10.24 WV WORKS

This Section contains specific instructions for determining countable income and the benefit level for WV WORKS.

A. BUDGETING METHOD

Eligibility is determined and benefits are issued on a monthly basis. Therefore, it is necessary to determine a monthly amount of income to count for the eligibility period. The following information applies to earned and unearned income.

For all cases, the Worker must determine the amount of income that can be reasonably anticipated for the AG. For all cases, income is projected*; past income is used only when it reflects the income the client reasonably expects to receive.

***NOTE:** There is one exception to this. It is found below in item 5.

1. Methods For Reasonably Anticipating Income

There are 2 methods for reasonably anticipating the income the client expects to receive. One method uses past income and the other method uses future income. Both methods may be used for the same AG for the same certification period because the method used varies with the circumstances of each source of income. The situations which prompt usage of one or the other method are listed below. More details are contained in the follow items.

Use past income only when both of the following conditions exist for a source of income:

- Income from the source is expected to continue into the certification period; and
- The amount of income from the same source is expected to be more or less the same.

NOTE: For these purposes, the same source of earned income means income from the same employer, not just the continued receipt of earned income.

Use future income when either of the following conditions exist for a source of income:

- Income from a new source is expected to be received in the certification period; or
- The rate of pay or the number of hours worked for an old source is expected to change during the certification period.

NOTE: For these purposes, a new source of earned income means income from a different employer. Income that normally fluctuates does not require use of future income. Future income is used for old sources only when the hourly, weekly, monthly, etc. rate of pay changes or the number of hours worked during a pay period increases or decreases permanently.

EXAMPLE: The T family members have the following income: Mr. T has earnings that fluctuate greatly from week to week. He expects no change in his earnings. Mrs. T was earning a substantial monthly salary, but was laid off last week. She will begin work next week at a job that pays $5.15/hr. She does not know how many hours she will work, but her employer has told her she will work a minimum of 20 hrs/wk. Mr. T's income is anticipated by using his past income as an indication of what he can expect to receive in the certification period. Mrs. T's income from an old source cannot be used because it will not be received in the upcoming certification period. Instead, the Worker must anticipate what her future earnings will be based on the best information available at the time. Mr. T's source of income meets the requirements for using past income to anticipate the future income, but Mrs. T's source is new and must be projected.

2. Consideration Of Past Income

It is necessary to consider information about the client's income sources before the Worker can decide which income to use. The Worker must follow the steps below for each old income source.

NOTE: For the use of year-to-date amounts on pay stubs. See Section 4.2,B.

Step 1: Determine the amount of income received by all persons in the Income Group in the 30 calendar days prior to the application/redetermination date.

The appropriate time period is determined by counting back 30 days beginning with the calendar day prior to the date of application/redetermination. The income from this 30-day period is the minimum amount of income which must be considered. When, in the Worker's judgment, future income may be more reasonably anticipated by considering the income from a longer period of time, the Worker considers income for the time period he determines to be reasonable. Whether the Worker considers income from the prior 30 days, or from a longer period of time, all of the income received from that source during that time period must be considered. All pay periods during the appropriate time period must be considered and must be consecutive.

When the client applies or is redetermined on the day income has or will be received, income received on that date is also considered along with the income from at least the prior 30 days from the same source.

When the client applies on one day, but the application/redetermination interview is conducted later, all income received between the date of application and the date of the interview is considered along with the income from at least the 30 days prior to the date of application from the same source.

EXAMPLE: Application/interview date = June 1st
Paid weekly on Fridays
Last pay = May 28th
Pays in last 30 days = May 28th
May 21st
May 14th
May 7th

EXAMPLE: Application/interview date = December 6th **
Paid weekly on Mondays
Last pay = December 6th **
Pays in last 30 days = November 29th
November 22nd
November 15th
November 8th

** Because he was paid on the date of application, the December 6th pay must also be considered.

EXAMPLE: Application date = October 8th **
Interview date = October 20th **
Paid weekly on Fridays
Last pay at application = October 8th **
Last pay at interview = October 15th **

Pays in last 30 days (prior to application) = October 1st
September 24th
September 17th
September 10th

** Because he was paid on the date of application, the October 8th Pay must also be considered. In addition, between the date of application and the date of the interview, he was paid on October 15th. This pay must also be considered.

