

28. Unearned Income

28.1 Nonexempt Unearned Income

The total amount of nonexempt unearned income is considered net income to the family with certain exceptions. Some specific types of unearned income are allowed expense deductions, e.g., nonexempt educational loans, etc. The allowable deductions are discussed below in relation to specific income.

28.2 Restricted Income of a Child

The caretaker relative cannot request that a child be excluded from the AU to avoid using the child's restricted income in the eligibility and budget computations. When a child is an AU family member, the income of that child must be considered. If the child is excluded due to a sanction, the EW must count that child's income to the AU, but not allow their needs.



Exception:

This rule does not apply to step-siblings and half-siblings whose needs are excluded due to voluntary exclusion. [Refer to [“Excluded Step-Sibling/Half-Sibling,”](#) page 24-1 for additional information.]

These payments are considered as satisfying, in whole or in part, the absent parent's child support obligation.

28.3 Income in Kind

When any item of need (housing, utilities, food or clothing) is provided free of cost to an AU member, including those items provided in lieu of earnings, deduct from MAP the CalWORKs income in kind chart value for that need item(s) (according to the size of the AU), unless a lower verified value is established.

Income in kind shall not be charged solely because a recipient fails to pay his/her rent. If the rent is an incurred obligation (i.e., recipient still owes landlord), no income in kind shall be charged. The intent of the landlord must be considered. If the intent is to charge the client for rent, then there is no income in kind. If the intent is to provide the client with free rent, then the EW must make a determination of the amount of income in kind.

28.3.1 Deeming

Income in kind is never deemed to the AU when it is received by a person who is NOT in the AU. Income in kind is not considered as part of the excluded person's income because the value of items of need can only be assigned to recipients. When the Non-AU member parent(s) of an eligible child(ren) receives free rent, utilities, food or clothing, this need item is considered contributed to the AU, unless there is verification that the AU members must contribute towards those need items.

If all family members are receiving income in kind, the amount of the income in kind counted to the AU is the lesser of:

- The prorated share of the net market value, or
- The actual cost, or
- The chart value for the AU.

28.3.2 Steps

The EW must calculate each of the above values to determine the amount counted as income in kind to the AU.

STEP	ACTION
1.	Determine the market value of the items of need.
2.	Compute the pro-rated share by dividing the market value of the item of need by the number of persons receiving income in kind and then multiplying the result by the number of persons in the AU.
3.	Determine the actual cost of the item of need.
4.	Determine the chart value of the item of need.
5.	Calculate the amount of income in kind to be counted to the AU by using the lesser of the amounts obtained in Steps 2, 3, or 4.



Example:

The Family consists of an excluded noncitizen mother and her two citizen children. The mother provides a note from her brother that he is providing her with free room and board, but that the children must pay \$150 monthly for their room and board. In this situation, the benefit the mother receives is not considered as part of the excluded person's income and is therefore NOT deemed to the AU. There is no income in kind for the children.

- An ineligible parent receives free housing from her mother for herself and her two children who receive CalWORKs. A note is provided from the grandmother to verify this and a value of \$600 is established. To determine the amount of income in kind counted to the AU.

- Take the pro-rated market value of the rent (\$600), divide by three (3) and multiply the result by two (2). ($\$600 \div 3 = \$200 \times 2 = \$400$.) The AU's pro rated share is \$400.
- The actual cost is \$600.
- The chart value is \$283 (For an AU of 2 effective 8/1/05).

To complete the budget computation, use any income the excluded parent receives plus \$283, the lesser value of the income in kind for the AU.



Example:

An ineligible noncitizen mother is working for the rent and utilities for herself and her three (3) children who receive CalWORKs. Verification is received concerning this, but no value is established. Since no AU member is working and earning the income in kind, the amount counted to the CalWORKs budget is considered unearned income in kind.

To compute the budget, use any earned or unearned income the mother may receive.

- Do not count the income in kind for the mother, as she is not a member of the AU and income in kind is not assigned.
- Use the income in kind rent and utilities for the three (3) children as unearned income.

28.3.3 Partial Item of Need

There is no income in kind for any need item in which the recipient shares the cost.



Example:

An AU consists of the mother and one child. Her rent is \$500 per month and the mother's father pays \$200 of her rent directly to the landlord. He does not give this to the CalWORKs client. This is considered a partial item of need as the mother must pay the remainder of the rent, therefore there is no income in kind counted to the AU.

28.3.4 Lesser Value

A lesser value is used whenever the applicant or recipient does not agree with the value assigned from the income in kind chart AND brings verification to the EW documenting the actual cost is LESS. The chart values are maximum. No higher income in kind figures may be used. The EW MUST inform clients of their right to establish lesser values. This explanation must be documented on the **Maintain Case Comments** window.

28.3.5 Housing and Clothing Values

The income in kind value for housing and clothing is determined by the net market value of the item to the provider (i.e., the best sale or rental price the provider could receive for the item on the open market). Acceptable verification is the provider's written statement of the value.



