

26. Income/General [EAS 44-101]

26.1 Income Definitions

Income is any benefit in cash or in kind which is reasonably anticipated to be available to the family members or is received by them as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from individuals, organizations or assistance agencies. To be considered in determining for CalWORKs payments, income must be reasonably anticipated to be available to the AU members in meeting their needs during the Semi-Annual Reporting (SAR) Payment Period. All income except exempted or excluded is counted in evaluating the need of the AU and in determining the amount of cash aid to which the AU is entitled.

26.2 Separate Income

Separate income is:

- Income derived from an interest in separate property.
- Income resulting from employment or military service which occurred before the present marriage.
- Income received after a decree of separate maintenance has been issued, as distinguished from a decree of dissolution.
- Income received when one spouse is living apart from the other spouse, as well as income received after dissolution.
- 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. If these funds are paid as a nonrecurring lump-sum payment, the funds must be treated as property. [\[Refer to "Lump Sum Income," page 46-1\]](#)

26.3 Community Income

Community income is:

- Generally, income derived from an interest in community property.
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- Income resulting from employment or military service performed during the marriage, but not after a decree of separate maintenance or a decree of dissolution.
- 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. If these funds are paid as a nonrecurring lump-sum payment, they must be treated as property.

26.4 SSI/SSP or CAPI Income [EAS 44-133.2]

26.4.1 Income and Resources

The income, resources and grant of an SSI/SSP or CAPI person are disregarded in the determination of eligibility and grant for the CalWORKs AU. An SSI/SSP or CAPI recipient is not included in the “family” as either an AU or Non-AU member.

Lump Sum retroactive SSI/SSP or CAPI payments are not considered income to the CalWORKs AU.

Payments made by the SSI/SSP or CAPI person to a CalWORKs recipient for goods or services (e.g., payments for personal services such as dressing, bathing, cleaning) are considered income to the CalWORKs-AU.

Voluntary contributions to a CalWORKs recipient are considered income to the CalWORKs-AU. (This does not include income pooled to meet shared living expenses.)

Interests generated from the community or joint property of an SSI/SSP or CAPI recipient and a CalWORKs recipient is prorated and the CalWORKs recipient’s share is countable income to the AU.

When the income of a person whose income must be counted in the CalWORKs grant (i.e., Non-AU members) is also being counted in an SSI/SSP or CAPI grant computation, the EW must use the income in the CalWORKs grant computation and notify Social Security of the date the income is first counted in the CalWORKs grant. (Social Security or the CAPI Worker in our Agency) will then recompute the SSI/SSP or CAPI benefits deleting the income being used in the CalWORKs computation.)



Note:

SSI/SSP considers the income of the spouse or the parent of the SSI/SSP person when computing benefits for SSI/SSP. When an SSI/SSP person resides in the home, and the family applies for aid, the EW must notify Social Security.

26.4.2 Approval of SSI/SSP or CAPI

When a customer receiving CalWORKs is approved for SSI/SSP or CAPI benefits, no retroactive adjustment of CalWORKs is made.

Social Security or the CAPI Worker considers the past CalWORKs payment for the person in computing retroactive SSI/SSP or CAPI benefits for the period that the SSI/SSP or CAPI application was pending. It does not consider the CalWORKs grant in computing future SSI/SSP or CAPI payments.

When requested by Social Security or the CAPI Worker, the EW must compute the SSI/SSP or CAPI persons share of past CalWORKs payments for the retroactive period.

26.4.3 Allocation of CalWORKs

When the SSI/SSP or CAPI person has no income during the retroactive period, the SSI/SSP or CAPI person's share of the CalWORKs is the difference in MAP's for the AU with and without the person for each month of the retroactive period.



Example:

(11/06):

Employable AU with SSI/SSP or CAPI person	(MAP for 4)		\$862
Employable AU without SSI/SSP or CAPI person	(MAP for 3)	–	723

Employable MAP differential or SSI/SSP or CAPI per- son's share of CalWORKs			\$139

When the SSI/SSP or CAPI person has income which is less than the MAP differential, the person's share of the CalWORKs grant is the MAP differential minus the person's net non exempt income for each month of the retroactive period.



Example:

(11/06): The SSI/SSP or CAPI person in the example above has a small pension of \$60 per month.

Employable MAP differential		\$139
SSI/SSP or CAPI person's pension	–	60

SSI/SSP or CAPI person's share of CalWORKs		79

When the net nonexempt income of the SSI/SSP or CAPI person equals or is more than the MAP differential, then none of CalWORKs is attributable to the SSI/SSP or CAPI person.



Example:

(11/06): The SSI/SSP or CAPI person in a household with a MAP differential of \$94 receives a pension of \$300.

