

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

(916) 322-5330



May 22, 1986

ALL COUNTY LETTER NO. 86-41

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP PROGRAM SELF-EMPLOYED FARMER REGULATIONS

The purpose of this letter is to describe the changes and provide instructions for implementing the new self-employed farmer regulations for the Food Stamp Program. The Department of Social Services (SDSS) anticipates filing emergency regulations with the Office of Administrative Law (OAL) which will become effective June 1, 1986. Please note that the provisions concerning community mental health centers were deleted from the draft regulation package and will be processed separately.

The implementation date for the self-employed farmer regulations is June 1, 1986. All new applications received on or after June 1, 1986 shall be subject to these provisions. For continuing cases, the new provisions shall be reflected in the July 1986 allotment.

Description of Changes

The new regulations add a section for self-employed farmers requiring special treatment of losses from farm self-employment. As used in these regulations, a self-employed farmer is a person who will receive or expects to receive at least \$1,000 annual gross proceeds from the farming enterprise. A farming enterprise is the growing of agricultural products or raising livestock for income. Livestock is broadly defined as domestic animals raised and/or kept for use on a farm which include cattle or horses, and for these regulations shall also include such things as the raising of worms, snails, bees, fish, etc.

Current regulations do not consider self-employment losses when determining food stamp eligibility and benefits. The new regulations, however, will allow a self-employed farmer household to offset its losses from the farming enterprise against other countable income in the following order.

- o Offset the farm self-employment losses against other self-employment income in the household.
- o Offset the losses against other earned and/or unearned income in the household.

### Offsetting the Losses

For continuing cases, counties should identify those cases which meet the definition of self-employed farmer when the May CA 7 is received in June. To determine July's eligibility and allotment, the income and expenses from the farm self-employment must be recomputed to reflect any losses. There will be no adjustment for months in the certification period prior to July.

The losses from the self-employed farmer shall then be offset using the following steps for the gross and net income eligibility tests and the benefit computation.

- o Determine whether the farm self-employment resulted in a gain or loss. If the result is a gain, treat it as any other type of self-employment income. If the result is a loss, the loss is then prorated over the entire certification period and the new amount is used when computing the eligibility and allotment for July. This monthly amount shall also be used for the remainder of the certification period.
- o Determine any other gross income from self-employment in the Food Stamp household.
- o Subtract the farm loss from the other self-employment income. If the other self-employment income exceeds the farm loss, offsetting is complete. Enter the reduced amount of self-employment income and add to all other earned income (see Example 1).

If the farm loss exceeds the other self-employment income enter the resulting loss as "other gross unearned income". Enter zero for self-employment income (see Example 2).

- o Subtract the farm loss from all other unearned income. If the unearned income exceeds the farm loss, add the resulting amount to the total gross earned income to determine total gross monthly income.

If the farm loss exceeds the unearned income, subtract the resulting loss from total gross earned income to determine total gross monthly income. If at this point the total gross monthly income is less than zero, enter zero (see Example 3).

### New Applications

For new applications, the CWD shall identify those households meeting the definition of a farmer and shall compute the self-employment income from the farming enterprise using existing regulations (M.S. 63-503.41), except that any loss shall be reflected. The resulting loss shall then be prorated over the certification period and offset against other countable income as described above.

Forms

CWDs shall use the DFA 285-B (4/86) or the DFA 285-D (12/83), Food Stamp Budget Worksheets, to determine the monthly net self-employment income to be used for both the gross and net income eligibility tests and for benefit computations effective June 1 for new applicants and for the July allotments for recipients.

Although no modification to either form is planned at this time, the eligibility worker form instructions are being revised and will be sent at a later date. Until the revised form instructions are available, the CWD should use the instructions and examples in this letter for offsetting farm self-employment losses.

If you have any questions regarding this letter please contact Michele Hansen of the Food Stamp Policy Implementation Unit at (916) 322-5330 or ATSS 492-5330. If you have form related questions, please contact Elizabeth Allred, Food Stamp Forms Coordinator, at (916) 323-4954 or ATSS 473-4954.



ROBERT A. HOREL  
Deputy Director

| PART 5 — INCOME COMPUTATIONS   |  | FARM           | NON-FARM       |                               |
|--|--|----------------|----------------|-------------------------------|
| M SELF-EMPLOYMENT  |  | ISSUANCE Month | ISSUANCE Month |                               |
| 1. Gross Income from Self-Employment   |  | \$ 3,800       | \$ 3,290       | Farm loss \$1200              |
| 2. Expenses  |  | 5,000          | 2,000          | Non-Farm gain \$1290          |
| 3. Total Nonexempt Income from Self-Employment (M1 - M2)                                       |  | \$ -1200       | \$ 1290        | Certification Period 6 months |
| If averaging self-employment income go to M7. If adjusting a previous average, continue to M4. |  |                |                |                               |
| 4. Adjustment to Gross income  |  |                |                | Offset #1                     |
| 5. Adjustment to Expenses  |  |                |                | Non-Farm \$215                |
| 6. Adjusted Self-Employment Income (M3 ± M4 ± M5)  |  |                |                | Farm - 200                    |
| 7. Monthly Self-Employment Income (M3 or M6 ÷ number of months income covers)                  |  | \$ -200        | \$ 215         | \$ 15                         |