Example:

Mr. Doright provides free housing for his CalWORKs niece and her three children. His house payments are \$375. Prior to allowing his niece to move in, he had rented the house for \$685. The market value of the housing is \$685, as determined by a written statement provided by Mr. Doright. The \$685 income in kind value is compared to the chart value for housing. In this case, the chart value which is maximum is the amount shown as income to the AU. When the provider of the free housing and clothing must pay monthly rent or purchase the clothing, simply use the actual cost of the item to the provider as the value. Verification is the provider's written statement and receipts.



Example:

Mr. Doright provides free housing as in example above, but he is not purchasing the house. He pays \$350 monthly rent to the landlord as established by his rent receipt. (This is the value of the housing which is compared to the income in kind chart figure for housing; the lesser figure is income to the AU.)

28.3.6 Utilities and Food Values

The income in kind value for utilities and food is the actual cost to the person who paid for the item or the chart value, whichever is less. Verification of the amounts paid for utilities and food is the provider's written statement and receipts, if available. There is no income in kind for a partial item of need.



Example:

A client and her two children are sharing a home with her friend, the friend's husband and their three children. The AU is receiving utilities in kind. The friend's husband refuses to provide his utility bills, so the EW must use the chart value of utilities in kind for three (3).

28.3.7 Shared Costs

When an income in kind need item is shared with non family members, the income in kind value to the AU is their prorated share of the value of the item or the income in kind chart value, whichever is less.

**Example:**

An AU of three lives with two other unrelated persons. These five individuals receive free housing valued at \$425. To determine the housing income in kind for 3 divide the total value of \$425 by 5 = \$85.00 per person; then multiply by 3 to determine the value to the AU = \$255. The chart value is \$309 (effective 8/1/05) income in kind housing for 3 persons. Income in kind shown on the budget is \$255, the lesser amount.

28.3.8 Exempt Income in Kind

Income in kind is exempt when:

- It is provided on the basis of need by a **private**, nonprofit organization.
- It is not exempt if the entire need is provided by a **public**, nonprofit organization.
- Only a partial item of need is provided and the client pays for the remainder of the need item.

[Refer to “Exempt/Excluded Income,” page 27-1.] and [Refer to “Earned Income in Kind,” page 30-2.]

**Note:**

The Bill Wilson Center is a public, nonprofit organization.

28.3.9 Income in Kind to Minor Parent

Income in kind is not counted to the AU of the minor parent living in the home of the unaided senior parent. All other income of the “family”, AU members and Non-AU members, living in the home must be counted in the budgeting process.

[Refer to “Senior Parent/Minor Parent,” page 21-1] and Budgeting for more information on the senior parent/minor parent income determination.]

28.4 Social Security, Railroad Retirement and Other Pensions [EAS 44-113.3]

Net income from Social Security or from Railroad Retirement Benefits is the amount reasonably anticipated to be paid to or on behalf of a member of the AU in the SAR Payment Period. Continuing payments for social insurance programs are counted as net unearned income in the month received.

**Exception:**

Social Security Disability Insurance (SSDI) is counted as disability based income. [Refer to “Disability Based Income [W & I Code 11451.51],” page 29-1].]

The net income is the amount received or, if the individual is required to pay income tax on such income or has other expenses in receiving such income, net income is the amount received less these expenses.

If the client receives Social Security benefits for a child who is not in the home and uses those funds to meet the needs of the AU, count the amount received as income to the AU. If those funds are sent to the child or to the caretaker/relative of the child, only count the amount kept by the client.

**Exception:**

Derivative benefits from Social Security such as; survivors, disability, retirement, or other government programs paid to or on behalf of an MFG child based on the absent parent’s disability or retirement are exempt as income in the eligibility and grant computation.

28.4.1 Verification

The EW must verify the amount of Social Security benefits by seeing a photocopy of the award letter. If that document is unavailable, or if increases have occurred so that the letter does not reflect current income, the EW must follow procedures below:

Social Security Benefits

View the current benefit check or a current award letter. If not available, benefits can be verified through the IEVS Applicant System “Individual Inquiry Summary” or through the MEDS Screens (SDX and/or BENDEX). When verification is not available through any of these sources, the EW may send “Referral To/From Social Security” (SC 169) to the nearest SSA office. Document on the **Maintain Case Comments** window or SAWS 2 the amount of the Social Security, the type of benefit (i.e., retirement, disability or survivors) and how the verification was obtained.

**Exception:**

When Social Security benefits are paid to a representative payee on behalf of a member of the AU and the representative payee does not live in the same household as the AU, the Social Security benefits are counted as income only to the extent the representative payee makes them available for the support of the beneficiary.

**Reminder:**

The EW must advise the caretaker/relative in writing to request a change of payee for the child. They are asking the Social Security Administration to have the benefits paid to the person responsible for the care of the individual. If the individual fails or refuses to comply, they are not applying for potentially available income and the EW must take appropriate action. [Refer to “Potentially Available Income [EAS 82-610, 44-103],” page 26-5] for more information concerning the responsibility to apply for and accept potentially available income.]

Veterans Assistance (VA) Benefits

View a current benefit check and document on the **Maintain Case Comments** window. If the individual has no award letter and is receiving Veterans Assistance (VA) benefits, the EW must send a CW 5 to the County Veteran's Service Office (CVSO) for verification.