Employable MAP differential	\$94
SSI/SSP or CAPI person's pension	– 300

SSI/SSP or CAPI person's share of CalWORKs	0

When removal of the SSI/SSP or CAPI person from the CalWORKs AU results in ineligibility of the AU, then ALL of CalWORKs grant is attributable to the SSI/SSP or CAPI person.



Example:

(11/06): A family of four receives a CalWORKs grant of \$47. The mother works and has net nonexempt income of \$815 per month. The father applies and is approved for SSI/SSP or CAPI. When the father is removed from the AU, the net nonexempt income for the AU of \$815 exceeds MAP of \$723 for the remaining AU, which would make the entire AU ineligible; therefore, the SSI/SSP or CAPI father's share of the CalWORKs payments will be the full amount of the grant received by the AU for each month (\$47) for the retroactive period.

26.5 Family Income [W & I Code 11450 and 11451.5]

When determining the eligibility and grant amount for an AU, the EW must look at the income of the family

A family is defined as the members of the AU as well as certain persons living in the home who are related to the AU members by blood or marriage. Those persons who are not receiving CalWORKs are considered “non-AU members”.

The income of the “family,” AU members and non-AU members living in the home, must be counted in the budgeting process. The needs of these persons are also considered. This includes the following persons:

- Ineligible alien parents
- Ineligible alien children
- Stepparents
- Senior Parents

- Minor parents excluded from the AU due to excess senior parent income
- Parents excluded by law, such as the father of the unborn
- Spouse of an aided child
- Unmarried adult male who has an **eligible** child in common with the aided parent, his separate child(ren), if any, and the common child.

There is only one budgeting method, regardless of why certain persons are excluded from the AU. It is no longer required that the budgeting computation be based upon the reason for the excluded person budgeting (such as, stepparent, ineligible alien parent, senior parent, excluded parent, etc.).



Example:

Living in the home are a CalWORKs mother, her two separate children, the fully employed stepfather and his one separate child. The stepparent and his separate child do not receive CalWORKs benefits. The “family” consists of all 5 individuals. Use the income of all these individuals when determining the eligibility and grant amount for the AU.



Reminder:

There is no change in the Sponsored Alien process.

26.6 Evidence of Income

The AU is required to submit verification every period with the SAR 7 which establishes:

- The gross and net amounts of income received,
- The time and frequency of receipt of income, and
- Whether it is separate or community income.

26.7 Potentially Available Income [EAS 82-610, 44-103]

Potentially available income is any income the applicant or recipient is entitled to receive.

26.7.1 Requirement

CalWORKs must be denied or discontinued when an AU member fails to apply for or accept potentially available income.

IF ...	THEN ...
The person is a mandatory AU member,	The entire AU must be denied or discontinued, as appropriate.
The person is an optional member of the AU,	That person must be denied or discontinued, as appropriate. Other AU members are not affected.

26.7.2 Customer Responsibility

The applicant or recipient, including the person responsible for a child in CalWORKs, is responsible for:

- Giving information necessary for any income determination.
- Taking all actions necessary to obtain unconditionally available income.

STATUS	REQUIREMENT
Applicant	The requirement to apply for and accept any potentially available income is considered met on the date of application when completed by the date that aid is authorized.
Recipient	The requirement to apply for and accept any potentially available income must be met within the time frames established by the EW (generally, this is 10 working days). The EW must send the recipient written notification of the type of income, where to apply and the date this must be completed. If the recipient fails or refuses to take appropriate action, assistance for the AU, or for the specific individual, must be discontinued or denied, once timely and adequate notice can be given.

26.7.3 Sources

Sources of potentially available income include, but are not limited to:

- Social Insurance Benefits, such as Old Age Security and Disability Insurance (OASDI), Unemployment Insurance Benefits (UIB), and State Disability Insurance Benefits (SDI).
- Benefits available to veterans of military service, members of military service, their spouses, and their dependents.
- Railroad retirement benefits, private pension plans, union welfare funds.
- Life insurance disability benefits.
- Workers' Compensation benefits.

- Any outstanding debts owed the recipient.
- Responsible relatives who may be contributing or have a legal liability to contribute.
- Recipient's capacity for self-help and employment.

26.7.4 Referral

The EW must take the following steps to have the customer apply for all sources of potential income:

STEP	ACTION
1.	Review with the applicant/recipient all resources, in light of their income producing potentials.
2.	Determine whether income is actually received and, if so: <ul style="list-style-type: none"> • The regularity of receipt, • The gross or net amount, as appropriate, • The applicant's or recipient's share, and • Whether the income is excluded or exempt, in whole or in part.