Enter \$15 on line A.2

### FOOD STAMP BUDGET WORKSHEET

| CASE NAME   | CASE NUMBER  |
|---|--|
| CERTIFICATION PERIOD FROM _____ THROUGH _____                               | ISSUANCE MONTH _____                                     |
| <b>PART 1 - GROSS INCOME ELIGIBILITY</b>                                    |  |
| <b>A. NONEXEMPT GROSS EARNED INCOME</b>                                     |  |
| 1. Gross Salary, Wages  | \$ 50  |
| 2. Self-Employment  | 15   |
| 3. Training Allowance   |  |
| 4. Total Gross Earned Income (A1 + A2 + A3)                                 | \$ 65  |
| <b>B. NONEXEMPT GROSS UNEARNED INCOME</b>                                   |  |
| 1. Cash Aid   | \$ _____   |
| 2. Social Security, UIB, DIB, Pensions                                      | _____  |
| 3. Child/Spousal Support  | _____  |
| 4. Scholarships, Grants, Loans  | 10   |
| 5. Other  | _____  |
| 6. Total Gross Unearned Income (B1 + B2 + B3 + B4 + B5)                     | \$ 10  |
| <b>C. GROSS INCOME TEST</b>   |  |
| 1. Household Size   | _____  |
| 2. Maximum Gross Income Allowed (from Table)                                | \$ _____   |
| 3. Total Gross Monthly Income (A4 + B6)                                     | \$ 75  |
| 4. Gross Income Eligible? (Is C3 less than or equal to C2?)                 | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>PART 2 - NET INCOME ELIGIBILITY</b>                                      |  |
| <input type="checkbox"/> Prospective <input type="checkbox"/> Retrospective |  |
| <b>D. INCOME (For Prospective Budgets Only)</b>                             |  |
| 1. Adjusted Gross Earned Income (80% of A4)                                 | \$ 52  |
| 2. Total Nonexempt Gross Income (B6 + D1)                                   | \$ 62  |

Monthly Earned Income \$50  
Monthly Unearned Income \$10

| PART 5 - INCOME COMPUTATIONS   | FARM           |  | NON-FARM       |  |
|--|----------------|--|----------------|--|
|  | Issuance Month |  | Issuance Month |  |
| <b>LF-EMPLOYMENT</b>   |                |  |                |  |
| 1. Gross Income from Self-Employment   | \$ 3800        |  | \$ 1050        |  |
| 2. Expenses  | 5000           |  | 300            |  |
| 3. Total Nonexempt Income from Self-Employment (M1 - M2)                                       | \$ -1200       |  | \$ 750         |  |
| If averaging self-employment income go to M7. If adjusting a previous average, continue to M4. |                |  |                |  |
| 4. Adjustment to Gross Income  | \$ _____       |  | \$ _____       |  |
| 5. Adjustment to Expenses  | _____          |  | _____          |  |
| 6. Adjusted Self-Employment Income (M3 ± M4 ± M5)  | \$ _____       |  | \$ _____       |  |
| 7. Monthly Self-Employment Income (M3 or M6 ÷ number of months income covers)                  | \$ -200        |  | \$ 125         |  |

Farm loss \$1200  
 Non-Farm gain \$750  
 Certification period 6 months  
 Offset #1  
 Non-Farm \$125  
 Farm - 200  
 -\$ 75  
 Enter -\$75 on line B.5