Step 2: Determine if the income from the previous 30 days is reasonably expected to continue into the new certification period.

If it is not expected to continue, the income from this source is no longer considered for use in the new certification period.

If it is expected to continue, determine if the amount is reasonably expected to be more or less the same. If so, the income source is used for the new certification period and treated according to item 4 below. If it is not expected to continue at more or less the same amount, the income source is used for the new certification period and treated according to item 3 below.

Step 3: Record the results of Step 2, including the amount of income, why the source is or is not being considered for the new certification period, the client's statement about continuation of the income from this source, the time period used, and, if more than the previous 30 days, the reason additional income was considered.

Once the Worker has determined all of the old sources of income to consider and the time period for which they are considered, he must then determine if any source should be considered for future income.

3. Consideration Of Future Income

When the client reasonably expects to receive income from a new source during the new certification period, or when the amount of income from an old source is expected to change, the Worker must consider the income which can be reasonably expected to be received.

NOTE: When the amount of income or the date of receipt cannot be reasonably anticipated, income from that source is not considered until the necessary information can be obtained. See Step 2 below.

Step 1: Determine if the Income Group expects to receive income from a new source, or expects a different amount from an old source, in the new certification period.

If not, none of the following steps are necessary. However, the Worker must record the client's statement that he does not expected income from a new source.

Step 2: Determine the amount of income the client can be reasonably expected to receive from the new source, or the new amount from the old source.

If the amount of income cannot be reasonably anticipated, none of the following steps are necessary and income from this source is not considered for the new certification period. The Worker must record the client's statement that he expects income from a new source or that the amount from an old source will change. In addition, the Worker must record why the amount of income cannot be reasonably anticipated and information about all the attempts made to determine the amount.

When it is possible to reasonably anticipate a range of income, the minimum amount that can be anticipated is used.

EXAMPLE: A client is scheduled to start work in February, the month following the month of application. He knows he will earn $5.15/hour, but is not sure how many hours he will work. The Worker verifies through the employer that he will work 30-40 hours/week. The Worker anticipates the income by using 30 hours, the minimum number of hours he is expected to work

Step 3: Determine when the client can be reasonably expected to receive income from the new source or the changed amount from the old source.

If the date of receipt cannot be reasonably anticipated, income from this source is not considered. The Worker must record the client's statement that he expects income from a new source or a change in the amount from an old source. In addition, the Worker must record why the date of receipt cannot be anticipated and information about attempts made to determine the date of receipt.

Step 4: When the amount and date of receipt can be anticipated, the Worker treats the income according to item 4 below.

The Worker must record how the amount and date of receipt were projected.

4. How To Use Past And Future Income

NOTE: When the amount of an anticipated income source is determined by use of an income tax return, it is not necessary to change the method by which that income source is anticipated at each quarterly redetermination prior to the next tax return, unless the anticipated income form that source for the upcoming certification period is expected to change.

Once the Worker determines all of the income sources which are to be considered for use, the amount of monthly income is determined as follows, based on the frequency of receipt and whether the amount is stable or fluctuates.

NOTE: Some past income will never be used. When income from an old source is not expected to continue into the new certification period, it will never be used. In addition, some future income will never be used. When income from a new source is received, but could not have been anticipated, that income is not used.

When the ***Frequency*** of Receipt is:	When the ***Amount*** is ***Stable***	When the ***Amount Fluctuates****
Monthly	Use ***Actual*** Monthly Amount	Use ***Average**** Monthly Amount
More Often than Monthly	***Convert*** Amount/period to Monthly Amount	Find ***Average**** Amount/period and ***Convert*** to Monthly Amount
Less Often than Monthly	***Prorate*** to Find Amount for Intended Period. If Not Monthly, ***Convert or Prorate*** Amount	***Prorate*** to Find Amount for Intended Period. If Not Monthly, ***Convert or Prorate*** Amount

***NOTE:** The purpose of finding an average amount of fluctuating income is to even out the highs and lows in the amount of income. The client is not , then, required to report fluctuating income each pay period and the Worker is not required to change income monthly. See Section 2.17,B for WV WORKS reporting requirements. Sometimes the client receives higher benefits than he would if actual income were used and sometimes he receives lower benefits. Therefore, when the Worker has averaged fluctuating income based on the best information available and the client's income does not match the monthly amount used by the Worker, there is no repayment when the client receives higher benefits and no supplemental issuance when the client receives lower benefits. Should the client report fluctuations in the amount of income, the Worker is only required to recalculate the countable income when, in his judgment, the fluctuation will significantly impact the coupon allotment. All changes reported by the client must be considered, but not necessarily used. Reported changes must be recorded and the Worker must record why the reported income was or was not used.

