

## Financial Eligibility for Child Care Services

To determine the financial eligibility of applicants for or recipients of child care, it is necessary to:

1. Determine the size of the family.
2. Determine the amount of and source of monthly gross income received by all member of the family and calculate the monthly gross income for the family.
3. Determine if the monthly gross income of the applicant's family falls below the maximum allowable income by comparing the family's monthly gross income to the amount listed in the chart contained in Appendix A as appropriate for the family size. Families whose income falls at or below the appropriate level are eligible.

The R&R worker will use the following general procedures and guideline to calculate family size, verify monthly gross income, and determine types of income to count or exclude to establish eligibility for child care. See Appendix A for income eligibility guidelines.

**4.1.0. Family Size** – A family is defined as one or more adults and children, if any, related by blood or law and residing in the same household (See Chapter 1, Definitions Section), with the following exceptions and interpretations:

**4.1.1.** Adults other than spouses are considered separate families even if related in some manner other than as husband or wife. (In FACTS, these individuals are listed as Non-participating adults).

**4.1.2.** Although three generations of a family may live in one household, they shall be considered as separate families, even if the person representing the middle generation is under 18 years of age. The grandparents will not be counted as members of the same family with the parent and child. (Grandparents are listed as Non-Participating Adults in FACTS).

**4.1.3.** An adult child (age 18 or older) residing with his/her parents is not a member of his/her parents' family. (This person is listed as a Non-participating Adult in FACTS).

**4.1.4.** The head of household may be a natural parent, step parent, or an individual acting in loco parentis, such as a relative or non-relative who has been granted custody or guardianship by a court of law or who has assumed full physical custody and responsibility for a child, with or without legal custody.

**4.1.5.** Children legally adopted are treated the same as natural children.

**4.1.6.** In situations where adults, who are not spouses, reside together, any children in the household will be considered part of the family of the parent(s).

**Example:** Mr. and Mrs. X and their two children live in a household with Mrs. X's sister (Y) and her one child. Mr. and Mrs. X and their two children constitute one family while Mrs. Y and her child constitute a second family.

**4.1.7.** Although West Virginia does not recognize common law marriage, a man and woman living together as man and wife will be considered members of the same family if they are both biological parents of a child or children living in the household. However, if a man and a woman reside together and each have a child of their own and share no children in common, they are two separate families and entered into FACTS as such.

**4.1.8.** A family member who is away from the family residence for reasons of employment, education, training, shared custody or military deployment and who returns regularly, or is expected to return, shall be considered as a member of the household. See examples:

**4.1.8.1.** Mr. and Mrs. A reside in Sutton with their two children. Mr. A is employed in New York City and maintains an apartment there, but returns home on the average of once a month. Mr. A would be considered a member of the same household as his wife and children and the family would consist of Mr. A, Mrs. A and the two children.

**4.1.8.2.** Sally and Jeff are the children of Mr. X and Mrs. X, who are divorced. Sally and Jeff live in New York with Mr. X during the week and with Mrs. X on the weekends and for two weeks in the summer. Mrs. X receives child care services for her youngest child Ann, but does not work weekends and does not need child care for Sally and Jeff. However, since they return regularly to the household, Sally and Jeff are considered members of the household for purposes of calculating family size. Mrs. X's family size is 4, consisting of Mrs.X, her child Ann, and Sally and Jeff.

**4.2.0. Monthly Gross Income** – Monthly gross income is the total amount of money, prior to deductions, received or earned monthly by the members of the family. Income received on other than a monthly basis must be converted to a monthly income.

**4.2.1. Employment Income Considered in Determining Eligibility** – The following sources are considered countable income when determining eligibility: Money, wages

or salary – total money earnings received for work performed as an employee including wages, salary, commissions, tips, piece rate payment and cash bonuses. The amount considered as income is earnings before deductions are made for taxes, bonds, pensions, union dues or any similar type of deductions.

**4.2.2. Non-farm Self Employment Income considered** – Net income from non-farm self employment: gross receipts minus allowable expenses. Gross receipts include the value of all goods sold and services rendered.