Other Pensions

View a current benefit check and document on the **Maintain Case Comments** window. If the applicant/recipient does not have or cannot easily obtain an award notice, send a letter requesting the amount, duration and reason for the benefit along with a signed “Authorization for Release of Information” (CSF 13) to the agency which administers the pension.

28.5 Social Security Benefits for Children

The following information applies to children who receive Social Security benefits (based on a parent's aged, deceased or disabled status).

- Benefits normally stop at age 18.
- If the child marries prior to age 18, benefits stop.
- Benefits can be continued until age 19 if the child is going to high school and has not received their high school diploma. Benefits stop at whichever occurs first:
 - The month courses are completed, if the child will receive their diploma before their 19th birthday.
 - The second month after the month the child turns 19.
 - The last month of the payment period or semester in progress when the child reaches 19.

[Refer to “Disability Based Income [W & I Code 11451.51],” page 29-1].]

**Exception:**

Derivative benefits from Social Security such as; survivors, disability, retirement, or other government programs paid to or on behalf of an MFG child, based on the absent parent's disability or retirement, are exempt as income in the eligibility and grant computation.

28.6 Social Security Benefits of a Minor Parent [EAS 44-113.3]

When the minor parent receives the benefit directly from SSA, it is counted as unearned income, unless disability based.

When the aided minor parent lives in the home of his/her non-needy parent and the non-needy parent receives the SSA benefit on the minor's behalf, then the AMOUNT OF SOCIAL SECURITY paid on behalf of the minor parent will be counted as either unearned income or disability based income to the AU.

When the minor parent does not live with his/her parent but the Social Security benefit is paid to the minor's parent, the amount of income which is actually made "available" to the minor parent by his/her parent will be counted as either unearned or disability based income.

- Made "available" means the amount of Social Security turned over to the minor parent voluntarily.
- The minor parent must apply to have the Social Security benefit sent directly to her. The EW must inform the client of this requirement and obtain verification from SSA that it has been done.

28.6.1 Availability Determination

In order to determine how much is made available to the minor parent, the EW must:

- Advise the applicant or recipient minor parent that the Social Security is being paid for the minor parent and therefore should be made available to him/her.
- Obtain verification of the amount in the form of a sworn statement (CSF 2) signed by the minor parent and by the senior parent.
- If the minor parent fails to provide a statement, aid must be denied or discontinued for failure to provide essential information.
- If the senior parent refuses to sign the statement or is unable to sign a statement under penalty of perjury due to exceptional circumstances (i.e., religious convictions), the fact should be documented on the "General Affidavit" (CSF 2) by the minor parent and the statement accepted.

28.6.2 Reporting

The minor parent is responsible for reporting the amount of the Social Security on the SAR 7. If the amount of the “available” Social Security changes, a new CSF 2 must be submitted by the minor parent.

28.7 Voluntary Contributions and Gifts

Count any voluntary contributions and gifts as net unearned income in the period received unless exempt.

[Refer to “Infrequent or Irregular Income,” page 27-5], for information on Infrequent/Irregular Income.]

28.8 Child Support [EAS 44-113.7]

28.8.1 Direct Child Support

When direct child support is received from the absent parent, the caretaker must agree to turn in that support payment unless they are exempt (Safety Net cases). If the client is not exempt and fails or refuses to cooperate in this process, that person must be penalized. Direct child support received is unearned income. Allowing the child support disregard, if applicable. [Refer to “Child/Spousal Support Disregard,” page 27-5].]

28.8.2 Safety Net Child Only Cases

Safety Net (aid codes K1/3F) cases are exempt from the referral and Child Support cooperation requirements. There is no requirement for applicants or recipients of K1/3F cases to assign support rights or cooperate with Child Support requirements as a condition of eligibility for CalWORKs.

The \$50 disregard shall be applied to the direct Child Support payment, regardless of whether the Child Support income is received from the local child support agency (LCSA) or from the non-custodial (absent) parent. Income Reporting Threshold (IRT) rules apply when this unearned income combined with any earned income, exceeds their designated IRT.

28.8.3 Payments From Department of Child Support Services (DCSS)

When the Department of Child Support Services (DCSS) receives child support payments for an CalWORKs case, a decision is made concerning the application and distribution of these funds. When the client receives funds from DCSS, use the following chart:

IF...	THEN...
The payment is identified as an "Excess" payment,	Count the entire amount of the warrants received as unearned income. Excess payments are issued when the absent parent has repaid all the arrears monies owed to the county. Re-examine CalWORKs eligibility, as the absent parent may be paying more than the grant amount.

28.9 Department of Defense Family Subsistence Supplemental Allowance Benefits (FSSA)

The Department of Defense pays certain service members and their families a Family Subsistence Supplemental Allowance (FSSA) of not more than \$500 so they will not rely on the Food Stamp program to meet their nutritional needs. FSSA benefits are to be treated as unearned income. The amount of the FSSA is shown on the service members leave and earnings statement which is the standard wage information form used by the military.

28.10 Aid Received from Another State

Aid payments received from another state are considered unearned income in the grant computation.

28.11 Suspended SSI/SSP Benefits

Persons determined by Social Security to be disabled (based on Drug and Alcohol Addiction) and then suspended from receiving SSI/SSP payments are eligible for CalWORKs, if other eligibility criteria is met.

