

43-201	CHILD AND SPOUSAL SUPPORT AND PATERNITY	43-201
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.3 Child and Spousal Support Collections

When support payments are made, the county welfare department shall determine the effect of those payments on the eligibility of the AFDC recipient family.

.31 If a recipient has received a support payment directly from an absent parent and he or she does not send the payment to a county agency as required under Section 43-107.26, the welfare department shall notify the District Attorney (Section 43-201.25) and treat the payment as follows:

.311 Determine what portion of the direct payment represents the current month support obligation.

.312 From the amount determined in .311, disregard an amount up to the \$50.00. However, no amount shall be disregarded under this section if a full disregard has been provided under Section 43-201.341.

(a) The IV-A agency must coordinate with the IV-D agency to establish procedures guaranteeing that the total disregard provided does not exceed \$50 in cases that receive and retain support payments.

.313 Treat the remainder of the direct payment as unearned income in the month received.

.32 When the county IV-D distribution agency processes the support payment, that agency will notify the welfare department of the amount of the collection, the disregard amount, and the date the support payment was received.

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.34 When the child/spousal support collection is distributed under Section 43-203, certain payments will be made to the family.

.341 Up to the first \$50.00 in support collected which represents payment on the required support obligation (court ordered or voluntary) shall be paid by the IV-A Agency to the assistance unit as a disregard. This payment shall be disregarded as income and resources for eligibility determination and grant computation as specified in 42-213.2(k) and 44-111.471.

.342 Any payment made to the family under Sections 43-203.13 and .15 from child/spousal support collected in any month is considered available income in the month received.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553 and 10554, Welfare and Institutions Code; and 45 CFR 302.51(a)(4).

CHAPTER 44-100 INCOME**44-101 INCOME DEFINITIONS****44-101**

Income, generally, is any benefit in cash or in kind which is in fact currently available to the individual or is received by him as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from persons, organizations or assistance agencies. To be considered in determining the AFDC aid payment, income must, in fact, be currently available to needy members of the family in meeting their needs during the budget period. Subject to this limitation and the exemptions and exclusions, as specified in Section 44-111 of this chapter, such benefits are taken into consideration as income in evaluating the need of the recipient and in determining the amount of assistance to which he is entitled.

.1 Separate and Community Income**.11 Separate income is:**

- .111 Income derived from an interest in separate property; or,
- .112 Income resulting from employment or military service rendered prior to the present marriage.
- .113 Income received after the rendition of a decree for separate maintenance, as distinguished from a decree of dissolution, or when one spouse is living apart from the other spouse, as well as after dissolution.
- .114 Funds awarded a married person from his/her spouse in a civil action for personal injuries are considered that spouse's separate income during the month of receipt, and separate property if retained past the month of receipt.

.12 Community income is:

- .121 Generally income derived from an interest in community property; or,
- .122 Income resulting from employment or military service performed during the marriage and not under the situation described in .113 above.
- .125 Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101.114 and Sections 42-203.431 through .434.

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- .2 Repealed by Manual Letter No. 85-04 (Effective 1/18/85)
- .3 Current Income
 - .31 Current income generally is all income which is available during a month without regard to any allowable exemptions or disregards.
 - .32 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .321 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .322 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - (1) Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .323 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .324 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .325 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.
 - .326 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.

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- .4 Repealed by Manual Letter No. EAS-87-04, effective 6/1/87.
- .5 Earned Income
 - .51 Earned income is income received in cash or in kind as wages, salary, employer provided sick leave benefits, State Disability Insurance benefits, Temporary Worker's Compensation benefits, commissions or profit from activities such as a business enterprise, farming, etc., in which the recipient is engaged as a self-employed individual or as an employee.
 - .52 Earned income also includes:
 - .521 Earnings over a period of time for which settlement is made at one given time, as in the instance of sale of farm crops, livestock, poultry, other than sale of an entire holding.
 - .522 Returns from personal or real property, such as net income from rental of rooms, or board and room.
 - .523 Earnings under Title 1 of the Elementary and Secondary Education Act, and wages paid under the Job Training Partnership Act (JTPA), (see Section 44-111.21 for disregard applicable to JTPA earned income of a child).
 - .524 Payments under the Economic Opportunity Act, including payments to beneficiaries of assistance under the Act, through such programs as the Neighborhood Youth Corps, New Careers and Concentrated Employment.
 - .525 Training incentive payments and work allowances under ongoing manpower programs, other than GAIN and JTPA.
 - .526 Earnings from On-the-Job Training (OJT) and earnings from Public Service Employment.
 - .527 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.

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- (a) Year-end EIC is split between the husband and wife when both were earners in the tax year. If only one spouse worked during the tax year, the year-end EIC is attributable only to that earner.

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.53 Earned income does not include:

- .531 Loans and grants, such as scholarships, obtained and used under conditions that preclude their use for current living costs.
- .532 Benefits (excluding those specified in Section 44-101.51) accruing as compensation, or reward for service, or as compensation for lack of employment (for example, pensions and benefits, such as veterans benefits).
- .533 Incentive payments derived from participation in WIN Demo.
- .534 (Has been deleted per Manual Letter No. 78-032.)
- .535 The training allowances paid to a recipient in JTPA programs. The expense allowance paid to an adult JTPA participant is applied against the actual expenses of training in determining net income. Only the amount that exceeds the expenses is counted as income.
- .536 Income received from Public Service Employment under the WIN Demo program (WIN/PSE) (see Section 44-113.10).

.6 Voluntary Contributions

A voluntary contribution is a contribution for which the contributor has no legal liability.

.7 Death Benefits

Death benefits other than those covered in Section 44-105.2 are considered income. Death benefits are those life insurance or burial payments made to a deceased's beneficiary. To determine net income, see Section 44-113.11.

Note: If the amount of the death benefit is of negligible importance in meeting continuing needs, refer to Section 44-111.44.

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.8 Income In Kind

Income in kind is any benefit received other than in cash. It includes the value of need items provided at no charge (see Section 44-115).

.9 Interest Income

Interest on a savings account in a bank, savings and loan association, or other institution authorized to accept savings and interest which is received as a result of any contractual obligation.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553 and 10554, Welfare and Institutions Code; Federal Action Transmittal ACF-AT-94-12; 45 CFR 233.20(a)(6)(v)(B); Sallis v. McMahon, Sacramento County Superior Court, case no. 364308, January 30, 1991.

44-102 AVAILABILITY OF INCOME 44-102

All income shall be considered currently available during the month received, except:

- a. **INTEREST INCOME** - Interest income which is received on a regular basis, but less frequently than monthly, shall be apportioned equally over the number of months it has accrued beginning with the month after receipt.
- b. **CONTRACTUAL INCOME** - Income an employee receives under an annual contract of employment shall be apportioned equally over the period of the contract beginning with the first month of the contract when he works and receives income from such contract in fewer than twelve (12) months, but more than eight (8) months.
- c. **CHILD SUPPORT** - Child support collected by the county shall not be considered available to the recipient, other than as provided in Sections 43-203.12 and 43-203.15.
- d. **LUMP SUM REMAINDER** - Any income remaining after computing the period of ineligibility due to the receipt of nonrecurring lump-sum income shall be considered income in the first month following the period of ineligibility. See Section 44-207.4.
- e. **MONTHLY RECURRING UNEARNED GOVERNMENTAL BENEFITS** - Monthly benefits (e. g., Social Security benefits, or Veterans benefits, etc.) shall be considered to be available in the month the payment was intended, rather than actually received, when the income meets the following criteria:

44-102	AVAILABILITY OF INCOME (Continued)	44-102
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1. The receipt date of the income varies because mailing cycles cause two payments to be received in one month and none in the preceding or following month;
2. The source of income is a governmental benefit program; and
3. The income is unearned and recurring.

44-105	DIFFERENTIATION OF PROPERTY AND INCOME	44-105
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- .1 (Repealed by Manual Letter No. 82-26, effective 04/02/82.)
- .2 (Repealed by Manual Letter No. 82-26, effective 04/02/82.)
- .3 Payments Which Include Compensation for Converted Property
 - .31 Payments which include compensation for converted property are those payments received from insurance companies, settlements, court judgments, or other similar sources which wholly or partially compensate for property which has been lost, stolen, damaged, or destroyed.
 - .32 The proper treatment of such payments is made by determining the proportion of the payment attributable to the property conversion and to treat the remainder as income. This determination is made by subtracting from the total amount of the payment, the value of the converted property at the time it was lost, stolen, damaged, or destroyed.

44-105 DIFFERENTIATION OF PROPERTY AND INCOME (Continued) 44-105

The value of the converted property shall be the largest of the following amounts:

- (1) The value specified by the issuing source (insurance claim, specified verdict, etc.).
 - (2) The value assigned to the property at the last redetermination prior to its destruction.
 - (3) The value that would have been assigned to the property under current regulations (e.g., the value of a motor vehicle in accordance with 42-215.4).
 - (4) Any other evidence substantiating the value of the property at the time it was lost, stolen, damaged, or destroyed.
- .33 The portion of the payment which compensates for converted property shall be treated in accordance with Section 42-213.
- .34 Any remainder shall be treated in accordance with Section 44-113.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME	44-111
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.1 The Exclusions and Exemptions and the Applicable Programs are Discussed Below

Federal and state statutes exclude or exempt certain types of payments or benefits in whole or in part from consideration as income. These exclusions and exemptions vary widely between programs. However, the federal statutes also provide that any income to an individual which is disregarded in determining his eligibility under the provisions of one categorical aid program, shall not be taken into consideration in determining the eligibility and/or the amount of assistance paid to a recipient receiving aid under another categorical aid program.