**4.2.2.1. Methods of Verification**

- A. Self Employed clients with prior established self employment and those who have successfully passed their Launch and Grace Periods must turn in tax records to the R&R by April 30 of each year to verify that the business is producing taxable income at the time of assistance.
- B. Self Employed clients will be given the Self Employment Ledger form (ECE-CC-1C) to track Income and Expenses.
- C. Clients who choose not to use the ECE-CC-1C Form may substitute:
  - 1) Business records from an outside accountantOr
  - 2) Ledger Books or other bookkeeping records, such as Quicken Software reports
- D. The R&R reserves the right to request additional documentation, such as receipts or invoices as needed to verify income and expenses.
- E. The gross income from self employment business activity shall be used to determine eligibility and amount of assistance if the information submitted by the parent is not sufficient to adequately determine net profit.

**4.2.2.2. Allowable Expenses: (See Appendix D for Tax Information)**

- A. Cost of goods purchased
- B. Rent, heat, light, power on the income producing property
- C. Cost of Supplies
- D. Wages and salaries paid to employees other than the business owner/parent of child

- E. Business taxes and/or licenses
- F. Advertising goods or services
- G. Interest (not payments) on the principal of the purchase price of income producing property
- H. Real estate taxes paid on the income producing property

**4.2.2.3.** The following are not allowable expenses:

- A. Money set aside for pensions and profit sharing plans
- B. Federal, State, and local income taxes
- C. Depreciation and Depletion
- D. Net losses from previous years
- E. Mileage Rate on vehicles and other travel costs
- F. Premiums paid for health/medical insurance
- G. Payments on the principal of the purchase price of income producing real estate and capital assets, equipment, machinery, and other durable goods
- H. Entertainment and meals
- I. If the family uses its residence in a self employment enterprise, the utility costs, rent or interest on the mortgage of the residence will not be allowed unless they can be shown as separate from the household's normal usage.

**4.2.3. Income from farm self-employment** – gross receipts minus operating expenses from the operation of a farm by a person on his own account as an owner, renter or share cropper. Gross receipts include the value of all products sold, government crop loans, money received from rental of all farm equipment and incidental receipts from the sale of other goods. Operating expenses include expenses directly relating to the operation of the farm such as cost of feed, fertilizer, seed and other farming supplies, cash or wages paid to farm hands, rent, and interest on farm mortgages and farm taxes.

**4.2.4. Countable Unearned Income**

**4.2.4.1.** Social Security – any regular social security benefits after deductions for medical insurance.

**4.2.4.2.** Dividends, interest on saving or bonds, income from Estates or Trusts, rental income or royalties.

**4.2.4.3.** Public assistance payments including TANF, such as Relative Caretaker pay, and SSI.

**4.2.4.4.** Pensions and annuities.

**4.2.4.5.** Unemployment compensation.

**4.2.4.6.** Workers compensation.

**4.2.4.7.** Alimony. If less than ordered by the court, count only the amount received. Amounts received above the court-ordered amount are also considered income. Other court ordered forms of Spousal Support, i.e. cash received for house/rent payments, child care expenses, grocery bill, shall be counted as income.

**4.2.4.8.** Child Support. Other court ordered forms of Child Support, i.e. cash received for house/rent payments, child care expenses, grocery bill, shall be counted as income

**4.2.4.9.** Veteran's benefits including G.I. Bill.

**4.2.4.10.** Income, living allowance or stipend received as a result of participation in AmeriCorps or Vista.

**4.2.4.11.** Payments received from participation in a vocational rehabilitation program.

**4.2.4.12.** Any other monies received on a regular basis from any source, except for those listed under 4.2.5., excluding money received to purchase required school books or supplies, or pay tuition.

**4.2.5. Income Not Considered in Determining Eligibility** – the following sources of income should be excluded (not counted) in computing the amount of a family's monthly gross income:

**4.2.5.1.** Money received from the sale of property such as stocks, bonds, real estate or automobiles, except money received from the sale of property is counted as income if the person is self-employed or otherwise engaged in the business of selling property. For example, an individual who sub-divides a plot of land and is selling lots for residential or business purposes is considered self-employed as a real estate developer. An individual who consistently offers one

or more automobiles for sale is self-employed in the business of automobile sales.