Once CalWORKs is established, the individual's Medi-Cal benefits are linked to their CalWORKs eligibility, not their SSI/SSP status.

28.12 Disability Benefits Other than Disability Based Income

Certain disability payments are considered unearned income. Examples of this are permanent worker's compensation, veteran's benefits, etc.



Exception:

There are five (5) disability incomes that are considered "disability based income" and eligible for the \$225 income disregard, they are:

- State Disability Insurance (SDI, DIB)
- Private Disability Insurance (PDI)
- Temporary Workers Compensation (TWC)
- Temporary Disability Indemnity (TDI), and
- Social Security Disability Insurance (SSDI). [Refer to "Social Security Disability Insurance," page 29-3].]

28.12.1 Potentially Available Income

If a client appears to be eligible for either kind of disability benefits, an application must be made. If the person refuses to do so, the EW must determine the effect on the AU. [Refer to "Potentially Available Income [EAS 82-610, 44-103]," page 26-5], for potentially available income.]

28.12.2 Retroactive Payments

If these benefits are received for a retroactive period, they are considered nonrecurring lump sum income and should be treated as property in the month received and the subsequent months.



Reminder:

State Disability Insurance Benefits (SDI/DIB), Private Disability Insurance (PDI), Temporary Worker's Compensation (TWC), Temporary Disability Indemnity (TDI), and Social Security Disability Insurance (SSDI) are considered disability based income. [Refer to "Disability Based Income [W & I Code 11451.51]," page 29-1], for a complete discussion of SDI/DIB, PDI, TWC, TDI, and SSDI.]

28.13 Income from Property [EAS 44-113.1]

Net Income from property is determined by deducting from gross income all normal expenses incident to its receipt. [Refer to “Self-Employment,” page 31-1]

28.13.1 Rental of Real Property

To determine the net income from the rental of real property, the EW must deduct the following expenses from the gross income received:

- Taxes and assessments
- Interest payments (do not deduct principal payments)
- Insurance
- Utilities
- Upkeep and major repairs (Use the amount actually spent each month, or 15% of the gross monthly rental plus \$4.17 a month.)

28.13.2 Rental of Personal Property

To determine the net income from the rental of personal property (i.e., trucks, equipment, etc.), the EW must deduct all expenses necessary to maintain and keep up repairs.



Note:

These deductions may be verified by viewing receipts for expenditures.

28.14 Foster Care Related Income

28.14.1 Foster Care Payments [EAS 44-133.3]

The total payment received on behalf of a foster child by a CalWORKs recipient who is a Foster Care provider is exempt as income. This exemption also includes the specialized care increment for a child requiring special care.

The income received by or on behalf of a child in foster care is considered income to that child and not to the Foster Care provider.

28.14.2 Kinship Guardian Assistance Payment (Kin-GAP) [WIC Section 11364, 11369]

The total payment received on behalf of a Kin-GAP child by a needy relative caregiver who is the court appointed guardian, is exempt as income for CalWORKs. This exemption also includes the infant supplement for a child of a Kin-GAP minor parent.

The income received by or on behalf of a Kin-GAP child is considered income to that child and not to the relative legal guardian. [Refer to Foster Care Handbook, “Income [EAS 44-133],” page 36-14.]

28.14.3 Transitional Housing Program-Plus (THP+) [MPP 44-101(g)]

The Transitional Housing Program-Plus (THP+) is a transitional housing program for former, emancipated foster youth who are now young adults between the ages of 18-25. These individuals are no longer considered children for CalWORKs purposes and the THP+ stipend is not excluded or exempt from consideration as income. A THP+ payment is considered unearned income.

Example 1 A CalWORKs applicant is receiving a THP+ stipend when he moves into the home with his girlfriend and their common child. The mother and child are in receipt of CalWORKs and the father must now be added to the assistance unit (AU) as he is a mandatory member. The father receives a THP+ stipend of \$2,400 per month. The total income, which is included as part of an individualized plan through the Department of Family and Children Services (DFCS) is given to the client and is allocated in the following manner: \$1400 for rent, \$300 for utilities, \$300 for personal needs, \$250 for savings, and \$150 for baby expenses.

The entire THP+ stipend received (\$2,400) is considered unearned income to the CalWORKs AU.

When the THP+ stipend is issued as a vendor payment directly to the provider and the entire item of need is met, that portion is considered income in kind and the value counted is the lesser of the amount provided or the chart value, whichever is less.

When the THP+ remaining balance is issued to the young adult in the form of gift cards and the entire item of need the gift card(s) is intended for is met, that portion is considered income in kind and the value counted is the lesser of the amount provided or the chart value, whichever is less.

Example 2 Parent and child are receiving THP+ in the amount of \$1,300 per month. They apply for CalWORKs and CalFresh. The entire THP+ amount is issued as a vendor payment to the Bill Wilson Center. \$1,000 is for housing and the remaining amount

of \$300 is issued to the parent in gift cards for food and transportation. The entire item of need is not met for food, therefore, the gift cards are not considered income in kind.