.2 Exemption of Earned Income

(See Section 44-101.5 for the definition of earned income.)

.21 Job Training Partnership Act (JTPA) - Earned Income of a Child

.211 All earnings of a child (see Section 42-101 for age requirement) which are derived from participation in JTPA programs shall be disregarded from consideration as income for both eligibility and grant determinations for up to six months per calendar year. This disregard also applies when determining the 185 percent income limit for eligibility (see Section 44-207).

.212 When the six-month disregard has expired and the child is a student, his/her earnings from JTPA shall be disregarded for financial eligibility and grant computation, but not for the 185 percent income limit pursuant to 44-111.22.

.22 Student Exemption

.221 All earned income of a child under 19 years old is exempt if:

- a. He/she is a full-time student, or
- b. He/she has a school schedule that is equal to at least one-half of a full-time curriculum, and he is not employed full time.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- .222 For purposes of this exemption the following definitions apply:
 - a. School attendance is defined as attendance in a school, college, university, or in a course of vocational or technical training designed to fit the child for gainful employment and includes a participant in the Job Corps program under the Economic Opportunity Act.
 - b. Part-time employment is defined as less than 173 hours per month.
- .223 The student exemption applies to full- or part-time earnings between school terms or during vacation periods, if the child plans to continue to be a student next term or when the vacation period ends.
- .224 This exemption is applied:
 - a. When determining the 185 percent income limit for up to six months per calendar year for non-JTPA-related earnings per Section 44-207.211(d). See Section 44-111.21 for JTPA exemption.
 - b. For financial eligibility purposes, to the earnings of full- time student applicants and recipients and part-time student recipients. This exemption does not apply to earnings of a part-time student applicant. See Section 44-207.321.
 - c. For purposes of grant determination whether or not the student has received aid previously.
- .23 30 and 1/3
 - .231 Except as provided in .232 below, children who are in the FBU but are not qualified for the exemptions in .22 above and adults who are in the FBU shall have \$30 of their earned income plus 1/3 of the remainder disregarded subject to the method and limitations outlined in Section 44-113.2.
 - .232 The \$30 and one-third disregard shall not be applied when:
 - (a) The 185 percent income limit is being determined as outlined in Section 44-207.2.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- (b) The person who earned the income received the \$30 and 1/3 disregard in any FBU for four consecutive months without an intervening twelve-consecutive-month period when he/she was not an AFDC recipient; or
- (c) The recipient failed without good cause to make a timely report of earned income as required by Section 40-181.22. The \$30 and 1/3 disregard is considered to have been applied for purposes of computing the four consecutive months in .232(b) above.
- (d) The recipient voluntarily requests a discontinuance for the primary purpose of avoiding the four- (4) consecutive-month limitation on receipt of the \$30 and 1/3 disregard in (b) above. The \$30 and 1/3 disregard is considered to have been applied for purposes of computing the four consecutive months in .232(b) above.
- (e) The recipient terminated employment, reduced earned income or refused employment without good cause within the budget period or the 30 days immediately prior to the budget period. Good cause shall be evaluated using the standards defined in Section 42-688.3. The \$30 and one-third disregard is considered to have been applied for purposes of computing the four consecutive months in .232(b) above.

.233 If aid is suspended (see Section 44-315.65) or discontinued because of a periodic extra paycheck from a recurring income source, the month of suspension or discontinuance shall not count as one of the four consecutive months but shall not interrupt the accumulation of the four consecutive months for purposes of Section .232(b) above.

.24 \$30 Disregard

.241 When the recipient has received the \$30 and 1/3 disregard in any assistance unit for four consecutive months as provided in .23 above, he/she shall be eligible for a \$30 disregard for a period of eight consecutive months immediately following the end of the four consecutive months. This applies to both financial eligibility and grant computations.

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued) 44-111

- .242 If for any reason the recipient does not receive the \$30 disregard in a month (e.g., ineligible for aid, terminated employment, late reporting, etc.), that month shall nonetheless count as one of the eight consecutive months. See 44-113.218. If the recipient's aid is restored before the eight months have expired, he/she would be entitled to the \$30 disregard for the remaining months in this period.

Example: A recipient works and is eligible for and has received the \$30 and 1/3 disregard for four consecutive months. At the end of the fourth month the recipient lost the job. Two months later he/she goes back to work. The recipient is then eligible for the \$30 disregard for the six remaining months.

(1) WORKS	(2) WORKS	(3) WORKS	(4) WORKS	(5) NO JOB	(6) NO JOB
\$30 & 1/3	\$30 & 1/3	\$30 & 1/3	\$30 & 1/3	None	None
(7) WORKS	(8) WORKS	(9) WORKS	(10) WORKS	(11) WORKS	(12) WORKS
\$30	\$30	\$30	\$30	\$30	\$30

- .243 When the additional eight-consecutive-month period has expired, a recipient shall not be entitled to receive the \$30 disregard again until he/she has not received AFDC for twelve consecutive months.
- .244 For purposes of implementing the \$30 disregard specified in Section 44-111.241 above effective October 1, 1984, the \$30 disregard shall not be allowed for a recipient who received the \$30 and 1/3 disregard as specified in Section 44-111.23 for four consecutive months ending prior to October 1, 1984.
- .25 College Work Study Program
- Earned income from the College Work Study Program is exempt. This exemption is applied for both eligibility and grant determination whether or not the student has received aid previously.
- .26 Independent Living Program (ILP)

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- .261 Income and incentive payments earned by a child 16 years of age or older who is participating in the Independent Living Program (ILP) are exempt as income for purposes of eligibility and grant determination when received as part of the ILP written transitional independent living plan. There is no limit to the amount exempted under this subsection.

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See Sections 30-002i.(1), w.(1), 30-342.5, and 30-442.5 for the definition and description of ILP.

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**STANDARDS OF ASSISTANCE
INCOME**

Regulations

44-111.3 (Cont.)

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued) 44-111

.3 Exemption of Payments from Public Sources

- a. A relocation assistance benefit, paid by a public agency to a public assistance recipient who has been relocated as a result of a program of area redevelopment, urban renewal, freeway construction or any other public development, involving demolition or condemnation of existing housing, is exempt income.
- b. (Reserved)
- c. Job Training Partnership Act (JTPA)
 - (1) Payments, other than earnings, to a child (see Section 42-101 for age requirement) which are derived from participation in JTPA programs shall be disregarded as income for both eligibility (including the 185 percent income limit) and grant determinations. There is no time limit for this disregard. This disregard does not apply to earnings paid under the Act (see Section 44-111.21).
 - (2) Payments to an adult which are derived from participation in JTPA programs shall be exempt as income to the extent the payment reimbursements do not exceed actual expenses. This exemption does not apply to earnings paid under the Act.
- d. (Reserved)
- e. (Reserved)
- f. Advance payments or reimbursements made by GAIN for supportive services are exempt from consideration as income.
- g. Reimbursements for child care costs made under the Supplemental Child Care (SCC) Program are exempt from consideration as income.
- h. Payments made for child care costs under the California Alternative Assistance Program are exempt from consideration as income.
- i. (Reserved)

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- j. Payments made for out-of-pocket expenses of persons serving on advisory group(s) set up by the Department of Social Services and/or the Health and Welfare Agency are exempt.
- k. Exempt the following payments or funds received from the California Franchise Tax Board:
 - (1) Renters Credits
 - (2) Senior Citizens Homeowners and Renters Property Tax Assistance Program
(applies to persons who are disabled, blind or 62 years of age or older)
 - (3) Senior Citizens Property Tax Postponement Program
(applies to persons 62 years of age and older)
- l. Special Tax Rebates and Credits

Tax rebates, credits or similar temporary tax relief measures which state or federal law for AFDC specifically exclude from consideration as income are exempt.

The state shall promptly advise county welfare departments on the exempt status of other special tax rebates and credits in each program and shall prescribe the method of notifying recipients. Recipients must cooperate with county personnel by providing necessary information or documentation such as Form W-2 and Form 1040 to compute the correct grant amount. This section does not apply to annual refunds of income tax.

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Income tax refunds are classified as personal property (see Section 42-211.21).

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- m. Payments received under the California Victims of Crimes Program are exempt.

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued) 44-111

- n. The allowance for training expenses paid to recipients participating in Department of Rehabilitation training programs.
 - o. Payments received under the Energy Crisis Assistance Program or the Low Income Energy Assistance Program.
 - p. (Reserved)
 - q. Repealed by Manual Letter No. EAS-92-01, effective 1/1/92.
- .4 Exclusions or Exemptions of Other Payments and Income
- .41 Has been deleted.
 - .42 County Supplementation and Voluntary Contributions
 - .421 County supplementation and/or voluntary contributions from persons or organizations having no liability for the support of the recipient, are not considered income when:
 - a. The service to be provided is designated as a need by the State Department of Social Services, and
 - b. The contribution would not be available for expenditure unless used in accord with conditions imposed by the donor, and

44-111 **PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION** **44-111**
AS INCOME (Continued)

- c. The recipient's grant and other income are not sufficient to meet his total need within the limitations specified in the Need chapter for the particular program, or the designated need is one, all or a portion of, which is not included in the assistance standard for the particular program and thus cannot be met from the recipient's grant and income.

.422 Designated needs within the meaning of this section include:

- a. Housing Approved for Federal Rent Supplements Under the Housing Act of 1965.

When the recipient qualifies for a rent supplement under the Federal Housing Act of 1965, the rent supplement payment made by the federal agency, on behalf of the recipient, to the landlord or sponsor, is disregarded as income.

.43 Loans and Grants

The following loans and grants are not considered as income: (See Section 42-213.2c for treatment as property.)