Conversion of income to a monthly amount is accomplished by multiplying an actual or average amount as follows:

- Weekly amount x 4.3
- Bi-weekly amount (every 2 weeks) x 2.15
- Semi-monthly (twice/month) x 2

Proration of income to determine a monthly amount is accomplished by dividing the amount received by the number of time periods it is intended to cover as follows:

- Bi-monthly amount (2 months) ÷ 2
- Quarterly amount (3 months) ÷ 3
- Semi-annual amount (twice/year) ÷ 6
- Annual amount ÷ 12
- 6-week amount ÷ 6 and converted to monthly amount by using x 4.3
- 8-week amount ÷ 8 and converted to monthly amount by using x 4.3

EXAMPLE: A woman begins working on the 2nd Monday of a month. She earns $200/wk and is paid every Friday. Her average weekly pay is $200. For the 1st month she has earnings, she expects to be paid 3 times. Her income for the month is $200 x 3 = $600. A change must be made for the anticipated income from the 2nd month of her employment.

EXAMPLE: Family of 4. The man works and earns a monthly salary of $300. His wife works part-time and is paid weekly. She earns $5.15/hr., but the number of hours she works fluctuates each week. His mother receives $150 every 3 months from the mineral rights to some property she owns out of state. His son just received a disability insurance check in the amount of $420 for the past 6 weeks. Income is determined as follows:

Monthly Pay, Amount Stable = $300 Salary = Monthly Amount

More Often, Amount Fluctuates = \$5.15/hr. x Average No. Hours/week x 4.3 Monthly Amount

Less Often = \$150 ÷ 3 Mos. = Monthly Amount

Less Often = \$420 ÷ 6 Wks. x 4.3 Wks. = Monthly Amount

5. Exception: Use of Actual Income

There is one exception to the rules in items 1 - 4 above. It applies to both applicants and recipients and requires use of actual income instead of conversion or proration of it.

a. Applicants

When an income source terminates in the month of application or in the 30 days prior to the date of application income from this source must not be converted to a monthly amount. Instead, the Worker must use the actual amount already received from the terminated source in the month of application plus the amount expected to be received from this source later in the month of application. This is the amount used as income for the month of application. Income from this source for the past 30 days or from the month of application must not be used to convert the terminated income to a monthly amount.

EXAMPLE: A client applies on September 10th. His job ended on August 31st. He was paid on that date, but still has another pay due him on September 15th. Because the income is from a terminated source, the income from this source cannot be converted. Instead, the amount already received in the month of application (\$0) plus the amount expected to be received on September 15th are used to determine his eligibility and benefit level for the month of application.

b. Recipients

When:

- A client reports the beginning or ending of a source of income; and

- The client is not expected to receive a full month's income, i.e., the appropriate number of payments within the month, income from this source must not be converted to a monthly amount.

Instead, the Worker must use the actual amount of income. If income from the source is ending, no income from the source is counted in future months. Income from this source for the past 30 days or from the current month must not be used to convert the terminated income to a monthly amount.

If the income from the source is beginning, the Worker must use income already received from the source plus the amount expected to be received from this source later in the month. This is the amount used as income for the month following the change. Income from this first month must not be used to convert the income to a monthly amount until the second month following the change.

6. Examples

The following are examples of methods to anticipate income, based on several different situations. The Worker must always base anticipated income on the individual situation, not solely on the information contained in the examples below.

EXAMPLE: An application is made on June 22nd. The client indicates that he is paid biweekly and he does not expect any change in his income. The Worker requests that the client provide information about pay received in the 30 days prior to June 22nd and uses this income to anticipate income for the certification period. The Worker records the client's statement about expecting no changes, as well as how the income was verified and the method used to convert the income to a monthly amount.

EXAMPLE: Same situation as previous example, except that the client indicates that his pay fluctuates each pay day and he expects this pattern to continue without any change in status, rate or source of income. After a discussion with the client, the Worker and client agree that 2 additional pay periods prior will provide enough information to reasonably anticipate income for the certification period. The Worker records the results of the discussion with the client, how the income was verified and the method used to convert the income to a monthly amount.