28.15 FEMA/IFGP Income

For a complete discussion concerning the treatment of income from the Federal Emergency Management Agency (FEMA) or the Individual and Family Grant Program (IFGP). [Refer to “Disaster Relief Payments [EAS 44-111.6],” page 27-17].]

28.16 Employment Services Job Corps Income

[Refer to “Earned Income [EAS 44-101.5] [W & I Code 11451.5],” page 30-1] for a complete discussion concerning the treatment of income from CalWORKs Employment Services (CWES), JTPA, or Job Corps.]

28.17 Refunds of Retirement Contributions [EAS 44-113.6]

Nonrecurring lump sum refunds of both the employer’s and the employee’s share of retirement contributions are treated as property.

Recurring interest earned on the accumulated retirement contributions is treated as unearned income in the month it is reasonably anticipated to be received. If the interest payment is nonrecurring, it must be treated as property.

28.18 Nutrition Assistance Program (NAP)

The Nutrition Assistance Program (NAP) is a food program that provides cash benefits. NAP is provided in certain areas (i.e., Puerto Rico, American Samoa, or the Commonwealth of the Northern Mariana Islands.) When a family moves from an area with NAP, the monthly dollar amount of the NAP cash benefits is treated as unearned income when determining CalWORKs eligibility and benefit amounts.

28.19 Reimbursements

If the client is reimbursed for on the job expenses, such as mileage for calling on clients or meals provided to day care children, only the amount which exceeds the cost to the client is counted as income. The client's statement regarding the cost is acceptable verification if the client is unable to provide receipts.

If the client receives a return of their own previous expenditures, this is not considered income. It is property in the month of receipt. This occurs in situations where a landlord or other person returns to our client monies that were paid in excess of the charges.

28.20 Income Tax Refunds

28.20.1 Federal Tax Refunds

Federal tax credits and refunds are exempt as a resource for 12 months from the date of receipt. This exemption applies to both applicants and recipients. They are NOT considered as income.

28.20.2 State Tax Refunds

State Tax Refunds are considered property upon receipt, and must be evaluated as such. They are NOT considered as income.

Clients should be:

- Encouraged to apply for tax refunds, but cannot be discontinued if they fail to do so.
- Advised that their eligibility may be affected if they receive an amount which, in combination with their other property, exceeds the property limit.

28.20.3 Renter's Credit

Renter's Credit is exempt as income.

Renter's Credit is considered as property upon receipt.

28.20.4 Earned Income Credit (EIC) aka Earned Income Tax Credit (EITC)

The federal EIC is a special tax break for individuals who work full or part time and meet the income and other requirements established by the Internal Revenue Service (IRS). EWs are required to ask each CalWORKs recipient at their annual redetermination if they are eligible for and taking advantage of EIC. If they may be eligible but are not taking advantage of the EIC, EWs must provide the client with the federal EIC informing notice "It's Your Money You Earned It Now Claim It and Save It" (PUB 429) and encourage the client to apply for it.

EIC is exempt as income, whether received as advance payments or as a single payment at the end of the tax year.

EIC is exempt as property for 12 calendar months starting with the month of receipt of the payment.



Example:

A client was employed during the year. She filed for both her State and Federal Income Tax Refunds. On February 10th she received \$563 from the State. On February 18th she received \$1,478 from the IRS. This included \$762 EIC. She reported this on her February SAR 7, received March 3rd. She still has \$1,235 left in her savings account. The EW would not consider any of these funds to be income. All but the EIC is counted as property.

The EW would use the balance of \$1,235 less the \$762 EIC (which is exempt for 12 months following the month of receipt) to determine the amount of property she had on April 1st. This would mean that she had \$473, plus any other property counted in April.

28.21 Unemployment Insurance Benefits (UIB) [EAS 82-612, 82-614]

28.21.1 Eligibility for Mandatory AU Member

CalWORKs must be denied or discontinued for the entire AU if a mandatorily included person who was referred to Employment Development Department (EDD) to complete the Unemployment Insurance Benefits (UIB) process:

- Fails to apply for UIB, or
- Fails to accept UIB.

**Note:**

Work registration exemption status does not affect this requirement. A person exempt from work registration who is apparently eligible for UIB must still apply for and accept any UIB to which he/she is eligible.

28.21.2 Mandatory AU Member with Work Registration Requirement

The entire AU is also ineligible if:

- The individual fails to meet the current conditions of eligibility for UIB [[Refer to “Conditions of UIB Eligibility,” page 28-19](#)], and
- There is a mandatory work registration requirement for that person.

**Note:**

The decision that a client is not meeting the current conditions of UIB eligibility is generally made by the UIB field office or CWES Worker. It is not the EW's responsibility to monitor the activities of the client to ensure that UI requirements are met.

28.21.3 Optional AU Member

If an optional person fails to apply for or accept UIB, only that person is ineligible for CalWORKs. There is no requirement that an optional AU member meet the current conditions of eligibility for UIB.

28.21.4 Applicants

The requirement to apply for UIB is a condition of CalWORKs eligibility and must be completed before aid can be established. If a mandatory AU member fails to meet the requirements as listed above, the application for the entire AU must be denied.

