

There is no 3rd-party, independent verification available for the amount of Ms. Doubtfire's tips. However, she does state that she receives tips, so income from the tips cannot be disregarded. The only way to verify the amount of tips is to accept her statement as to the amount.

There is no other source of verification available, so the Worker must accept her statement. The Worker must record that the employer confirmed that the tips shown on the pay stubs do not necessarily reflect the amount she actually receives, that this is the best information that can be provided to verify the situation and that the client's statement is accepted as verification.

B. INCOME DISREGARDS AND DEDUCTIONS

The following disregards and deductions are applied to income.

1. Earned Income

If new employment is not reported, without good cause, within 10 days of the date an AG member or disqualified person begins the employment, the earned income disregards and deductions are not applied to any month's income for which earnings were not reported. These same disregards and deductions are not applied to any earnings received during the time the employment is unreported. In addition, when new employment is not reported, as required by the PRC, the appropriate sanction is applied. See Chapter 13.

a. Earned Income Disregard

The gross earned income of all Income Group members is reduced by 40%. The remaining amount is the countable earned income.

b. Dependent Care Deduction

When the employed AG member or disqualified person must pay for dependent child or incapacitated adult care to accept or continue employment or training, a deduction from income must be allowed. The amount must be allowed, as paid, up to the maximum amounts shown below. The maximum amounts are based on the age of the dependent and are the maximum allowed for each dependent. The dependent need not be receiving WV WORKS for the deduction to apply.

Income

AGE OF DEPENDENT	MAXIMUM MONTHLY DEDUCTION
Under Age 2	\$200
Age 2 or Over	\$175

Only payments made from the person's own funds are deductible. Clients with these expenses must be offered a referral to the **Division of Children and Adult Services** for help in meeting these expenses. However, there is no penalty for failure to accept these services.

2. Unearned Income

The only unearned income disregard or deduction is the first \$50 of redirected child support.

Special consideration must be given to applicants as follows.

If the client is receiving child support payments at the time of application, and the application is approved, it may not be possible or practical for him to redirect the support payment received during the effective month of approval. It is also possible that the child support, which has already been redirected to BCSE, has been released to the client. In these situations, the first \$50 is disregarded and the remainder is counted as income.

The client is not considered out of compliance with the redirection requirement if he fails to redirect when:

- The child support payment is received during the effective month of approval of the application. The Worker considers the unredirected child support payment in excess of \$50 as income only in the month of application
- It is the initial child support payment that is received by a recipient. The overpayment is recovered through the BCSE repayment process and the child support payment is not counted as income.

All child support must be redirected, unless only a DCA payment is received.

7. Educational Income

All educational income, including loans for education, is excluded, regardless of the source. **Educational expenses may include, but are not limited to, tuition, books, lab fees, living expenses, and other expenses necessary to attend an educational program.**

8. Deeming

a. Ongoing Income

The ongoing income of a disqualified individual(s), who would otherwise be required to be included in the AG, is counted in its entirety. The same exclusions, disregards and deductions he would normally receive are applied. However, the disqualified individual is not included in the AG and is not considered in determining eligibility or benefit level. He is subject to the same reporting requirements applicable to the AG.

b. Lump Sum Payment

When a disqualified individual(s), who would otherwise be required to be included in the AG, receives a lump sum payment, it is counted as if he were in the AG. However, he is not included in the number of eligibles when determining the appropriate FPL to use for prorating the lump sum payment.

9. Strikers

When an individual, who must be included, or who would otherwise be required to be included in the WV WORKS AG, is a striker, the entire AG is ineligible for WV WORKS. See Section 10.4,D,9 for the definition of a striker.

10. Irregular Income

Regardless of the source, irregular income is excluded because it cannot be anticipated.

11. Lump Sum Payments

The lump sum payment policy applies to applicants, when the lump sum is received in the month of application, and to all recipients. This includes lump sum payments received by a disqualified person(s) who would otherwise be required to be included in the AG. See item 8,b above. Because the client is expected to use the lump sum for general living expenses, a period of ineligibility must be calculated.

The **DFA-RR-1** notifies all applicants, recipients and disqualified persons, who would otherwise be required to be included in the AG, of the lump sum payment policy. However, the Worker must also advise the client of the lump sum payment policy when the client notifies the Worker of receipt, or the possibility of receipt, of a lump sum payment.

