

### 06.01.11 Income Verification

Income verification must be provided to accurately determine current monthly income. One pay stub may not provide enough information about the frequency and the amount of pay needed to determine the monthly amount. Workers must assist CMS applicants and beneficiaries in obtaining verifications by using the information available on systems such as MEDS, IEVS or in cases that are with other workers. **A copy of the screen is required in the case record for documentation.**

Income must be verified:

- At application and reapplication;
- At recertification; or
- Whenever a change is reported.

1) Unavailable Verifications

Verifications of income or property are to be considered

unavailable when any of the following, or similar, conditions exist:

- Pursuit of the verification would put the applicant in some bodily danger or would result in loss of employment.
- Records were destroyed by fire, flood, etc.
- The source of the verification is uncooperative.

When verifications are not available, workers evaluate each situation where the applicant states that verification is unavailable. A reasonable attempt by either the applicant or the worker is to be made to obtain the verification. The attempt may be made by telephone or in writing to the source of the verification.

The requirement to contact the verification source may be waived if the applicant states that the contacts would jeopardize employment or put the applicant in danger of physical harm. In this situation, the applicant must complete a sworn statement describing the basis for his/her contention that pursuit of the verification may jeopardize him/her physically, or lead to loss of employment.

## 2) Use of a Sworn Statement

When the worker determines that verification is unavailable, a sworn statement from the applicant, dated and signed under penalty of perjury, **must** be obtained. The sworn statement of facts can serve as a sworn statement and verification of **declared income or property** if:

- The declared information is not available in any other form other than a sworn statement;
- The declared information is sufficient to determine eligibility; and
- Documents the steps taken and why it was not available in any other form.

**Exception:** Income from SSA or VA must be verified the first time it is reported and verified if there is a change. If there is no change, the income does not have to be verified at recertification.