26.8 Availability of Income [EAS 44-101, 44-102]

26.8.1 Receipt of Income

All reasonably anticipated income must be considered to be available to the AU during the SAR payment Period and must be considered when determining eligibility and grant amount. Income is considered reasonably anticipated when the income has been or will be approved or authorized as of a date within the upcoming SAR Payment Period, or the household is otherwise reasonably certain that the income will be received within the payment period; and the amount of income is known.



Example:

A recipient reports that an AU member will start a new job in the upcoming payment period and the payday falls within the next SAR Payment Period and reports the anticipated wage amount and expected hours. Because the timing and amount of the income is reasonably certain, the EW must consider this income to be reasonably anticipated and therefore, the income must be used in the benefit calculations for the next SAR Payment Period. The EW must document the recipient's statement of expected hours and wages in the **Maintain Case Comments** window.



Example:

A household reports that a member has been verbally approved for State Disability Insurance (SDI). However, the AU member has not received an actual award letter or check, and does not know the exact start date or amount. Because the timing and amount of the income is unknown, the EW must not prospectively budget this income in the calculation for the upcoming SAR Payment Period.

26.8.2 Manipulating Receipt of Income

If it appears that the recipient is deliberately manipulating the receipt of income in order to be eligible, there may be grounds for denial or discontinuance of aid on the basis of not accepting potentially available income.

Ordinarily, a recipient is paid on regular intervals or days in the month. If the pay dates are random or inconsistent, contact the employer to determine payroll practices. Be sure not to reveal the name of the recipient unless there is a signed release of information from the customer.

26.8.3 Income to the AU

All the net nonexempt income of every member of the AU and appropriate income from the non-AU members must be used in the budget computations. [Refer to “Social Security, Railroad Retirement and Other Pensions [EAS 44-113.3],” page 28-5.]

26.9 Treatment of Income

Treatment of income is as follows:

Type of Income	Affect on Grant Determination
Earned Income	Receives the current income disregard (plus 50%). No longer includes disability based income.
Disability Based Income	Receives the current income disregard. Applies only to specific types of disability based income.
Self-Employment Income	Receives the 40% deduction or allows actual verified expenses.
Unearned Income	Applies to all other income which is not specifically identified as either earned or disability based. Is subtracted dollar for dollar from MAP.

26.10 Transfer of Income [EAS 42-221]

A period of ineligibility (POI) results when in the month of receipt, a recipient gives away or transfers for less than fair market value, nonexempt, nonrecurring income that would cause the AU to be ineligible for a cash aid payment. A transfer for less than fair market value results when a recipient uses nonexempt, nonrecurring income to purchase a product or service with a fair market value of less than the money transferred.

Income is considered nonrecurring for purposes of determining a POI for the transfer of income rules if all of the following apply:

- The income is not interest income or contractual income.
- The income is for a period of more than one month.
- The income is not from a source expected to regularly occur.



Note:

The transfer of income rules do not apply to an applicant.

26.10.1 POI Calculation

The POI is computed based upon the amount of net nonexempt income given away or transferred for less than fair market value that would have made the AU ineligible for a cash aid payment. The EW takes the following steps to determine the POI:

Step	Action
1.	Combine the amount of the nonexempt income that was given away or transferred with all other nonexempt income received in the month to determine the net nonexempt income.
2.	Subtract MAP for the AU from the amount of the net nonexempt income.
3.	Take the amount transferred and subtract the value of anything received from the transfer.
4.	Compare the amount determined in Step #2 with the amount calculated in Step #3 and determine the lesser of the two amounts.
5.	Divide the lesser of the two amounts from Step #4 by MBSAC for the AU.
6.	Round the resulting amount down to the nearest whole number to determine the number of months in the POI.

26.10.2 Applying the POI for Transfer of Income

When the AU has transferred income which results in a POI, the POI begins as follows:

If...	Then...
The POI is one month,	The POI begins in the payment month and aid is suspended for one month only.
The POI is two months or more,	Aid is discontinued and the POI begins in: <ul style="list-style-type: none"> • The month following the transfer when appropriate action has been taken to avoid or minimize an overpayment for that month. Any aid received by the AU during that month is an overpayment. OR <ul style="list-style-type: none"> • The payment month.
The transfer is discovered too late to suspend or discontinue for the corresponding payment month,	The POI begins in that corresponding payment month and aid payments received during the POI are overpayments.
The transfer is made in the first or second month of aid,	Any resulting POI begins in the month the transfer was made. Any aid received during the POI is an overpayment



Note:

[Refer to “Transfer of Property [EAS 42-221],” page 14-10] for the rules for a transfer of property.]