

County of San Diego, Health and Human Services Agency (HHS)
CalWORKs Program Guide

Income Eligibility and Budgeting

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Revision Date:

August 1, 2021

Background:

Budgeting is the activity used to compute the aid payment for a Semi-Annual Reporting (SAR) payment period for which eligibility exists using the net nonexempt income, that is reasonably anticipated to be received in the SAR payment period. Budgeting is an activity separate from the determination of eligibility. All eligibility factors, including income eligibility are considered on a prospective basis.

Purpose:

The purpose of this revision is to incorporate Assembly Bill (AB) 79 provisions, which require an Assistance Unit (AU) to provide income received during the 30 days prior to submission of the annual redetermination for purposes of determining ongoing eligibility. This material also has been revised to remove examples from this section into a desk aid, and to update the section to the current format.

Policy:

Prospective Budgeting and Reasonably Anticipated Income

- **Prospective Budgeting:** The use of income that the customer anticipates with reasonable certainty will be received in the upcoming SAR Payment Period.
- **Reasonably Anticipated Income:** The specific amount of income that is reasonably certain to be received in the SAR Payment Period as determined by the customer and the Human Services Specialist (HSS). This applies to both earned and unearned income.

If the amount of income that will be received or when it will be received is not known, then the income cannot be reasonably anticipated. Income that is uncertain will not be used in the eligibility determination. Since the budget is never reconciled with actual income, it is critical for the HSS to obtain the necessary income verifications and enter detailed case comments to document the determination of reasonably anticipated income.

Income Eligibility at Initial Application

The AU must first establish initial income eligibility to CalWORKs by passing the Applicant Test using the application month's actual income, per CPG 44-100.K:

- If the AU passes the Applicant Test, the HSS will determine the benefit amount for each month of the semi-annual period using reasonably anticipated income
- If the AU does not pass the Applicant Test but the HSS determines there may be eligibility within 60 days of the application date, another Applicant Test will be completed using the second month's reasonably anticipated income

If the AU is eligible, CalWORKs will be approved effective the first of the month following the application month. See CPG 44-270.A regarding the beginning date of aid (BDA).

Reminder: Cash aid received from another state is considered unearned income and will be used along with other actual and anticipated income to determine if the AU passes the Applicant Test. The HSS will only budget cash aid from another state in the month(s) it is received and/or anticipated to be received.

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Income Changes Prior to the Approval of Aid

Applicants are required to report changes that affect their eligibility within 5 calendar days, per CPG 40-100.E. When there is a change in income that occurs during the initial application process prior to the approval of benefits, the HSS must consider the new information when determining eligibility to aid.

If CalWORKs has not yet been approved, the new information must be considered regardless of whether the change occurred after the date of the initial interview. If a change in income occurs after CalWORKs has been approved, the AU will not be required to report the new information mid-period unless the total household income exceeds the Income Reporting Threshold (IRT). See CPG 44-270.G and 44-270.H for mandatory and voluntary mid-period reports.

Continuing Income Eligibility

Following the initial approval, continuing income eligibility will be determined using prospective budgeting and reasonably anticipated income based on information reported by the AU.

It is critical for the HSS to enter detailed case comments regarding how income was evaluated and used (or not used) in the benefit determination. Case comments must document any anticipated changes in income, including unstable income that the AU cannot reasonably anticipate will be received in the upcoming SAR Payment Period.

Mid-Period Reports

For income changes reported mid-period, the HSS will use the current month's income (i.e., the month in which the change was reported) and any anticipated changes to determine if any mid-period action is required. See CPG 44-270.G for mandatory reports of income exceeding the IRT and CPG 44-270.H for voluntarily reported income changes that result in an increase in benefits.

SAR 7 And Annual Redetermination Reports

Except for income verification at annual redetermination, AUs are required to provide information for the Data Month and to report any anticipated changes for the upcoming six months. Information for the Data Month is considered reasonably anticipated and will be used in the budget calculation, unless a change for the upcoming SAR Payment Period is anticipated. For income verification at annual redetermination refer to the section below.

If there is no conflicting information, the HSS will accept the income and anticipated changes reported on the SAR 7 and at annual redetermination and use the information to determine benefits for the next SAR Payment Period.

Income Verification at Annual Redetermination

The AUs are required to provide verification of any income received during the 30 days prior to submission of the AU's annual redetermination. There is no defined date or date range for submission under this provision. The HSS must determine the relevant 30-day period based on when the AU submits their annual redetermination or when a request for income verification is made using the *CW 2200 Request for Verification* form. This approach accounts for the various timeframes in which an AU may submit a complete annual redetermination, including verification of income, or when a HSS

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requests additional income verification if required and not originally submitted by the AU with their annual redetermination.