28.21.5 Recipients

The EW must discontinue the AU on the last day of the month in which a person who was required to comply with the UIB requirements failed to do so. An adequate and timely 10-day Notice of Action is required.

28.21.6 Rescission

If an individual fails to meet the CalWORKs UIB requirements and then re-establishes eligibility for UIB in the same month that he/she was disqualified, the EW must rescind the CalWORKs discontinuance and reestablish CalWORKs eligibility, if all other factors are clear.

28.21.7 Apparent UIB Eligibility

All persons are considered apparently eligible for UIB and must file for UIB except individuals who:

- Have not worked in employment covered by the Unemployment Insurance Compensation Law in the past 19 months.
- Have exhausted UIB or State Disability Insurance (SDI) benefits.
- Were previously denied or discontinued from UIB and have not worked since then.
- Are receiving or who have a claim which is being processed for UIB/SDI.
- Are ill or injured.
- Are on strike.
- Are fully employed (eight hours/day, 40 hours/week).



Note:

The client's statement is acceptable evidence of the above conditions. Other procedures provide verification of the client's statement (e.g., UI/DI Match on IEVS, UIB Abstract, work exemption verification, SAR 7's, etc.).

28.21.8 UIB Referral Not Required

The following apparently eligible persons are not referred to EDD for a new application for UIB:

- Persons who report they are currently receiving the maximum UIB benefit.
- Persons who provide a current UIB computer printout verifying a pending application for benefits, current receipt of benefits or current disqualification from benefits.
- Persons who provide a current "Claimant's Handbook" verifying a pending application.

**Reminder:**

Undocumented persons cannot legally collect UIB. Therefore, do not refer those persons for UIB. Should an undocumented person apply for and receive UIB, follow existing procedures to budget the UI income.

28.21.9 Conditions of UIB Eligibility

An applicant or recipient is considered to meet the conditions of UIB eligibility when the unemployed individual:

- Has registered for work and continues to report as required.
- Was able to work and available for work.
- Has been unemployed for a waiting period of one week.
- Conducted a search for suitable work.

28.21.10 Cooperation with EDD

All mandatory work registrants must cooperate in meeting and maintaining all conditions of UIB eligibility. The client is not penalized in CalWORKs for a disqualifying act which occurs before the application for aid or the application for UIB. This requirement applies to mandatory CWES, CIU, and EDD/JS registrants.

- If EDD denies or discontinues UIB due to the client's participation with CWES, the client is considered to have "good cause" for not meeting UIB requirements.
- In most cases the client will be eligible for UIB while participating with CWES.
- Sometimes the client is denied UIB because the EDD worker does not understand the nature of the CWES program. The CWES Worker may communicate with EDD to clear up such misunderstandings. In most instances, the CWES program allows the client to be available for a job placement.

28.21.11 Good Cause Determination

The client may request a determination of good cause for failure to maintain UIB eligibility.

The EW must use the following reasons as guidelines for establishing good cause:

- Illness or incapacity.
- Court required appearance or incarceration.
- Emergency family crisis or sudden change of immediate family circumstances.

- Lack of accessible transportation.
- Inclement weather which prevents cooperation.
- Loss or unavailability of adequate child care.
- Lack of necessary social services.
- Assignment or referral does not meet appropriate work and training criteria.
- Refusal to accept major medical services even if the refusal keeps the person from participating in a work program.

Good cause may be granted for reasons other than these listed on the previous page and above, if the reason is compelling in the judgment of the EW and the EW Supervisor. Supervisory approval is required in these instances.

Verification is not required except in exceptional circumstances, such as the client providing conflicting information.

The EW must document the good cause decision on the **Maintain Case Comments** window.

28.21.12 Penalty Period

There is no specific penalty period. The AU or person remains ineligible until UIB eligibility is reestablished at EDD. If the person reestablished UIB eligibility within the same month, aid continues uninterrupted.

28.21.13 Referral and Verification Requirements

The client must disclose all persons with a wage history so that the EW can enter in the Data Collection subsystem of CalWIN. The EW must refer all apparently eligible persons to EDD to apply for UIB:

- At time of application, and/or
- When changes in circumstances occur that could make them potentially eligible, e.g., they have new earnings which might qualify them for UIB.

The client must provide verification of application for UIB or denial of UIB benefits within 30 days from the date he/she is notified of the requirement.



Note:

The EW must tickler the case for the 30 day period.

The EW must anticipate UIB based on the information supplied by the client as well as other available information until actual verification is received.

[Refer to Common-Place Handbook, “Unemployment Insurance Benefits (UIB),” page 7-1, for various processes and methods of verifying UIB income and benefit amount charts.]

28.21.14 Treatment of UIB Income

UIB is nonexempt unearned income. However, lump sum payments received for a retroactive period should be treated as property in the month received and the subsequent months.

Net income from UIB is the gross amount received less the required expense deductions related to the receipt of the income. “Required expenses” related to receipt of the income include:

- Required Income Tax deductions
- Mandatory Medi-Care deduction
- Attorney fees deductions that are required to receive the income
- UIB withheld to adjust a previous UIB overpayment.



Note:

Deductions for required income tax payments on the income are not considered as part of the net income regardless of whether the individual has the “option” to have the taxes deducted directly from the income.