**FOOD STAMP BUDGET WORKSHEET**

|   |  |
|---|--|
| CASE NAME   | CASE NUMBER  |
| CERTIFICATION PERIOD FROM _____ THROUGH _____                               | ISSUANCE MONTH _____                                     |
| <b>PART 1 - GROSS INCOME ELIGIBILITY</b>                                    |  |
| <b>A. NONEXEMPT GROSS EARNED INCOME</b>                                     |  |
| 1. Gross Salary, Wages  | \$ 210   |
| 2. Self-Employment  | 0  |
| 3. Training Allowance   | _____  |
| 4. Total Gross Earned Income (A1 + A2 + A3)                                 | \$ 210   |
| <b>B. NONEXEMPT GROSS UNEARNED INCOME</b>                                   |  |
| 1. Cash Aid   | \$ _____   |
| 2. Social Security, UIB, DIB, Pensions                                      | _____  |
| 3. Child/Spousal Support  | _____  |
| 4. Scholarships, Grants, Loans  | _____  |
| 5. Other  | -75  |
| 6. Total Gross Unearned Income (B1 + B2 + B3 + B4 + B5)                     | \$ -75   |
| <b>C. GROSS INCOME TEST</b>   |  |
| 1. Household Size   | _____  |
| 2. Maximum Gross Income Allowed (from Table)                                | \$ _____   |
| 3. Total Gross Monthly Income (A4 + B6)                                     | \$ 135   |
| 4. Gross Income Eligible? (Is C3 less than or equal to C2?)                 | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>PART 2 - NET INCOME ELIGIBILITY</b>                                      |  |
| <input type="checkbox"/> Prospective <input type="checkbox"/> Retrospective |  |
| <b>D. INCOME (For Prospective Budgets Only)</b>                             |  |
| 1. Adjusted Gross Earned Income (80% of A4)                                 | \$ 168   |
| 2. Total Nonexempt Gross Income (B6 + D1)                                   | \$ 93  |

Monthly Earned Income \$210

Offset #2

\$210 (A.4.)  
 - 75 (B.6)  
 \$135

Enter \$135 on line C.3

| PART 5 - INCOME COMPUTATIONS   | FARM           | NON-FARM       |
|--|----------------|----------------|
|  | Issuance Month | Issuance Month |
| <b>7. EMPLOYMENT</b>   |                |                |
| 1. Gross Income from Self-Employment   | \$ 3800        | \$ 380         |
| 2. Expenses  | 5000           | 80             |
| 3. Total Nonexempt Income from Self-Employment (M1 - M2)                                       | \$ -1200       | \$ 300         |
| If averaging self-employment income go to M7. If adjusting a previous average, continue to M4. |                |                |
| 4. Adjustment to Gross Income  | \$ _____       | \$ _____       |
| 5. Adjustment to Expenses  | _____          | _____          |
| 6. Adjusted Self-Employment Income (M3 ± M4 ± M5)  | \$ _____       | \$ _____       |
| 7. Monthly Self-Employment Income (M3 or M6 ÷ number of months income covers)                  | \$ - 200       | \$ 50          |

Farm loss \$1200  
 Non-Farm gain \$300  
 Certification period 6 months  
 Offset #1  
 Non-Farm \$ 50  
 Farm - 200  
 - \$150  
 Enter -\$150 on line B.5

### FOOD STAMP BUDGET WORKSHEET

|   |  |
|---|--|
| CASE NAME   | CASE NUMBER  |
| CERTIFICATION PERIOD FROM THROUGH   | ISSUANCE MONTH   |
| <b>PART 1 - GROSS INCOME ELIGIBILITY</b>                                    |  |
| <b>A. NONEXEMPT GROSS EARNED INCOME</b>                                     |  |
| 1. Gross Salary, Wages  | \$ 100   |
| 2. Self-Employment  | 0  |
| 3. Training Allowance   | _____  |
| 4. Total Gross Earned Income (A1 + A2 + A3)                                 | \$ 100   |
| <b>B. NONEXEMPT GROSS UNEARNED INCOME</b>                                   |  |
| 1. Cash Aid   | \$ _____   |
| 2. Social Security, UIB, DIB, Pensions                                      | _____  |
| 3. Child/Spousal Support  | _____  |
| 4. Scholarships, Grants, Loans  | _____  |
| 5. Other  | \$ -150/\$25   |
| 6. Total Gross Unearned Income (B1 + B2 + B3 + B4 + B5)                     | \$ -125  |
| <b>C. GROSS INCOME TEST</b>   |  |
| 1. Household Size   | _____  |
| 2. Maximum Gross Income Allowed (from Table)                                | \$ _____   |
| 3. Total Gross Monthly Income (A4 + B6)                                     | \$ 0   |
| 4. Gross Income Eligible? (Is C3 less than or equal to C2?)                 | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>PART 2 - NET INCOME ELIGIBILITY</b>                                      |  |
| <input type="checkbox"/> Prospective <input type="checkbox"/> Retrospective |  |
| <b>D. INCOME (For Prospective Budgets Only)</b>                             |  |
| 1. Adjusted Gross Earned Income (80% of A4)                                 | \$ 80  |
| 2. Total Nonexempt Gross Income (B6 + D1)                                   | \$ 0   |

Monthly Earned Income \$100  
 Monthly Unearned Income \$25

-\$150 from Offset #1 above/\$25 is other unearned income

Offset #2  
 \$ 25 (B.5)  
 - 150 (B.5)  
 - 125 (B.6)  
 100 (A.4)  
 - 125 (B.6)  
 - 25\*

\*Offsetting is complete.

Although -\$25 losses are remaining zero is entered on line C.3 because remaining losses are not reflected.