Income verification must not be requested when the income is not reasonably expected to continue and will not be used to determine eligibility for the upcoming payment period. Verification of income received in the 30 days prior to submission of an AU's annual redetermination is not required if all the following apply:

- The income source has stopped (i.e., job loss) or is not reasonably anticipated to continue
- The loss of income is not questionable

Note: The change to the 30-day period only applies to annual redetermination. There are no changes to income verification requirements at initial application, SAR 7, or at any other time during the certification period.

Requesting Income Verification at Annual Redetermination

The CW 2200 is the required form to use for requesting verification. Verification is not limited to a specific type and any verification that satisfies the verification requirement is acceptable. As a last resort, a sworn statement may be accepted as income verification when all other efforts to obtain sources of income verification have been exhausted.

If complete income verification is not submitted with the annual redetermination, the HSS must send the CW 2200 to request verification of income received. When using the CW 2200, the HSS is required to list the specific date range for which the income verification is being requested to comply with adequate noticing requirements. To fulfill this requirement, the HSS must request income verification for the 30 days prior to the date listed on the CW 2200. **If the customer returns the CW 2200 with income verification that is outside of the 30-day period listed on the form, but is sufficient for determining eligibility, the HSS must accept the verification.** This rule is especially important when granting good cause because the request for verification may be much later than the date of the original submission of the annual redetermination.

Request for Verifications that Cross Calendar Months

The AU is required to provide verification of income received during the 30 days prior to submission of the AU's annual redetermination or the 30 days prior to the date listed on the CW 2200. However, this 30-day period may not always fall within a calendar month. Therefore, the AU is only required to provide income verification for a specific calendar month when it is applicable to their case circumstances.

Depending on when the AU submits their annual redetermination or when a request for verification is sent to an AU, the AU may provide income verification that crosses one or more calendar months. To determine the appropriate monthly income amount when income verification crosses calendar months, the HSS must convert the income to a monthly average using the weekly, bi-weekly, or semi-monthly conversion factors (refer to the *Using Conversion Factors* section below).

Rules for Anticipating Income

- **New Income**
Income from a new source will only be considered reasonably anticipated if all the following apply:

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1. The AU verifies that the income has been or will be approved or authorized within the upcoming SAR period, or the AU is otherwise reasonably certain that the income will be received within the SAR period
2. The anticipated amount of the income is known and verified, or the AU is otherwise reasonably certain of the amount of the income
3. The start date of the income is known and verified, or the AU is otherwise reasonably certain of the start date of the income

If the AU anticipates receiving income in the upcoming SAR Payment Period but does not have reasonable certainty of the dates and/or amounts expected to be received, the income cannot be considered reasonably anticipated and will not be used in the benefit determination for the upcoming SAR Payment Period.

Unemployment Insurance Benefits (UIB) may not be reasonably anticipated based only on current claim information from the Employment Development Department (EDD) Real-Time Match, regardless if there are no issues to be resolved.

Additional information, such as an Income Eligibility Verification System (IEVS) report, is needed to determine whether any UIB income has actually been issued. The start date must be known and verified in order for the UIB income to be reasonably anticipated for the SAR Payment Period.

For CalFresh and Medi-Cal, rules for anticipating UIB may be found in CFPG 63-282.4 and MPG 4.12.03.

- **Fluctuating Income**

When the AU's monthly income fluctuates or the AU expects that the income received in the Data Month will change during the upcoming SAR Payment Period, the HSS must attempt to determine what amount of income is reasonably expected to be received.

Only the income that the AU reasonably anticipates will be received during the upcoming SAR Payment Period may be used in the benefit determination. If the AU states that the Data Month income is not typical, explains why, and provides a reasonable estimate of future income, the HSS may budget the estimated income unless there is conflicting information.

If the AU cannot anticipate an amount or if it is uncertain whether the income will be received in the upcoming SAR Payment Period, then no income can be reasonably anticipated or used in the benefit determination. The determination that income is too uncertain to anticipate must be done on a case-by-case basis.

The HSS must follow-up with the AU to determine what amount, if any, can be reasonably anticipated and document in case comments the basis for the amount agreed upon by the AU and the HSS.

Refer to the *Budgeting Fluctuating Income* section below for additional information.

- **Changing Income**

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If the AU reports an upcoming change or discontinuance in income but is uncertain when the change will take place or by how much the income will change, the HSS cannot reasonably anticipate this change and will continue to use the current income information in the benefit determination. The HSS will advise the AU to report when the income actually changes or discontinues.

Refer to the *Budgeting Income That Stops or Starts Mid-Period* section below for additional information.

Using Conversion Factors

Income that is received on a weekly or biweekly basis must be converted to a monthly amount if it is anticipated to be received in the upcoming SAR Payment Period. The income will be converted as follows:

- Weekly Income: Add the four (or five) weekly checks together and divide by four (or five) to get an average weekly amount. Multiply this amount by 4.33.
- Biweekly Income: Add the two (or three) biweekly checks together and divide by two (or three) to get an average weekly amount. Multiply this amount by 2.167.