Deductions resulting from other personal debts and garnishments must be included in the net income amount, as these are not considered required expenses related to the receipt of the income.

Court ordered child support is NOT an allowable deduction from the UIB award amount.

28.21.15 UIB Intercept

Various government agencies can request to have UIB benefits intercepted before the client receives the UIB in order to satisfy outstanding debts such as court ordered child support, traffic tickets, CalWORKs overpayments, etc.

If the UIB is intercepted for an allowable deduction, the intercepted amount is deducted from the total benefit and the remainder counted as income to the case.



Example:

The client is eligible for a monthly benefit of \$150 biweekly; however, \$25 is intercepted from each biweekly check to collect for a previous UIB overpayment. Only the \$125 which the client actually receives is counted as income to the CalWORKs case.

If the intercept is for a nonallowable reason, the full amount of the benefit is counted as income to the CalWORKs.

**Example:**

The client is eligible for a biweekly benefit of \$200; however, \$30 is intercepted from each biweekly payment for a CalWORKs overpayment. The full amount of the benefit or \$200 is counted as income to CalWORKs.

28.22 Veterans Benefits

A veteran is defined as an individual who has been a member of a military, naval or air service during wartime; or died while in the military; or has a service connected disability; and has been discharged or separated from active duty.

An individual is not eligible for Veterans' Benefits if he/she is currently on active duty.

28.22.1 County Veterans Service Office (CVSO)

The County Veterans Service Office (CVSO) provides information and assistance for filing with the Veterans Administration claims for compensation, hospitalization, pensions, and other benefits which may be available to applicants or recipients for public assistance.

28.22.2 Referral

The EW must use the "Veterans Benefits Verification and Referral Form" (CW 5) for all referrals to the County Veterans Service Office (CVSO). Complete the CW 5 in accordance with the procedure outlined in this section, when the possibility of Veterans Benefits exists.

28.22.3 Veteran's Dependents

The following persons are considered to be a veteran's dependents:

- The spouse of the veteran if:
 - Currently married or separated but not divorced.
 - Divorced but not remarried.
 - Legally married at the time of veteran's death.

- Divorced from veteran and any subsequent marriage(s) were terminated prior to the veteran's death.
- The parents of the veteran.
- Any natural or legally adopted child(ren) or stepchild(ren).

28.22.4 Required Referral

In the following situations the EW must e-mail the “Veterans Benefits Verification and Referral Form” (CW 5) to the CVSO:

- At Intake, if the client indicates a connection with the military or potential veteran's benefits.
- At redetermination, if the client reports new information or a change in status which indicates possible eligibility for veteran's benefits.
- Any other time that additional information indicates possible veterans benefits.

28.22.5 Referral NOT Required

A referral is not appropriate in the following circumstances:

- The person is on active duty in the Armed Forces, or if his/her only service was in the Merchant Marine or National Guard.
- The divorced spouse does not have the veteran's legal dependent in his/her custody.
- The Social Security Number and date of birth, Serial Number or Veterans Administration Claim Number is not available.
- There is no legal relationship between the claimant and the veteran, and it has been determined that paternity cannot be established.



Note:

California is not a “common-law” state. An alleged wife must produce a marriage certificate to support her claim. An alleged widow who does not have a marriage certificate must provide evidence that a marriage was established in a “common-law” state.

An illegitimate child can be recognized as a dependent or surviving child of a veteran only if the veteran acknowledged paternity in writing or if paternity was established by a court order. In the case of a deceased veteran, paternity can be established by secondary evidence. A referral to CVSO for assistance in developing secondary evidence should be completed.

- The Veteran's Information (Section 1) of the CW 5 cannot be completed.

28.22.6 EW Responsibility

The EW must take the following steps:

STEP	ACTION	
1.	Review with the client the question on the SAWS 2 Plus that indicates a military connection or potential veteran's benefits.	
2.	Advise the applicant/recipient that exploration of potential income sources is a condition of eligibility.	
3.	Complete the CW 5. Specific instructions for completing the CW 5 are on the back of the form (disregard the "Distribution and Filing of the CW 5" portion of the instructions).	
4.	Scan a copy of the CW 5 for e-mailing and also save to IDM.	
5.	E-mail the completed CW 5 directly to the CVSO at VETS@VETS.SCCGOV.ORG and include "CW 5 " in the "Subject" line.	
6.	When a referral is deemed inappropriate, document the reason on the Maintain Case Comments window in CalWIN and scan the CW 5 into IDM.	
7.	Tickler the case for a 30-day follow-up. If a response has not been received from the CVSO, call CVSO at (408) 553-6000 to request the status of the referral.	
8.	Take appropriate action when the CW 5 is returned by the CVSO and have the CW 5 scanned into IDM.	
	IF...	THEN...
	The CW 5 is returned by CVSO indicating a claim has been initiated,	The EW must tickler the case for a 90 day follow-up.
	If at the end of 90 days, a response has not been received indicating the disposition of the claim,	The EW must: Contact the CVSO to determine what, if any, communication has been received from the Veterans Administration regarding the claim, or If CVSO has no information regarding the claim, contact the recipient to determine if they have received a determination from the Veterans Administration. If neither CVSO or the recipient has received any information regarding the claim, the EW must tickler the case for follow-up again in 30 days
9.	Repeat step 9 as often as necessary until a decision has been received.	
10.	Once the decision on the claim has been received and verified by viewing the completed CW 5, document on the Maintain Case Comment window of CalWIN and take appropriate action.	