**4.2.5.2.** Withdrawals of bank deposits.

**4.2.5.3.** Loans or other money borrowed.

**4.2.5.4.** Tax refunds.

**4.2.5.5.** Monetary Gifts received on an infrequent basis, such as those received on birthdays or holidays.

**4.2.5.6.** Lump sum inheritances or insurance payments.

**4.2.5.7.** Bonus value of food stamps.

**4.2.5.8.** Capital gains.

**4.2.5.9.** Value of USDA donated foods.

**4.2.5.10.** Payment received under the Uniform Relocation Assistance and Real Properties Acquisition Policy Act of 1970.

**4.2.5.11.** Earnings from employment or self-employment of a child under 18 years of age. However, if the child is a primary recipient of child care or the spouse of the recipient of child care, his/her earned income will not be excluded from the calculation of family monthly gross income.

**4.2.5.12.** Grants, scholarships, or work study.

**4.2.5.13.** Federal insurance undergraduate loans and grants.

**4.2.5.14.** Home produce used for household consumption.

**4.2.5.15.** Other assets such as real estate, bank accounts, stocks, and bonds.

**4.2.5.16.** Earnings or boarding care payments received by approved foster families.

**4.2.5.17.** Amounts received through adoption subsidy program.

**4.2.5.18.** Lump sum severance pay.

**4.2.5.19.** Monies received for participation in WIA activities.

**4.3.0. Conversion of Income to Monthly Amounts** – Conversion of income amounts to monthly gross income is computed in the following manner:

**4.3.1.** FACTS automatically converts income received on a regular basis, but more frequently than once a month, to a monthly amount by:

- A. Multiplying average weekly amounts by 4.3,
- B. Multiplying average bi-weekly amounts by 2.15, or
- C. Multiplying average amounts received or paid twice monthly by 2

**4.3.2.** The R&R worker shall convert irregular income, or income amounts that vary from pay day to pay day, to monthly amounts by:

**4.3.2.1.** Prorating income received less often than once a month by dividing the amount by the number of months it is intended to cover. Individuals who, by contract or self-employment, derive their total annual income in a period of time shorter than one year shall have that income averaged over a 12-month period. These individuals may include school employees, farmers or other self-employed persons. This would apply to both unearned income, which is intended to meet future needs, as well as income from work performed in the past.

**OR**

**4.3.2.2.** Averaging the amount of the irregular income received in the past to arrive at a monthly amount which can be anticipated in the future. The worker will generally average the monthly gross income received in the previous three months. However, if an applicant/recipient experiences or has experienced a recent substantial decrease or increase in his/her regular income, the worker will take this into consideration to estimate the income the applicant/recipient can reasonably expect to receive in the future.

**OR**

**4.3.2.3.** Totaling income that varies seasonally throughout a year, then dividing by 12 to obtain an expected average monthly income. The worker should take into consideration any change in the rate of payment that has taken place when calculating the average.

**OR**

**4.3.2.4.** In situations where an applicant or member of the family has recently experienced a temporary disruption of income due to a strike, job loss, cut back in number of hours to be worked or other factors, the R&R worker shall consider as income that amount that the client can reasonably anticipate to receive during the next month. Monthly reporting by the client of income received should be requested until the temporary disruption ended.

**4.4.0. Sources of Documentation/Verification** – The methods acceptable for verifying most eligibility criteria can be found in the following chart. The working applicant/recipient must receive a non-subsidized wage or salary, either from and employer or through self-employment, to meet the definition of working (see Chapter 1, Definition of Program Terms). In situations where a non-working applicant/recipient (attends school or training) has no income from any source, the client’s statement to this fact will be accepted unless the CCR&R worker has reason to believe the statement is not truthful.

<b>Item To Be Verified</b>	<b>Method of Verification</b>
INCOME a. wages b. salary	Check stubs ECE-CC-1B until the first regular pay period; then must verify through check stub. Tax records
Profit from self-employment	Income tax records ECE-CC-1C Client business records
Social Security and SSI	Check or Award letter
Unemployment Compensation	Check or Award letter
Worker’s Compensation	Check or Award letter
Alimony and Child Support	Check or Money Order Signed statement of payer Court Order Statement from Child Support Office
Veteran’s Pensions	Check or Award letter
Pensions	Check or Award letter
Dividends, Interest or Other Income	Statements or Notifications from Bank or Financial Institution
Net Income from rental property	Income tax records Applicant’s records
Net Income from Boarders	Income tax records Applicant’s records
Receipt of Income Maintenance – TANF	WV Works