Each paycheck does not need to be the same amount. However, the AU must anticipate that their monthly income will continue at that level in order to convert the income into a monthly average.

Note: If the income fluctuates and the AU cannot reasonably anticipate that their Data Month income will continue at the same amount, the weekly and biweekly conversion factors may not be used.

Budgeting Stable Income

When an AU has stable monthly income and does not expect any changes in the upcoming SAR Payment Period, the income reported at initial application, on the SAR 7, or at annual redetermination will be used in the benefit determination for the next SAR Payment Period.

The conversion factors described under the *Using Conversion Factors* section will be used for income received on a weekly or biweekly basis.

Budgeting Fluctuating Income

When the AU anticipates its income for the upcoming SAR Payment Period will fluctuate from what was received in the Data Month, the HSS may use the following guidelines to determine what income amount can be reasonably anticipated:

- Consider any changes in income from the Data Month that the AU reasonably anticipates for the upcoming SAR Payment Period
- Use the Data Month income until the AU reports a reasonably anticipated change
- Assist the AU in determining the amount of income that can be reasonably anticipated, including contacting the employer or other third party when a signed authorization for release of information is provided by the AU
- Consider past income from the previous SAR Payment Period (or comparable season if income fluctuates seasonally) if no third-party verification is available and no income changes have occurred or are anticipated

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If the AU reports their income fluctuates so much each month that no amount can be reasonably anticipated, and there are some months when no income is received, then no income would be budgeted in the benefit determination unless there is conflicting information.

If information on the SAR 7 is unclear or questionable and the AU refuses to assist in providing required information or fails to provide information necessary to determine continuing eligibility, CalWORKs may be discontinued with timely and adequate notice.

Note: If the AU is attempting to cooperate to the best of their ability but is unable to provide necessary information, the AU will not be considered “failing to cooperate” and CalWORKs cannot be discontinued for that reason.

Budgeting Contract Income

CalWORKs does not have special rules for budgeting annual contract/self-employment income.

When an AU receives its annual income in a period shorter than one year, the HSS will budget the contract income as follows:

If the AU receives ...	Then the contract income will be ...
CalWORKs and CalFresh	Averaged over 12 months and budgeted in accordance with the CalFresh rules explained in CFPG 63-241 and 63-282
CalWORKs only	Budgeted in accordance with the prospective budgeting and reasonably anticipated income rules

Note: Contract income that is not a household’s annual income and is not paid on an hourly or piecework basis will be prorated over the period that the income is intended to cover.

Budgeting Income that Stops or Starts Mid-Period

Income that the AU anticipates will begin or end in one of the months of the upcoming SAR Payment Period will only be counted in the month(s) that the income is reasonably anticipated to be received. Income that is beginning or ending will be treated differently depending on how certain the AU is that the income will begin or end:

- If a customer currently has stable monthly income but has heard they may get laid off soon, the HSS will continue to budget the current income until additional information is known. The HSS will instruct the customer to report when a lay-off notification is received or report in the month their income will actually decrease.
- If a customer thinks they will be starting a new job in the next month or so but is not sure about the start date or hours, income from this new job cannot be reasonably anticipated and will not be used in the benefit determination.

The HSS will remind the customer of their responsibility to report within 10 days if the total household income exceeds their IRT. The customer must report the income on the next SAR 7 or at annual redetermination if the income is over IRT.

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- If a customer is certain that their income will be ending or that new income will be starting in a certain month of the SAR Payment Period, the HSS will only budget the income for the months in which it is reasonably anticipated to be received.

The HSS will calculate two different grant amounts for the SAR Payment Period: One amount for the months in which the income will be received and one amount for the months in which the income will not be received.

Impacts:

CalFresh

Refer to CalFresh Program Guide 63-282 - Prospective Budgeting and Reasonably Anticipated Income.

Refugee Cash Assistance (RCA) and Trafficking, and Crime Victims Assistance Program (TCVAP)

The RCA and TCVAP cash assistance programs follow the CalWORKs rules with certain exceptions. CalWORKs program regulations apply to financial eligibility and payments for the RCA program, unless specifically superseded by RCA regulations. Unless otherwise specified, TCVAP customers must be provided cash assistance under the same conditions, and to the same extent as the RCA program, per CPG 69-205 and 70-100.A.

Forms

None.

Procedure:

Desk Aid – Income Eligibility and Budgeting - Scenario Examples

Refer to the desk aid, located in Eligibility Essentials, for income eligibility and budgeting examples

References:

- AB 6, 79
- EAS 40-181.2, 44-313
- MPP 70-105
- ACL No. 12-25, 12-25 Errata, 19-10, 21-24

Sunset Date:

This policy will be reviewed for continuance by August 31, 2024.

Approval for Release:



Rick Wanne, Director
Self-Sufficiency Services