.431 Loans made under Title III of the Federal Economic Opportunity Act (Special Program to Combat Poverty in Rural Areas).

.432 Loans or grants made under Title IV of the Higher Education Act or under the Bureau of Indian Affairs student assistance program.

- a. This includes student loans and grants that are partially funded under these programs, e.g. 50 percent Title IV funds and 50 percent state funds.

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- b. Examples of Title IV and Bureau of Indian Affairs loans and grants include:
 - 1. Supplemental Educational Opportunity Grant Program
 - 2. Carl D. Perkins Loans (NOTE: Differs from the student financial assistance provided under the Carl D. Perkins Vocational Act).
 - 3. Robert C. Byrd Honors Scholarship Program
 - 4. National Science Scholars Program

HANDBOOK CONTINUES

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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5. State Student Incentive Grants
 - A. Cal Grant Program
6. Paul Douglas Teacher Scholarship Program
7. College Work Study (See Section 44-111.25.)
8. Income Contingent Loan (ICL) Program
9. Bureau of Indian Affairs Higher Education Grant
10. Indian Health Service Scholarship Program
11. Pell Grant
12. Federal Family Education Loan (FFEL) Program
 - A. Guaranteed Student Loan (GSL) Program
 - B. Stafford Loan Program
 - C. Consolidation Loan Program
 - D. Supplemental Loans for Students (SLS) Program
 - E. Parent Loans for Students (PLUS) Program

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- .433 Any other grant to any undergraduate student for educational purposes made or insured under any program administered by the Federal Secretary of Education.
- .434 Educational grants to undergraduate students when awarded on the basis of the student's need.
 - a. The recipient shall provide a certification from an official at the student's school (preferably from the Financial Aid office) concerning the student's eligibility for this income exemption. The certification must state that the award is based on need and that the Public Assistance grant was considered in making the award.

44-111 **PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION** **44-111**
AS INCOME (Continued)

- .435 Educational grants other than those excluded in Sections 44-111.432, .433, and .434 only to the extent that the proceeds are used to meet educational expenses, such as fees, equipment, special clothing needs, transportation to and from school, child care services necessary for school attendance, etc.
- a. The necessary costs of transportation to and from school shall be allowed based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets the criteria above, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven. Allowable transportation costs include, but are not limited to, car payments, car insurance and registration and gasoline.
 - b. The student must appropriately document his/ her educational expenses for the county in order to receive this exemption.
- .436 Any other grants when it is verified that the proceeds are not available to meet current needs. For purposes of this section current needs are defined as those items covered in Section 44-115.3.

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- .437 The Department of Social Services and the counties have been prohibited by the court order in Noia v. McMahan from implementing Section 44-111.437 with respect to nongovernmental loans. Until further court order, the counties must exclude nongovernmental loans from income regardless of their availability to meet current needs, when it is verified that the following conditions are met:
- a. The terms of the loan are stated in a written agreement between the lender and the borrower, and
 - b. The agreement clearly specifies: (1) the obligation of the borrower to repay the loan; and (2) a repayment plan which provides for installments of specified amounts to begin within 90 days of receipt of the loan and continue thereafter on a regular basis until the loan is fully repaid.

HANDBOOK CONTINUES

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As part of the verification process, the recipient is required to submit loan contract papers or a written agreement setting forth the terms of the loan regarding its amount and the repayment plan. The agreement must be signed by the lender and the recipient as parties to the agreement. (See ACL 86-44 and Errata dated June 19, 1986.)

HANDBOOK ENDS HERE

.44 Income from Small Nonrecurring Gifts

- .441 The first \$30 of cash income from small nonrecurring gifts, such as those for Christmas, birthdays, and graduation, which is received by each member of the assistance unit during any calendar quarter shall be exempt from consideration as income. A calendar quarter is three consecutive calendar months commencing with the first day of the first month and ending with the last day of the third month. The first month for each of the four quarters shall be January, April, July, and October.

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EXAMPLE: The recipient receives \$35 in cash for a birthday gift in a given quarter

DISCUSSION: The first \$30 of the gift is exempt.

EXAMPLE: The recipient receives \$20 in cash for a birthday gift and, in the same quarter, receives \$20 for a graduation gift.

DISCUSSION: The first \$20 gift is exempt; \$10 of the second gift is exempt, for a total exemption of \$30.

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44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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.45 Income in Kind

.451 Home Produce

Home produce such as from garden, orchard, livestock, and poultry utilized by a recipient and his household for their own consumption is not income.

.452 Partial Items of Need

Income in kind for partial items of need is exempt.

.453 Offer of a Free Home

Except as provided in W&IC 11264, aid shall not be denied or discontinued for an otherwise eligible child who is offered a free home.

.454 Provided by a Private Nonprofit Organization

Any income in kind, whether a full or partial item of need, provided on the basis of need by a private nonprofit organization shall be exempt as income.

Private nonprofit organizations are religious, charitable, educational, or other organizations such as described in Section 501(c) of the Internal Revenue Code of 1954, which include but are not limited to the Salvation Army, Red Cross, and churches. (Actual tax exempt certification by IRS is not necessary.) Exception: Any assistance provided by Voluntary Resettlement Agencies (VOLAG) as part of their resettlement responsibilities must be considered in determining the refugee's eligibility for aid under the Refugee Demonstration Project (RDP) or Refugee Cash Assistance (RCA) program.

.46 Funds Received as a Result of the Settlement in the Underwood v. Harris Court Case

Retroactive subsidy payments received from the Department of Housing and Urban Development (HUD) which represent a reimbursement of increased tax and utility costs which were incurred in 1975 through 1977 (see Section 42-211.258(d) and 42-213.2(y) for treatment as property).

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.47 Child/Spousal Support Disregard

The first \$50 per month of current child/spousal support paid to or on behalf of an assistance unit shall be disregarded when determining both eligibility and grant amount.

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See Section 42-213.2(k).

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.471 When the child/spousal support payment is received by the county, the amount of the current support payment which is paid to the assistance unit shall be disregarded. This disregard is applied in the month in which the child/spousal support payment is received by the county for eligibility determination and applied in the month in which the disregard payment is received by the assistance unit, if different, for eligibility and grant determination.

.472 When a current child/spousal support payment is directly received by the assistance unit from the absent parent, the first \$50 of such payment is disregarded and the balance of the support payment is considered income to the assistance unit.

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(a) See Section 43-201.31.

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44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued) 44-111

- .473 The total amount of the current child/spousal support disregard attributable to any month shall not exceed \$50 per assistance unit regardless of whether the child/spousal support is received by the county, with a portion paid to the assistance unit, or the support payment is received by the assistance unit directly. If in the same month the assistance unit receives a disregard payment from the county attributable to a prior month and also receives a current support payment directly from an absent parent/spouse, the assistance unit shall be entitled to both disregards. If the assistance unit receives a payment from the county which consists of payments from current child/spousal support for more than one month, the \$50 limit shall apply only to the total child/spousal support disregard for the month to which the disregard is attributable.

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For example, the county received current child/spousal support payments of \$150 in January, \$150 in February and issued the assistance unit a payment of \$100 in March. The total \$100 shall be disregarded in March for purposes of determining eligibility and grant since it is attributable to January and February.

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.5 Nonexempt Income

Payments which do not fall within the limitations specified in the foregoing subsections, represent nonexempt income to be considered in determining the recipient's grant.

- .6 Other income which is mandatorily and specifically exempt by federal law and shall be exempt from the effective date as specified in federal law.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- .61 Income which is mandatorily exempt under federal law includes but is not limited to:
- a. Public Law (PL) 92-254 or PL 94-540 which exempts any funds distributed per capita or held in trust for members of any Native American tribe under PL 92-254 or PL 94-540.
 - b. PL 93-134, PL 97-458 and PL 98-64 which exempt as income the funds of Native American tribes including interest earned from, and investment income derived from such funds when the funds have been:
 - (1) Distributed by the Secretary of the Interior on a per capita basis; or
 - (2) Held in trust by the Secretary of the Interior.
 - c. PL 103-66 which exempts, up to \$2,000 in any 12 consecutive month period, the income of individual Indians when such income is derived from individually owned interests in trust or restricted lands.
 - d. PL 89-73 which exempts compensation received by recipients 60 years old, or older, for volunteer services performed under the Retired Senior Volunteer Program, the Foster Grandparents Program, or the Older Americans Community Service Program of the National Older Americans Act.
 - e. PL 92-433 and PL 93-150 which exempt the value of supplemental food received under the Child Nutrition Act (WIC) and the National School Lunch Act.
 - f. PL 93-113 which exempts payments made under the Domestic Volunteer Services Act of 1973 to welfare recipients who are Vista Volunteers, and payments made for supportive services or reimbursement of out-of-pocket expenses made to persons serving in the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) pursuant to Section 418.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- g. PL 100-241 which exempts distributions to a household, individual Native or descendent of a Native when received from a Native Corporation established pursuant to the Alaskan Native Claims Settlement Act (ANCSA). Exempt distributions include:
 - (1) Cash (including cash dividends on stock received from a Native Corporation) to the extent it does not exceed \$2,000 total per person per annum, stock, a partnership interest, land or interest in land, and interest in a settlement trust.
- h. PL 100-383 which exempts payments received as restitution made to U.S. citizens and permanent resident aliens of Japanese ancestry.
- i. PL 100-707 which exempts federal major disaster and emergency assistance provided under the Disaster Relief Act and comparable disaster assistance provided by the state, local governments and disaster assistance organizations.
- j. PL 101-201 and PL 101-239 which exempt payments received from all Agent Orange settlements.
- k. PL 101-426 which exempts payments received under the Radiation Exposure Compensation Act.
- l. PL 101-508 which exempts Earned Income Credit (EIC) payments.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11008.15, 11280, and 11451.7, Welfare and Institutions Code; 42 USC Section 602(g)(1)(E)(i); Section 8, Public Law 93-134; Section 2, Public Law 98-64; Section 13736, Public Law 103-66; Section 202(a), Public Law 100-485 and 20 USC 1087uu; 45 CFR 233.20(a)(4)(ii); 45 CFR 233.20(a)(11)(v)(C); 45 CFR 255.3(f)(1); Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992; and the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994.