28.22.7 Treatment of Veterans' Benefits

Veterans' Benefits are social insurance payments. [Refer to “Loans and Grants [EAS 44-111.43],” page 27-7], [Refer to “Veterans Educational, Vocation and Rehabilitation Income,” page 27-13], for information concerning the treatment of Veteran's Educational Benefits.]

Retroactive payments are unearned lump sum income and should be treated as property. [Refer to “Loans and Grants [EAS 44-111.43],” page 27-7], [Refer to “Other Grants and Loans [EAS 44-111.436, 44-111.437],” page 27-15], and [Refer to “Compensation for Converted Property [EAS 44-105],” page 27-1].]

28.23 Student Income

28.23.1 Scholarships or Achievement Awards

Scholarships and achievement awards based on merit, and not need, are not exempt and are treated as unearned income, if recurring, or as a lump sum payment, if nonrecurring, after allowable educational expenses are deducted. [Refer to “EW Action,” page 28-27] for the calculation.]



Reminder:

Any award or scholarship provided by a public or private entity to, or on behalf of, a dependent child is exempt from consideration as income in the CalWORKs program.

28.23.2 Non-Exempt Financial Aid

Non-federal financial aid payments are not exempt from consideration in the CalWORKs budget. Only the verifiable amount of educational income used towards educational expenses may be excluded from the CalWORKs budget. The following are types are examples of nonexempt non-federal financial aid:

- Grants from charitable organizations
- Private scholarship
- Non-federally subsidized loans awarded on merit rather than need.

Treatment of Income

Verification of the educational expenses, for the academic term, must be provided in order to exempt the portion of the income used for educational expenses. The nonexempt portion of the non-federal financial aid payment is treated as a lump sum (i.e. property) when the payment is nonrecurring. If the payment is recurring, then the non-federal financial aid payment is considered unearned income in the CalWORKs budget.

**Example:**

A client is awarded a \$1,000 nonexempt grant. The educational expenses are \$600 and the remaining \$400 will be used for living expenses. The client chooses to use the nonexempt grant to cover educational expenses. The \$600 used for educational expenses is considered exempt and will not be counted towards the budget. The remaining \$400 will be counted as a lump sum if the non-exempt grant is nonrecurring. If the non-exempt grant is recurring, then the \$400 is counted as unearned income.

Failure To Provide

When a client fails to provide verification of educational expenses, or it is determined that the financial aid income has been used to meet needs not associated with school attendance costs, the total amount of the income is counted as a lump sum (i.e. property) when nonrecurring or as unearned income when recurring. Any remaining portion of the financial aid shall be considered a resource in the following month.

Welfare To Work (WTW)

WTW participants may have educational expenses paid for by WTW supportive services when in receipt of non-exempt financial aid. The request is documented on the “Student Financial Aid Statement Welfare to Work Supportive Services” (WTW 8). The portion of the non-exempt financial aid not used towards educational expenses is considered in the benefit determination. Verification of educational expenses must be provided in order to exempt the portion of the income used towards educational expenses.

**Example:**

A client is awarded a non-federal subsidized loan of \$1,000. The educational expenses are \$800. \$300 of the educational expenses are covered by supportive services. The client uses \$500 of the non-exempt loan to pay the remaining educational expense. The last \$500 is counted as a lump sum if the non-exempt loan is nonrecurring or counted as unearned income if the non-exempt loan is recurring.

**Example:**

A client is awarded a \$1000 nonexempt grant. The educational expenses are \$600 and the client chooses to use supportive services to cover educational expenses. Unless the client uses the nonexempt grant to cover other educational expenses, the \$1000 is counted as a lump sum if the nonexempt grant is nonrecurring or as unearned income if the nonexempt grant is recurring.

**Example:**

A client is awarded a \$1000 nonexempt scholarship. The educational expenses are \$600 and the remaining \$400 will be used for living expenses. The client chooses to use the nonexempt scholarship to cover educational expenses instead of having the county pay for those educational expenses which can be covered as supportive services. The \$600 will not be used towards the CalWORKs budget. The remaining \$400 will be counted as a lump sum if the nonexempt scholarship is nonrecurring or counted as unearned income if the nonexempt scholarship is recurring.

28.23.3 EW Action

Clients must provide verification of the type and amount of educational income received. When the educational income is not exempt, EWs must do the following:

STEP	ACTION
1.	Determine the total amount of nonexempt grant received.
2.	Determine the amount used by the client to meet educational expenses. The student must provide documentation and/or verification of these costs in order to be allowed. Subtract this amount from the total amount in Step 1.
3.	Use this "net" amount as unearned income and/or property in the client's CalWORKs budget.

**Reminder:**

When a client receives a fully exempt grant as well as a nonexempt grant, the educational expenses are deducted from the nonexempt grant. The expenses are not deducted from the exempt grant.