EXAMPLE: A redetermination interview is conducted on July 7th. The client indicates that he is paid weekly and his income fluctuates because his hours of work are unpredictable. He also states that beginning the following month, he will receive an increase in his hourly rate. The Worker requests that the client provide income for the 60 days prior to the redetermination date in order to anticipate the average number of hours the client works. He requests the information from the past 60 days because the Worker and the client agree that 60 days provides a good indication of the fluctuations in his income. The Worker uses the average number of hours the client works, based on the previous 60 days, but uses the new hourly pay rate to anticipate income for the new certification period. The Worker records the client's statement about fluctuating hours, the new pay rate, how the number of hours was verified and calculated, how the new hourly rate was verified, why income from the previous 60 days was requested, and how the anticipated amount was calculated.

EXAMPLE: An application is made July 8th. The client indicates that he just began a new job 2 weeks prior to making application. He is paid weekly and has received 2 pays. He indicates that his employer has told him that, although his hourly rate will not increase in the near future, he can expect an increase in his hours after his training period is finished in 2 weeks. However, the increase in hours is dependent upon how much work is available and the increased number of hours is unpredictable. The Worker requests all income which the client has received from the new job prior to the date of application. This actual amount of income from the new source is counted for July, the month of application. Since the number of increased hours cannot be anticipated, the minimum number of hours, i.e., the amount he has worked each week for the first 2 weeks, is used to anticipate income for the next 2 months of the 3-month certification period. The Worker records how the income was verified and determined for the month of application, how the income was calculated for the months following the month of application.

EXAMPLE: An application is made June 26th and the client indicates that he began a new job the week prior to application. He is going to be paid biweekly and has not received a pay yet. He states that he will work 35 hours per week and receive $12.75 per hour. The client does not expect any changes in hours or rate of pay. The Worker requests a statement from the client's employer for the number of hours and hourly rate of pay and anticipates income for the certification period as follows:

$12.75	hourly rate
x 70	hours for 2 weeks
$892.50	Anticipated biweekly pay
$892.50	
x 2.15	
$1918.88	Anticipated monthly pay

The Worker records the client's statement about no expected changes in income and his lack of pay to date as well as how the income was verified and calculated.

EXAMPLE: An application is made September 13th and the client states that he is self-employed. He grows and sells Christmas trees. Most of his income for the year from the sale of trees is earned during the months of November and December. In addition, he sells the leftover trees to the local city government to use for mulch. He receives some income each month from the leftover trees and the amount fluctuates during the year. He states that he anticipates that his earnings will be less from Christmas sales this year because many of his trees were damaged in a fire last spring. He estimates he lost at least half of the trees which he planned to sell this year. He is unable to determine at this time if his sale of trees to the city will be affected after Christmas, but currently his income from this source has not changed. The Worker requests that the client provide income received in the previous year from his sales to the city and his Christmas tree sale earnings for the previous season. Anticipated income is based on an average of monthly sales to the city and ½ of the previous year's Christmas tree sales. The Worker records the client's situation in detail, how past income was verified and the method used to anticipate income for the new certification period.

EXAMPLE: A woman applies on March 2nd. She does not work and her only source of income is child support from 3 absent parents. Income from Absent Parent A is regularly received, but the amount varies. Income from Absent Parent B is always the same amount, but she never knows when she will receive it. Absent Parent C pays regularly and the amount is more or less the same. The Worker requests verification as follows: A's payments for the last 6 months; B's payments for the last 6 months; C's payments for the last 3 months. She reports and verifies the following income from the 3 sources:

Parent A:	March 1st	$450.00
	February 1st	$ 75.00
	January 1st	$123.00
	December 1st	$850.00
	November 1st	$170.00
	October 1st	$100.00
Parent B:	February 14th	$250.00
	January 10th	$250.00
	November 20th	$250.00
Parent C:	February 20th	$300.00
	January 20th	$300.00
	December 20th	$300.00

The Worker finds the average monthly payment made by Parent A and projects the income to continue. The Worker payments will be received in the new certification period from Parent B, so no income is counted from this source. Parent C pays the same amount at the same time, so $300/mo. is counted from Parent C.