NOTE: Assets converted from one form to another are not counted as lump sum payments. See Chapter 11.

The number of months in the period of ineligibility is determined by dividing the lump sum amount by the 100% FPL for the AG size. See item 8 above for deeming a lump sum payment from a disqualified person(s).

For any partial month remaining after the division, the amount of the lump sum payment which remains is counted as income. The number of months the case is ineligible, because of the receipt of the lump sum payment, and the amount of income counted for any remaining partial month, is determined as follows.

a. Determining Countable Amount

The total amount of the lump sum payment is counted, except for the amount used as described below. The following portions of a lump sum payment are not counted.

- Lump sum payments that are earmarked and used for the purpose for which they are intended (e.g., monies for back medical bills resulting from injury, or funeral and burial costs) are deducted. In addition, lump sum payments that are intended and used for replacement or repair of an asset (e.g., monies to replace a defective automobile) are deducted.
- Any of the lump sum funds, obligated and used for legal fees as a result of the efforts of the attorney to obtain the lump sum payment, are deducted.

EXAMPLE: A client's home is destroyed by fire. He receives an insurance settlement of \$16,500. With \$10,000 of this settlement, he purchases a mobile home. Only \$6,500 is counted as a lump sum payment.

this way refers to the loss of the money itself or checks, bonds, etc., when payment cannot be stopped, not the taking of goods purchased with it. Moving to another place of residence, with the family relationship still intact, is not sufficient to justify shortening the period of ineligibility.

There must be abandonment of the other AG members. If one or both of the parents left with the lump sum, the definition of absence used for AFDC Medicaid must be met. See Section 15.2,C.

When the AG member or other individual who left with all or part of the lump sum returns to the home, the period of ineligibility resumes the month he returns and continues until the month the original period of ineligibility was due to expire.

- The lump sum payment has been or will be expended, totally or in part, to meet a life-threatening situation. To meet this criterion for shortening the period of ineligibility, it must be shown that the funds in question were used or will be used to avert a life-and-death situation for a AG member or a situation which is seriously detrimental to the health of a AG member.

NOTE: For cases involving life-threatening situations, the **DFA** Policy Unit must be contacted in writing. The memorandum must fully explain the situation and include: how the money was or will be spent, the date spent or to be spent and the nature of the life-threatening situation. The final decision is made by the DFA Policy Unit. Examples of situations which have been approved are: purchase of a refrigerator to store a baby's milk, medical needs, purchase of vehicles for regular ongoing visits to medical facilities. If the Worker has any doubt about referring a case to the **DFA** Policy Unit, he must make the referral.

(2) Procedures

The period of ineligibility is shortened as follows:

- Step 1: Determine the original amount of the lump sum payment.
- Step 2: Subtract the amount unavailable due to circumstances beyond the control of the AG.

Step 3: Prorate the remainder, using the original first month of the ineligibility period as the new first month of ineligibility, using the same monthly income, if any, and the same 100% FPL used in the original proration.

If the family becomes eligible as a result of the recomputations, it is treated like any other applicant. The date of application is the date contact is made about the recomputation. Benefits are prorated from the date eligibility is established. Retroactive or corrective payment is not made for any period between the time the lump sum became unavailable and the date eligibility is reestablished.

It is the unavailability of the lump sum payment amount itself that is explored, not the loss of goods purchased with the lump sum.

EXAMPLE: A WV WORKS family of 5 receives a lump sum payment of \$3,500 in August. The lump sum payment was retroactive RSDI benefits received due to the father's disability. The family was found ineligible for two months, with \$54 counted as income in the third month. Late in August, the father abandons the family, taking all of the lump sum payment with him. The current AG, therefore, has none of the lump sum available to them and the circumstances are beyond the family's control. There is, therefore, no period of ineligibility.

EXAMPLE: Same as above except that the father returns to the home on September 20th. The family becomes ineligible for September and \$54 is counted as income in October. Repayment is not sought for August when the father was out of the home.

EXAMPLE: A WV WORKS family of 4 receives a lump sum payment in April. It is determined that they are ineligible for 6 months. In June, they report to the local office that they used most of the lump sum amount to pay back money owed to the wife's parents who made trailer payments for them for several months so they would not lose the trailer. Since the use of the money was under the control of the AG, the period of ineligibility is not shortened.