44-113 NET INCOME **44-113**

.1 Property

Net income from property (including that from property in which a life estate is held), produce or business enterprises is determined by deducting from gross income all normal items of expenses incident to its receipt. Principal payments on encumbrances are not considered a necessary item of expense. If property is sold, the interest portion of any payment received is income.

Interpretation -- Net income from property, crops and livestock is computed as follows:

Source	Computation
a. Rental of real property including that in which life estate held.	Deduct from gross rental the following expenses incident to receipt: <ol style="list-style-type: none">1. Taxes and assessments.2. Interest on encumbrance payments (do not deduct principal payments).3. Insurance.4. Utilities.5. Upkeep and major repairs.

If a complete dwelling unit is rented the county after consultation with the recipient (a) deducts the amount actually expended each month for upkeep and repairs; or (b) deducts 15% of the gross monthly rental plus \$4.17 a month.

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Note: The above expenses are prorated on the same periodic basis as the periodic basis on which the rental is received (i.e., annually, quarterly, monthly, etc.). Multiply rental income received weekly by 4-1/3 to get monthly income.

Note: Under the ordinary life estate agreement, the life tenant is entitled to the use and/or income from the property and is responsible for the usual costs of ownership such as taxes, insurance, upkeep, etc. However, if the life estate agreement stipulates the remainderman is responsible for certain expenses, such payments do not represent income to the life tenant.

b.	Rental of rooms and Room and Board	See Section 44-113.212 for computing self-employment net income.
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c.	Sale of real property under contract of sale, title not passing.	The interest received is net income (principal payments represent conversion of property from real to personal property). Deduct any interest payments on prior encumbrances in determining net income from interest received from sale of real property under contract of sale.
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d.	Personal property (rental of trucks, equipment, etc.)	Deduct from gross rental all expense necessary to maintenance, etc.
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e.	Personal property (interest on money, stocks, bonds, etc.)	All interest received is net income, except interest on savings accounts as provided in W&IC 11009.
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44-113 **NET INCOME** (Continued) **44-113**

- f. Sale of crops Deduct from gross income the following expenses which are incurred.
1. Taxes and assessments.
 2. Interest on encumbrance payments (do not deduct principal payments.)
 3. Water cost.
 4. Necessary repair and minor replacement of buildings and equipment.
 5. Fertilizer, seed, insecticides, pruning, cultivation and harvesting costs.
 6. Rental of equipment.
 7. Wages.
 8. Losses on crops from the previous period.
 9. Other necessary expenses.

Prorate the annual expenses such as taxes, assessments, etc., according to the intervals at which the gross income was received. If other expenses cannot be identified with a particular period, determine the method which assures that the expenses are allocated as closely as possible to the period of crop income, and that on a continuing basis all necessary expenses are deducted from gross income.

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- g. Sale of Livestock Proceeds from the sale of the increase of livestock (i.e., that portion which represents a capital gain) is gross income. Deduct expenses incident to raising the livestock (such as feed, pasture rent, prorated personal property tax) in computing net income.

Since such income is usually received at intervals of more than one month, the same principles that apply to determining the periods of expense for the sale of crops, apply to the sale of livestock.

Note: Proceeds from the sale of an entire holding of livestock are not income but conversion of property.

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.2 Earnings

.21 Computation of Net Nonexempt Earned Income for Aid to Families with Dependent Children

To determine the amount of Net Nonexempt Earned Income for the month, the following steps shall be taken:

- .211 Determine the total amount of commissions, wages or salary earned as an employee during or applicable to the month (i.e., total income irrespective of expenses, voluntary or involuntary deductions). To determine total earnings for the month, some earnings may have to be allocated to the month pursuant to Section 44-102. Also, the monetary value of any in-kind earned income per Section 44-115 shall be included. Do not include earnings exempted in entirety under Section 44-111.22.

- .212 Determine the total profit earned from self-employment by a recipient whose earnings are not exempted under Section 44-111.22 by offsetting the business expenses against the gross income from self-employment.
 - (a) Personal expenses such as income tax payments, lunches, entertainment and transportation to and from work are not classified as business expenses and shall not be deducted from gross income in determining total profit earned from self-employment. Other expenses such as depreciation, purchase of capital equipment and payments on the principal of loans for capital assets or durable goods shall not be deducted.

 - (b) Expenses which are directly related to the production of goods or services by a self-employed person, and without which the goods or services could not be produced, shall be allowed. The recipient must bear the full burden of proof for justifying the existence of and need for any expense allowed under this classification. (See Section 44-113.1 for limitation on principal and interest payments.) The county is required to verify the amount of the expenses, and that the expenses were actually incurred. As part of the verification process and in order for the expenses to be allowed, the recipient is required to provide the amounts and types of expenses and to provide evidence for each expense, such as a signed receipt, cancelled check, or statement from the person or firm from which an item(s) or service was purchased.

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- (c) If the computation of total profit earned from self-employment disclosed that a loss has occurred, earned income from self-employment shall be zero.

- .213 For each recipient, combine any total earnings determined in .211 above with any total profit determined in .212.

- .214 Apply the standard work expense disregard of \$90 for the month the income was earned to the amount in .213 for each recipient.

- .215 For each recipient who is eligible to receive the \$30 and 1/3 disregard, subtract \$30 from the amount remaining after application of .214 then subtract 1/3 of the remainder. See Section 44-111.23.

- .216 For each recipient who is eligible to receive the additional \$30 disregard subtract \$30 from the amount remaining after application of .214 and .215 above (see Section 44-111.24).

- .217 For each employed recipient apply a disregard as determined below for the reasonable and necessary costs of obtaining child care for a child in the AU or care for an incapacitated individual in the AU when the county determines that adequate dependent care cannot be provided during his/her working hours by a person in the recipient's assistance unit.
 - (a) For each child or incapacitated individual the amount of the dependent care disregard is the least of:
 - (1) \$175 per child or incapacitated individual (\$200 per month per child under age 2) or
 - (2) The amount paid for such dependent care; or
 - (3) For child care the cost of securing such child care through a child care facility meeting the standards for licensing when the county determines that such a facility is currently available to the recipient and could be reasonably used by the recipient. It should be noted that child care expenses related to training are paid from administrative funds and not deducted from income.

44-113 NET INCOME (Continued)**44-113**

- (b) When applying the dependent care disregard, the county shall verify the amount of the expenditure and that the care was actually provided. As part of the verification process, the recipient shall write on the CA 7 the amount of the expenditure and provide a signed receipt. If the county determines that a signed receipt is not available, other acceptable evidence may be used. Such evidence may include but is not limited to: statements received by the county welfare departments by phone from the care provider, cancelled checks, statements from neighbors or other persons with a reasonable knowledge that services were provided (i.e., they take their child to the same facility), or an affidavit from the recipient, separate from the CA 7, which includes an explanation as to why a receipt from the provider was not available.
- (c) The county shall inform employed recipients at the time they become eligible for the dependent care disregard that they may receive either the dependent care disregard or child care services in the California Department of Education (CDE) subsidized child care system. The county shall provide the information needed by the recipient to contact a Resource and Referral (R and R) Program for assistance in obtaining information regarding services offered by the CDE subsidized child care system.

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- (1) Resource and Referral Programs provide referrals to child care facilities as specified in Education Code Sections 8200 et seq. and are defined in Education Code Section 8208(y).
- (2) Education Code Section 8208(y) states in part:
 - (A) "Resource and referral programs" mean programs that provide information to parents, including referrals and coordination of community resources for parents and public or private providers of care."

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44-113	NET INCOME (Continued)	44-113
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- (3) If CDE subsidized child care is not available or the recipient chooses not to receive CDE subsidized child care for each of his/her children, the county shall apply the dependent care disregard as specified in Section 44-113.217(a) above.

- (d) The dependent care disregard shall not be allowed for any child care services provided to an employed recipient's children through a CDE subsidized child care program in which the child care qualifies for tracking under Title IV-A pursuant to Section 42-1102.

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- (1) Section 42-1102 requires the county and CDE contractor to determine whether AFDC recipients and their children who receive child care services from CDE subsidized child care programs meet Title IV-A eligibility criteria, in order to determine whether their child care qualifies for tracking under Title IV-A.

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- (e) If a recipient and child are receiving services in the CDE subsidized child care system and their child care does not qualify for tracking under Title IV-A pursuant to Section 42-1102, the county shall apply the dependent care disregard as specified in Section 44-113.217(a) above for any parent fee assessed pursuant to Title V, Division 19, Section 18108.

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- (1) Title V, Division 19, Section 18108 specifies that CDE contractors shall assess parent fees according to a fee schedule prepared and issued by the CDE Child Development Division. A parent fee is a family's share of cost computed on a sliding scale based on the family's income adjusted for family size.

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44-113 NET INCOME (Continued)**44-113**

- .218 The deductions in .214, .215, .216 and .217 shall not be allowed if the recipient: (1) failed to make a timely report of earned income that month as required by Sections 40-125.922 and 40-181.22; or (2) terminated employment, reduced earnings or refused employment without good cause within the budget period or the 30 days immediately prior to the budget period. (Good cause shall be evaluated using the standards defined in Section 41-442.113); or (3) voluntarily requests a discontinuance for the primary purpose of avoiding the four-consecutive-month limitation on receipt of the \$30 and 1/3 disregard.

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Note: Section 44-113.218 provisions do not apply to refusals, quits, or terminations of state seasonal employment made available under the "AB 1531 Demonstration Project". See Section 42-710.

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- .219 Add together the amounts remaining after application of the above sections for each recipient. This total is net nonexempt earned income for the FBU.

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- .3 Net Income from Social Security, Railroad Retirement Benefits and Other Pensions
 - .31 Net income from Social Security or from Railroad Retirement Benefits is the actual amount paid to or on behalf of a member of the assistance unit except:
 - .311 When Social Security benefits are paid to a representative payee on behalf of a member of the assistance unit and the representative payee does not live in the same household as the assistance unit, the Social Security benefits are counted as income only to the extent that the representative payee makes them available for the support of the beneficiary.
 - .32 Net income from other types of pensions and similar sources is the amount received or, if the individual is required to pay income tax on such income or has other required expenses in receiving such income, net income is the amount received less these expenses.
- .4 (Reserved)
- .5 Unrelated Adults, Including Unrelated Adult Males, Living in the Home

Net income to the Family Budget Unit (FBU) from an unrelated adult living in the home including an Unrelated Adult Male (UAM) is the sum of:

 - (a) cash given to the FBU which is available to meet the needs of the FBU and;
 - (b) the value of full items of need provided in-kind to the FBU. An item is not considered to be provided in-kind to the FBU if the FBU is receiving this full item of need in exchange for the FBU providing the UAM with a different item. For example, if a UAM and AFDC mother agree that he will pay the rent if she pays their food and utilities, the FBU is not receiving in-kind income for housing.
- .51 Cash given to the FBU which is available to meet the needs of the FBU does not include.
 - .511 Cash which is conditioned on its use for nonneed items for the FBU, unrelated adult, or any other person.

44-113	NET INCOME (Continued)	44-113
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- .512 Cash designated by the unrelated adult to meet (1) his/her needs and expenses, including work-related expenses defined in Section 44-113, and/or (2) the needs and expenses of the unrelated adult's child(ren) or other unaided persons in the home the UAM is supporting.
- .513 Cash which the AFDC mother and unrelated adult have specifically agreed constitutes the unrelated adult's share of the cost-of-living arrangement. For example, assume a UAM is required to make a financial contribution of \$182 to the FBU. (See Section 43-109.1 and .2.) If the UAM and AFDC mother agree that the UAM's share of the cost-of-living is \$200 and the UAM gives the mother his \$200 share, no part of this \$200 is available to meet the needs of the FBU.
- .514 Any other amounts which the unrelated adult designates as not available to the FBU.
- .52 When the unrelated adult's income is pooled with those of the FBU, the pooled income is treated as if cash were given to the FBU.
- .53 The value of full items of need provided to the FBU is determined according to EAS Section 44-115.8. For example, assume that a UAM and his child live with an AFDC mother and her two children. If the UAM pays the entire \$300 rent to the landlord, the value of the full item of need to the FBU is the lesser of (1) the in-kind income table amount for housing for three; or (2) 3/5 of \$300 (\$180). If the in-kind income table amount were \$163, the amount of in-kind income for housing to the FBU would be \$163.
- .6 Repealed by DSS Manual Letter No. EAS-89-06, effective 10/1/89.

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- .7 Child/spousal support which is paid to the recipient by the absent parent and not forwarded to the county or which is collected by the county and paid to the recipient pursuant to Section 43-203.13 and .15 shall be considered available income when received except as specified in Section 44-111.47.
- .8 Refunds of Retirement Contributions
 - .81 Lump-sum refunds of the employer's share of retirement contributions shall be considered net nonexempt income in the month received. Such refunds are not to be considered earned income for the month in which they are received and the earned income exemption of Section 44-111.23 or .24 shall not be applied.

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See Section 42-211.257 for treatment of the employee's share of retirement contributions.

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.82 The interest earned on accumulated retirement contributions shall be treated as income in the month received.

.9 Deduction of Court-Ordered Support Payments in Determining Net Income

Deduction shall be allowed for actual payments made in support of a child or spouse not in the home, paid pursuant to a court order. In no instance shall the deduction allowed exceed the amount of the payment required by the court order.

.10 Income From Public Service Employment (PSE)

.101 Net income from WIN/PSE is the amount remaining after the deduction of work-related expenses and dependent care found under Section 44-113.2. The Earned Income Exemptions found under Section 44-111.23 do not apply to WIN/PSE income.

.102 Income from PSE under a program other than WIN is treated as regular employment earnings (see Section 44-113.21) and the earned income exemption is allowed.

.11 Death Benefits

Net Income from death benefits is the amount remaining after deducting the actual expenses of the funeral, cremation, or burial of the insured. Such expenses must be verified by the recipient with acceptable evidence.

.12 Income from Payments Which Include Compensation for Converted Property (see Section 44-105)

That portion of a payment defined in Section 44-105.3 which exceeds the value of the converted property is income and shall be considered in the lump sum income computation. (See Section 44-207.4.)

44-113	NET INCOME (Continued)	44-113
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Net income is that income which remains after deducting the following expenses if the recipient shows the expenses were paid by the recipient while he was a recipient and were directly related to the receipt of the payment.

- a. Attorney's fees
- b. Litigation expenses
- c. Medical expenses
- d. Other necessary and required expenses.

.13 Loans Available for Current Needs

Loans which are not restricted to preclude their use for current needs shall be considered income. Net income from a loan is the amount available to meet current needs of the assistance unit. For purposes of this section current needs are defined as those items covered in Section 44-115.3.

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- .131 The Department of Social Services and the counties have been prohibited by court order in Noia v. McMahan from implementing EAS Section 44-113.13 with respect to nongovernmental loans. Only those nongovernmental loans, available to meet current needs, which do not meet the conditions specified under Handbook Section 44-111.437 may be included in net income. (See ACL 86-44 and Errata dated June 19, 1986.)

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.14 Deduction for an Ineligible Alien Child(ren) Living in the Home of an Aided Parent

- .141 When an ineligible alien child(ren) is living with an eligible sibling or half-sibling, a deduction shall be allowed from his/her aided parent's income. The deduction to meet the unmet needs of an ineligible alien child(ren) shall be equal to the difference between a Minimum Basic Standard of Adequate Care (MBSAC) for the assistance unit with the ineligible alien child(ren) included, and the MBSAC for the assistance unit only. The maximum deduction shall be reduced by the net nonexempt income, if any, of the ineligible alien child(ren) up to the differential amount attributed to that child(ren) with income.

44-113 NET INCOME (Continued) 44-113

.142 When there is insufficient income based on the Ineligible Alien Parent computation in Section 44-133.52 to meet the entire needs of an Ineligible Alien Parent Unit and the Ineligible Alien Parent Unit contains ineligible alien children of the aided parent, the county shall:

- (a) Determine the amount of unmet need resulting from insufficient Ineligible Alien Parent income by subtracting the amount of net nonexempt income from the difference between the MBSAC amount for the Ineligible Alien Parent Unit with the Assistance Unit, and the MBSAC amount for the Assistance Unit. This unmet need shall be treated in accordance with the comparison required in Section 44-113.144(c)(1).

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- (1) Example: Determining Unmet Needs for Ineligible Alien Children.

Computation Factors

Ineligible Alien Parent Unit

Ineligible Alien Parent Unit consists of the ineligible alien parent and two ineligible alien children in common with the aided parent. The aided parent's AU includes the aided parent and one child who is the half-sibling of the two ineligible alien children. The ineligible alien parent works part time with net nonexempt income of \$300.

Computations

\$979 MBSAC for 5 persons (Ineligible Alien Parent Unit and the AU).
-583 MBSAC for 2 (AU)

\$396 MBSAC differential
-300 Net nonexempt income of the ineligible alien parent.

\$ 96 Amount of potential Unmet need to be compared to Section 44-113.141.

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44-113	NET INCOME (Continued)	44-113
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.143 Where there is an unaided parent of an ineligible alien child(ren) in the home who is not an Ineligible Alien Parent as defined in Section 44-133.5, and that parent is: a parent in common with the aided parent, not a parent of an aided child, and not married to the aided parent, the county shall determine the extent to which that parent's income meets the needs of his/her ineligible alien child(ren) through the application of the provisions in Section 44-113.142 above.

(a) In applying the Ineligible Alien Parent provisions pursuant to Section 44-113.143, only the extent to which the unaided parent's income meets the needs of the ineligible alien child(ren) shall be considered; no income from this unaided parent shall be deemed to the AU.

.144 The deduction for the ineligible alien child(ren) is allowed from the aided parent's income only when:

(a) The ineligible alien child(ren) is not included in a Stepparent or Ineligible Alien Parent Unit, or

(b) The Ineligible Alien Parent has no income; or

(c) The Stepparent or Ineligible Alien Parent has insufficient income to meet the needs of ineligible alien child(ren) he/she has in common with the aided parent.

(1) The deduction allowed from the aided parent's income shall be the lesser amount between that established in Section 44-113.141 and the amount determined in Section 44-113.142(a) concerning unmet needs of ineligible alien children.

(d) The ineligible child(ren)'s net nonexempt income is not sufficient to meet his/her needs.

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.145 Determining the amount of the deduction from the aided parent's income for his/her ineligible alien children.

HANDBOOK CONTINUES

44-115 **EVALUATION OF INCOME IN-KIND** **44-115**

When a need item is earned or contributed in kind, the income value placed upon such earnings, contributions, etc., is the amount specified below.

.1 Free Board and Lodging Received During Temporary Absence from Home

.11 Absence One Month or Less

The value of free board and lodging received by a recipient during a temporary absence from his home of not more than one calendar month shall be exempt.

.12 Absence Exceeds One Month

After an absence of one month, free board and lodging, i.e., food, shelter and utilities, shall be considered income but only to the extent that continuing allowances in the grant for these items exceed the cost to the recipient of maintaining the home to which he/she expects to return. (W&IC 11009.1.)

.2 Nonneedy Relatives

.21 Evaluation of Income In Kind from Nonneedy Relatives Other Than Natural or Adoptive Parents

Income in kind will only be considered if the nonneedy relative chooses to make a voluntary contribution to the FBU. The county shall determine if the nonneedy relative wishes to contribute income in kind to the support of the child(ren) in his/her care. If he/she does so, the amount of a contribution actually received shall be determined in accordance with Section 44-115.3, In-kind Income Values, and be considered net income to the FBU.

Natural or adoptive parent, stepparents of AFDC children whose natural parent is in the home, or any other adult whose needs are met through APSB, AFDC, EVH, SSI/SSP, IRAP or In-Home Care programs shall not be considered to be nonneedy relatives for purposes of this section and no income in kind may be considered.

44-115 EVALUATION OF INCOME IN-KIND (Continued) **44-115**

.3 In-Kind Income Values

.31 Provided that a lower value is not established in accordance with .32 below, the in-kind income amounts effective July 1, 1981 for housing, utilities (including telephone), food and clothing, as adjusted for any increases or decreases in the cost of living specified in .311, and published by the DSS, shall apply for those item(s) of need received in-kind by the FBU. If a lower value is established in accordance with .32 below, such value shall apply for the appropriate item(s) of need received in-kind by the FBU.

.311 Individual in-kind income amounts shall be adjusted by the same percentage increase or decrease that is applied to the Minimum Basic Standard of Adequate Care (MBSAC) levels. Such adjustments to the in-kind income amounts shall be effective at the same time as adjustments to the MBSAC levels become effective.

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(a) In-Kind Income Tables: Effective July 1, 1996, in-kind income values for housing, utilities, food and clothing shall be as follows:

Monthly In-Kind Income Values

Size of FBU	Housing	Utilities Including Telephone	Food	Clothing
1	\$163.00	\$34.00	\$ 90.00	\$ 27.00
2	\$218.00	\$39.00	\$192.00	\$ 53.00
3	\$238.00	\$42.00	\$246.00	\$ 79.00
4	\$250.00	\$44.00	\$302.00	\$105.00
5	\$250.00	\$44.00	\$365.00	\$133.00
6	\$250.00	\$44.00	\$424.00	\$159.00
7	\$250.00	\$44.00	\$473.00	\$188.00
8	\$250.00	\$44.00	\$517.00	\$210.00
9	\$250.00	\$44.00	\$568.00	\$240.00
10 or more	\$250.00	\$44.00	\$614.00	\$263.00

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44-115	EVALUATION OF INCOME IN-KIND (Continued)	44-115
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- .32 If the applicant or recipient does not agree with the value arrived at in .31 above, he/she may submit evidence of the value of the item which he/she received in kind. For housing and clothing, the in-kind income shall be the net market value (see Section 42-203.7) of the item received. For utilities and food, the in-kind income value shall be the cost to the person who paid for the item.

If the applicant or recipient presents satisfactory evidence that the value of the item received in kind is other than the value specified in .31 above, such evidence shall be used by the county in determining the value of the item if it is to the recipient's financial advantage. Recipients who are having in-kind income deducted from their grants should be informed that this method of contesting the values established in .31 above exists.

- .33 If an applicant or recipient presents satisfactory evidence of the value of a need item shared with persons who are not members of the FBU, the in-kind value attributable to the FBU shall be the lesser of:

.331 their pro rata share of the net market value or cost of the item, or

.332 the in-kind income table value established in accordance with Section 44-115.311 for the appropriate size FBU.

.333 Example: If an FBU of three shares free housing with another person, making a household of four, and the applicant or recipient presents satisfactory evidence that the net market value of the housing is \$120, the in-kind value of the housing to the FBU would be \$90. If the net market value of the housing is \$240, in this example, then the FBU's pro rata share of this amount would be \$180 -- however, if the in-kind income table value for housing was \$163*, the \$163* value would be used because the table values established in accordance with .311 represent the maximum in-kind income value that may be applied.

* The amount \$163 is subject to change. Use the currently applicable amount established in accordance with 44-115.311.

NOTE: Authority cited: Sections 10553, 10554, 11450, and 11453, Welfare and Institutions Code. Reference: Sections 11450, 11450.015, 11452, and 11453, Welfare and Institutions Code; and Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992.

44-133	TREATMENT OF INCOME -- AFDC	44-133
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- .1 All net income of persons included in the Family Budget Unit is income to the Family Budget Unit
- .2 Income in Cases in Which the Family Budget Unit Resides in the Same Household as an SSI/SSP or APSB Recipient
 - .21 The aid payment and income of an SSI/SSP or APSB recipient shall not be included in the Family Budget Unit's income and grant computation.
 - .22 Lump sum retroactive SSI/SSP or APSB payments received by a recipient are not countable income to the Family Budget Unit (see Section 42-213.2(t)).
 - .23 Payments for goods or services by an SSI/SSP or APSB recipient to an AFDC recipient are income to the Family Budget Unit.
 - .24 Income derived from an interest in the community or joint property of an SSI/SSP or APSB recipient and an AFDC recipient is prorated between owners and the AFDC recipient's share is countable income to the Family Budget Unit.
 - .25 Actual voluntary contributions made by an SSI/SSP or APSB recipient to an AFDC recipient are income to the Family Budget Unit. This does not include pooled income to meet shared living expenses, or payments for living expenses made in lieu of other payments in a shared living arrangement. However, no contribution will be required of the SSI/SSP or APSB recipient.
 - .26 If an AFDC applicant is determined to be eligible for AFDC and is included in the FBU, income of the AFDC applicant (including income considered available from a stepparent under provisions of EAS Section 44-133.6 or a senior parent under provisions of EAS Section 44-133.7) that may have been used in computing an SSI/SSP or APSB grant for another person will be included in the AFDC grant computation. The county shall notify the Social Security Administration or the appropriate APSB worker as to the effective date that the income is used in the AFDC grant computation so that such income may be deleted from the SSI/SSP or APSB grant computation.

44-133 TREATMENT OF INCOME -- AFDC (Continued) 44-133

.27 The county shall notify the Social Security Administration of the effective date that an AFDC recipient and any of his/her income is deleted from the Family Budget Unit because of receipt of SSI/SSP, if the recipient has income which was used in the AFDC grant computation. This is necessary so that the Social Security Administration may begin to consider the income. No retroactive adjustment of the AFDC grant shall be made because of receipt of SSI/SSP or APSB if the grant was correctly computed during the period the SSI/SSP or APSB application was pending.

.3 Income in Cases in Which a Parent or Child Has Been Excluded from the Assistance Unit

.31 Income shall not be allocated to meet the needs of any parent or child who is required to be included in the filing unit and has been sanctioned or who has failed to cooperate in meeting a condition of eligibility. Actions which are subject to sanction or which constitute a failure to cooperate include, but are not limited to, any one of the following:

.311 Failing to register for JS, GAIN, or refusing, without cause, to participate in the programs;

HANDBOOK BEGINS HERE

(see Sections 41-440.2, 42-625, and 42-786, respectively)

HANDBOOK ENDS HERE

.312 Refusing to furnish or cooperate in securing a social security number for himself/herself;

HANDBOOK BEGINS HERE

(see Section 40-105.2)

HANDBOOK ENDS HERE

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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.313 Refusing to assign rights to child and spousal support payments;

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(see Section 43-106.1)

HANDBOOK ENDS HERE

.314 Refusing to cooperate in the identification and location of the absent parent, establishment of paternity, and enforcement of child support obligation, without a showing of good cause;

HANDBOOK BEGINS HERE

(see Section 43-107.47)

HANDBOOK ENDS HERE

.315 Refusing to take actions necessary to obtain unconditionally available income.

HANDBOOK BEGINS HERE

(see Section 44-103.212)

HANDBOOK ENDS HERE

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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- (f) Committing an IPV.
- .32 Income of the parent or child who is excluded from the assistance unit pursuant to the provisions of Section 44-133.31 shall be allocated to the assistance unit by allowing the standard work expense and dependent care disregards, when applicable, but without consideration of his/her own needs.
- .321 The earned income disregards allowed in Section 44-133.32 above shall be denied when the sanctioned individual:
 - (a) fails to make a timely report of earnings as required, or
 - (b) without good cause, terminates employment, reduces earnings or refuses employment within the budget period or the 30 days immediately prior to the budget period.

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(See Section 44-113.2 for earned income disregards.)

HANDBOOK ENDS HERE

44-133 TREATMENT OF INCOME -- AFDC (Continued) 44-133

- .33 If a parent or child living in the home is required to be in the AU under Section 82-820.2, but is excluded from the AU for reasons other than the provisions of Section 44-133.31, being a recipient of another aid program, being an Ineligible Alien Parent or an ineligible alien child, or a member of a different AU, when appropriate, a portion of his/her income is income to the AU. This portion is determined as follows:
- .331 Determine the parent or child's net nonexempt income according to Chapter 44-100. Allow disregards in Section 44-113 except the \$30 and 1/3 or, as applicable, the \$30 disregard.
- .332 Determine MBSAC plus any verified recurring special needs for the AU and the excluded persons.
- (a) From that amount, subtract the MBSAC plus any verified recurring special needs for the AU.
- (b) The maximum amount allowed for recurring special needs for the excluded parent or child shall not exceed \$10.
- (c) This subsection does not apply when an excluded parent or child is included in a stepparent unit (see Section 44-133.6) or in a senior parent unit (see Section 44-133.7).
- .333 Subtract the figure determined in .332 from income determined in .331 above. The remaining amount is income to the assistance unit.

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.334 Example: A parent with earned income is excluded from the assistance unit which consists of three children. Monthly gross earned income is \$350. Assume MAP for 3 is \$663, MBSAC for 3 is \$694, MAP for 4 is \$788 and MBSAC for 4 is \$824.*

\$350	Gross Income
- 90	Standard Work Expense Disregard
\$260	Net Income
\$824*	MBSAC for 4
<u>+ 9</u>	Verified Special Need (for excluded person)
\$833	MBSAC + Special Needs for 4

HANDBOOK CONTINUES

44-133 **TREATMENT OF INCOME -- AFDC (Continued)** **44-133**

HANDBOOK CONTINUES

\$833 *	MBSAC for 4 + special needs
<u>-694 *</u>	MBSAC for 3
\$139	MBSAC Differential
\$260	Net Income
<u>-139</u>	MBSAC + Special Needs Differential
\$121	Income to the Assistance Unit
\$694*	MBSAC for 3
<u>-121</u>	Income to the Assistance Unit
\$573	Potential Grant Amount
\$663*	MAP for 3
<\$573	Less than or Equal to MAP
\$573	GRANT AMOUNT

*The MBSAC and MAP amounts are subject to change. See Handbook Section 44-315.311 for currently applicable amounts.

.335 Repealed by Manual Letter No. EAS-91-14, effective 10/1/91.

HANDBOOK ENDS HERE

.336 Repealed by Manual Letter No. EAS-92-01, effective 1/1/92.

.4 Income of Children in Foster Care

All net income received by or on behalf of children in foster care shall be considered income to the child.

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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.5 Income in Cases Where an Ineligible Alien Family Member(s) Resides in the Home

Regulations concerning income to the Assistance Unit (AU) from an Ineligible Alien Parent (see Section 44-133.52) apply only when the Ineligible Alien Parent resides in the home with his/her aided child(ren).

An Ineligible Alien Parent is a natural or adoptive parent of an aided child who is not eligible for assistance because he/she is not a citizen or eligible alien. See Section 42-431.

An alien being naturalized under the Immigration Reform and Control Act of 1986 (IRCA), who has not met the alien eligibility factor (See Section 42-431.2), shall have income deemed to the assistance unit using the Stepparent Deeming provisions of Section 44-133.63.

.51 Composition of Ineligible Alien Parent Unit

.511 The Ineligible Alien Parent Unit may include, in addition to the Ineligible Alien Parent, any of the following individuals:

- (a) His or her spouse;
- (b) His or her separate children;
- (c) The child(ren) he or she has in common; or
- (d) Any other persons residing in the home who may be claimed by the Ineligible Alien Parent as dependents for federal income tax purposes.

.512 No individual may be included in the Ineligible Alien Parent Unit who:

- (a) Is included in an AU; or
- (b) Has been excluded from the AU pursuant to the provisions of Section 44-133.31.

.52 Computation of Income to the AU

.512 The Ineligible alien parent's income deemed available to the AU is determined as follows:

- (a) Determine the Ineligible Alien Parent's net nonexempt income according to the provisions in Chapter 44-100.

44-133 TREATMENT OF INCOME -- AFDC (Continued)**44-133**

- (1) When determining net earned income, the Ineligible Alien Parent shall be entitled to the work expense disregard.

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- (A) See Section 44-113.214 regarding the Work Expense Disregard.

HANDBOOK ENDS HERE

- (2) The dependent care expense disregard, the \$30 and 1/3 disregard, and as applicable in control cases of the California Assistance Payments Demonstration Project, the \$30 disregard shall not be allowed.

HANDBOOK BEGINS HERE

- (A) See Sections 44-113.215, .216, and .217 regarding the \$30 and 1/3 disregard, the \$30 disregard, and the dependent care expense disregard, respectively.

HANDBOOK ENDS HERE

- (b) Deduct any amounts actually paid by the Ineligible Alien Parent to persons not living in the same home but who are, or could be, claimed by him/her as dependents for purposes of determining his/her federal personal income tax liability.
- (c) Deduct any child support and alimony payments made by the Ineligible Alien Parent to persons not living in the home.
- (d) Deduct an amount equal to the difference between the MBSAC amount plus any special needs, if applicable, for members of the AU, with the Ineligible Alien Parent Unit, and the MBAC amount for the AU.

**STANDARDS OF ASSISTANCE
INCOME**

44-133 (Cont.)

Regulations

44-133 TREATMENT OF INCOME -- AFDC (Continued)

44-133

.523 Refer to Section 44-113.142 for the determination of unmet needs of Ineligible Alien Children.

.6 Income in Cases Where a Stepparent or IRCA Parent Resides in the Home

Regulations concerning income to the assistance unit from a stepparent (see Section 44-133.63) apply only when the stepparent resides in the same household with the aided children or unaided unborn (see Sections 82-836 and 88-410) and their parent, but neither the stepparent nor any of his/her natural or adoptive children, are in the assistance unit.

Note: When the stepparent is included in the assistance unit (see Section 82-828), the total amount of his/her net nonexempt income shall be income to the assistance unit for purposes of grant and eligibility computation.

44-133 TREATMENT OF INCOME -- AFDC (Continued) 44-133

When the stepparent is not included in the assistance unit but one or more of his/her children is in the assistance unit, and the stepparent is also either an excluded parent or an ineligible alien parent, see EAS Section 44-133.3 or Section 44-133.5 for treatment of his/her income.

An IRCA Alien who is the natural or adoptive parent of an aided child shall have his or her income deemed to the AU using these stepparent deeming provisions.

.61 Composition of Stepparent/IRCA Parent Unit

.611 The Stepparent/IRCA Parent Unit may include, in addition to the stepparent or IRCA Parent, any of the following individuals:

- (a) His or her spouse;
- (b) His or her separate children; or
- (c) The child(ren) he or she has in common with the aided parent.
- (d) Any other persons residing in the home who may be claimed by the stepparent/IRCA Parent as dependents for federal income tax purposes.

.612 No individual may be included in the Stepparent/IRCA Parent Unit who:

- (a) Is included in an AU, or
- (b) Has been excluded from the AU pursuant to the provisions of Section 44-133.31.

.62 Needs of Stepparent/IRCA Parent Unit

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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When the stepparent/IRCA Parent is excluded from the AU, the county shall determine his/her ability to support the Stepparent or IRCA Parent Unit on the basis of the AFDC Minimum Basic Standard of Adequate Care (MBSAC) (Section 44-207.112) plus any special needs, if applicable. See Section 44-211. Allow disregards from the stepparent's or IRCA Parent's gross income in accordance with Sections 44-133.631(a) through (c).

.63 Computation of Income to the Assistance Unit (AU)

.631 The stepparent's or IRCA Parent's income deemed available to the AU is determined as follows:

- (a) Determine the stepparent's or IRCA Parent's net nonexempt income according to the provisions in Chapter 44- 100.
 - (1) When determining net earned income, the stepparent or IRCA Parent shall be entitled to the work expense disregard.

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See Section 44-113.214.

HANDBOOK ENDS HERE

- (2) The dependent care expense disregard and the \$30 and 1/3 disregard, and as applicable in control cases of the California Assistance Payments Demonstration Project, the \$30 disregard shall not be allowed.

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See Sections 44-113.215, .216 and .217.

HANDBOOK ENDS HERE

- (b) Deduct any amounts actually paid by the stepparent/IRCA Parent to persons not living in the same home but who are, or could be, claimed by him/her as dependents for purposes of determining his/her federal personal income tax liability.

44-133 TREATMENT OF INCOME -- AFDC (Continued) 44-133

- (c) Deduct any child support and alimony payments made by the stepparent/IRCA Parent to persons not living in the home.
- (d) Deduct the MBSAC amount for members of the Stepparent/IRCA Parent Unit plus any special needs, if applicable. See Section 44-211.

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.632 Example: Stepparent/IRCA Parent Income to the AU

Computation Factors

- Stepparent/IRCA Parent Unit consists of 1 person (stepparent).
- AFDC-AU consists of 5 persons (the mother and mother's 4 children)
- Stepparent/IRCA Parent earns \$800 within the month from full-time employment.
- Stepparent/IRCA Parent pays \$100 per month child support to his/her daughter who resides with the stepparent's ex-spouse.
- No other payments are made by the stepparent/IRCA Parent to persons living outside the home.

Computation

\$800	gross income
<u>- 90</u>	less standard work expense disregard
\$710	
<u>-100</u>	less child support paid
\$610	net income
\$610	net income
<u>-355*</u>	less MBSAC for stepparent unit (1 person)
\$255	stepparent income to the AU

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HANDBOOK CONTINUES

\$979*	MBSAC for AFDC-AU (5 persons)
<u>-255</u>	less stepparent income to the AU
\$724	Potential Grant
\$824*	MAP for 5
<\$724	Potential Grant is Less than or Equal to MAP
\$724	GRANT AMOUNT (The grant amount is the same as the potential grant rather than the MAP amount because the potential grant is less than the MAP)

*The MBSAC and MAP amounts are subject to change. See Handbook Section 44-315.311 for currently applicable amounts.

HANDBOOK ENDS HERE

.7 Income in Cases Where the Senior Parents Reside in the Home with a Minor Parent

.71 Definitions

For purposes of this section the following definitions shall apply:

.711 Repealed by Manual Letter No. EAS-91-14, effective 10/1/91.

.712 Repealed by Manual Letter No. EAS-91-14, effective 10/1/91.

.713 A Senior Parent Unit consists of the senior parent, his/her spouse, his/her children and any other persons residing in the home who may be claimed by the senior parent as dependents for federal income tax purposes when they are not in the assistance unit. However, the Senior Parent Unit shall not include any individual who has been excluded from the assistance unit pursuant to the provisions of Section 44-133.31. When the minor parent is excluded from the assistance unit for reasons other than being an SSI/SSP recipient, or pursuant to the provisions of Section 44-133.31, the minor parent shall be a member of the Senior Parent Unit provided the minor parent's needs are not already being considered in another AFDC eligibility determination.

44-133 (Cont.)	STANDARDS OF ASSISTANCE INCOME	Regulations
44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
.72	When a minor parent is an SSI/SSP recipient, the income of the senior parent residing in the home shall be subject to the senior parent computation in Section .75 below. The aid payment and income of the SSI/SSP recipient shall be treated in accordance with Section 44-133.2.	
.73	Regulations concerning income to the assistance unit from a senior parent of a minor parent apply only when the senior parent resides in the home with a minor parent and the minor's child, and the senior parent is not receiving AFDC.	
.74	When the senior parent is included in the assistance unit with the minor parent and the minor parent's child, the total amount of the senior parent's net nonexempt income shall be income to the assistance unit for the purposes of eligibility determination and grant computation.	
.75	Computation of Income to the Assistance Unit.	

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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The income of the senior parents to be allocated to the assistance unit shall be determined as follows:

- .751 When a senior parent receives lump-sum income (Section 44-207.41), the lump-sum income shall be treated as income in the month received and is not subject to the lump-sum period of ineligibility computation (Section 44-207.42).
- .752 Determine the net nonexempt income of each senior parent according to the provisions in Chapter 44-100.
 - (a) When determining net earned income, each employed senior parent shall be entitled to the work expense disregard.

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See Section 44-113.214.

HANDBOOK ENDS HERE

- (b) The dependent care expense disregard, the \$30 and one-third disregard and the \$30 disregard shall not be allowed.

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See Sections 44-113.215, 44-113.216 and 44-113.217.

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- (c) Deduct the amounts actually paid by each senior parent to persons not living in the home but who are, or could be claimed by the senior parents as dependents for purposes of determining federal income tax liability.
 - (d) Deduct any child and spousal support paid by the senior parent to persons not living in the home.
- .753 Deduct the MBSAC amount for members of the Senior Parent Unit plus any special needs, if applicable. The remainder is net nonexempt income to the assistance unit.

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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- .76 When the income of a senior parent has been used to compute the SSI/SSP grant of another person, the county shall notify the Social Security Administration that the income of the senior parent is now being considered in computing an AFDC grant (see Sections 44-133.26 and .27).

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- .77 The Department of Social Services and the counties have been prohibited by court order in Grimesy v. McMahan from deeming the senior parents' income to 18-year-old minor parents living in the home who do not meet school enrollment requirements. (See ACL 86-71 and Errata dated June 19, 1986.)
- .78 The Department of Social Services and the county welfare departments have been prohibited by court order in Hager v. McMahan (see ACL 87-129) and amendment to state law at Welfare and Institutions Code Section 11008.14 (Chapter 1263, Statutes of 1987) from counting an unrelated legal guardian's income towards:
- .781 The AFDC-Foster Care grant of the minor parent; or
- .782 The AFDC-FG grant of the dependent child of the Foster Care minor parent.

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- .8 Income of a Nonneedy Caretaker Relative Other Than the Parent
- .81 The amount by which a nonneedy relative, other than a parent with whom the child lives, is able and willing to meet the child's needs is income to the Family Budget Unit.
- .9 Income in Cases Where the Spouse of an Aided Married Child Resides in the Home and is Excluded From the AU
- If the spouse of an aided married child resides in the same home as the married child and is excluded from the FBU, a portion of the spouse's income is income to the Family Budget Unit (FBU). This portion is determined as follows:
- .91 Determine the spouse's net nonexempt income according to Chapter 44-100. Allow earned income disregards in Section 44-113, except the \$30 and 1/3 or, as applicable, the \$30 disregard.

	STANDARDS OF ASSISTANCE	
44-133.92	INCOME	Regulations

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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- .92 Determine MBSAC plus any verified recurring special needs for the AU including the spouse.
 - .921 From the amount subtract the MBSAC plus any verified recurring special needs for the AU excluding the spouse.
 - .922 The maximum amount allowed for any recurring special needs for the spouse shall not exceed \$10.

- .93 Subtract the figure determined in Section 44-133.92 from the income determined in Section 44-133.91. The remaining amount is income to the AU.

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.931 Example: A spouse of an aided married child resides with the AU which consists of three people.

The spouse's monthly gross earned income is \$350. Assume the MAP for 3 is \$663, the MBSAC for 3 is \$694, the MAP for 4 is \$753, and the MBSAC for 4 is \$824.

\$350		Gross Income
<u>- 90</u>		Standard Work Expense Disregard
\$260		Net Income
\$824*		MBSAC for 4
<u>+ 9</u>		Special Need for Excluded Person
\$833		MBSAC for 4 + Special Need
\$833*		MBSAC for 4 + Special Need
<u>-694*</u>		MBSAC for 3
\$139		Difference in MBSACs
\$260		Net Income
<u>-139</u>		Difference in MBSACs + Special Needs
\$121		Income to AU

HANDBOOK CONTINUES

HANDBOOK CONTINUES

\$694 *	MBSAC for 3
<u>-121</u>	Income to AU
\$573	Potential Grant
\$663*	MAP for 3
<\$573	Potential Grant is Less than MAP for 3
\$573	GRANT AMOUNT

*The MAP and MBSAC amounts are subject to change. See Handbook Section 44-315.311 for the current MAP and MBSAC values for the appropriate size AU.

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.10 Income in Cases Where an Alien Has Been Sponsored for Entry into the United States

44-133 TREATMENT OF INCOME -- AFDC (Continued)

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- .101 When an alien is sponsored by an individual as defined in Section 43-119.2 the income of his/her sponsor who is not receiving AFDC, SSI or other public cash assistance payments (such as General Assistance) and the income of the sponsor's spouse who lives with the sponsor and who is not receiving such public cash assistance payments shall be deemed to be the sponsored alien's income. This income is determined as follows:
- (a) Determine the total amount of unearned income of the sponsor and his/her spouse.
 - (b) Determine the total amount of income received by the sponsor and his/her spouse, as wages or salary or as net earnings from self-employment. See Section 44-113.212.
 - (c) Subtract from the amount in Step (b) either 20 percent or \$175, whichever is less.
 - (d) Add the amount in Step (a) to the amount in Step (c).
 - (e) Subtract from the amount in Step (d):
 - (1) The MBSAC amount for the sponsor, and persons living in the sponsor's home who are or could be claimed by him/ her as dependents for purposes of the sponsor's federal personal income tax liability.
 - (2) Any amounts paid by the sponsor or his/her spouse to persons not living in the sponsor's home who are or could be claimed by the sponsor as dependents for purposes of determining the sponsor's federal personal income tax liability.
 - (3) Any child support and alimony payments made by the sponsor or his/her spouse to persons not living in the sponsor's home.
 - (f) If the sponsor is the sponsor of more than one alien, divide the remainder after Step (e) by the total number of sponsored aliens who are applying for or receiving AFDC. This amount shall be deemed to be the income of each applicant or recipient who is a sponsored alien.

44-133	TREATMENT OF INCOME -- AFDC (Continued)	44-133
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- (g) When the sponsored alien is not included in the AU (see Section 82-832), the portion of his/her income which has been deemed from the sponsor shall not be used in determining his/her contribution to the AU unless such income is actually available to the AU.
 - (h) When the sponsored alien is a member of the FBU, this deemed income from the sponsor shall be treated as unearned income in accordance with Sections 44-113 and 44-315.4.
 - (i) If the sponsor is either an excluded parent or stepparent, his/her income shall be treated in accordance with the excluded parent or stepparent deeming computation. See Sections 44-133.3 and 44-133.63.
- .102 When an alien is sponsored by an agency or organization as defined in Section 43-119.3 and the sponsoring agency or organization is unable to meet all of the needs of the alien (Section 43-119.3), income from the sponsoring agency or organization shall be treated as net nonexempt income to the sponsored alien.

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code. Reference: Sections 10553, 10554, 10604, 11254, 11450, 11452, 11453, and 11486, Welfare and Institutions Code; 45 CFR 205.50(a)(1)(i)(A); 45 CFR 233.20(a)(1)(i); 45 CFR 233.20(a)(3)(ii)(C), (a)(3)(vi)(B), (a)(3)(xiv), (a)(3)(xiv)(B), and (xviii); 45 CFR 233.50(A)(c); and 45 CFR 233.90(c)(2)(i); Family Support Administration Action Transmittal 91-15 (FSA-AT-91-15), dated April 23, 1991; and Omnibus Budget Reconciliation Act (OBRA) of 1990; U.S. Department of Health and Human Services Federal Action Transmittal No. FSA-AT-91-4 dated February 25, 1991; Simpson v. Hegstrom, 873 F.2d 1294 (1989); and Federal Register, Vol. 58, No. 182, pages 49218 - 20, dated September 22, 1993 and 42 USC 602(a)(39).