The Worker records details about payments and payment dates from each of the absent parents, how the payments were verified, whether or not any income was counted from each source and, if so, how the amount was determined.

EXAMPLE: A waitress, Mrs. Doubtfire, applies on December 7th. She is paid twice a month and provides pay stubs with the following information:

September 15th	35 hrs.	$180.25 wages	$88.00 tips
September 30th	60 hrs.	$309.00 wages	$130.00 tips
October 15th	32 hrs.	$164.80 wages	$83.00 tips
October 30th	35 hrs.	$180.25 wages	$88.00 tips
November 15th	12 hrs.	$61.80 wages	$32.00 tips
November 30th	35 hrs.	$180.25 wages	$88.00 tips

During the interview Ms. Doubtfire provides the following additional information: She earns $5.15/hr. She does get some tips, but rarely the amount shown on her pay stubs. She says that the employer determines the amount shown as tips by some formula that she does not understand because he is required by IRS to report them. She does not have to share her tips with any other employee and they do not share tips with her. She says that during a "good" week she makes about $20 in tips. The employer never sees her tips, she does not report the amount to him and is not required to do so. The Worker sends the case for verification of the way the employer determines the amount of tips shown on her pay stubs and reported to the IRS. The client provides the following note from the employer:

To Whom It May Concern:

Ms. Doubtfire works for me at the Dew Drop Inn as a waitress. I pay her $5.15 for every hour she works. She does make some in tips, but I don't know how much. The IRS makes me figure her tips so I do it according to how much food she sells. I don't think she really gets that much. None of my waitresses do, but the IRS makes me do it.

Very truly yours,
Big Pat Holcomb

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.

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.

C. DETERMINING ELIGIBILITY AND BENEFIT LEVEL

NOTE: See Section 2.17,D for the procedure used to determine an individual's portion of a cash assistance check when requested by SSA for an SSI recipient.

To determine eligibility for a DCA payment, see Chapter 1. Countable income is used to determine eligibility only. It is not used to determine the amount of the DCA payment.

NOTE: The income of the disqualified person(s) is included in determining the amount of income available to the AG. However, the needs of the disqualified person(s) are not considered in any step of the eligibility determination process.

NOTE: The earned income of a child or parent, under age 18, who is enrolled in secondary school or a program for a GED, is disregarded at all steps of the eligibility determination process.

1. Determining Eligibility - 100% Of Need Test

The AG is ineligible in any month that its non-excluded monthly gross income exceeds 100% of the Standard of Need. The test is applied as follows:

Step 1: Add together the total non-excluded gross earned income, the gross profit from self-employment and the non-excluded gross unearned income of the AG and any disqualified person(s).

Step 2: Determine the 100% of Need amount in Appendix A of this Chapter for the appropriate AG size, excluding the disqualified person(s).

Step 3: If the amount in Step 1 is greater than the amount in Step 2, the AG is ineligible.

Step 4: If the amount in Step 1 is equal to or less than the amount in Step 2, the AG is eligible for further determinations.

2. Child Support Incentive (CSI)

A $25 benefit increase is provided to any WV WORKS AG when child support, in any amount, is collected for a child in the AG.

NOTE: The CSI is applicable, even when the family is eligible for the maximum WV WORKS payment. When an applicant receives child support in the month of WV WORKS approval, either directly from the absent parent, or from BSCE, no CSI is issued for the month of approval. For all other applicants and recipients, the CSI is effective the month following the month child support is redirected. If child support is not paid to BCSE for a given month, no CSI is issued for that given month in the following month.

To receive the CSI, the following conditions must be met.

- Child support is redirected to BCSE; and

- The redirected amount is current child support**; and

- The OSCAR child support payment code on RAPIDS Screen IVFI is AC, GR or AR; and

- The child for whom the support was paid is a WV WORKS recipient for the collection month.

**Current support is child support for a month that CSI is automatically issued.

RAPIDS processes BCSE collection information a month after the collection is received and CSI payments are automatically issued for the current month (the month of receipt by BCSE) and the 3 months immediately proceeding the current month.

The monthly CSI benefit is deposited into the EBT account and available on the 20th of each month. A supplemental CSI payment is available the day after it is issued in RAPIDS. When the client chooses direct deposit for WV WORKS, the monthly CSI benefit is also received by direct deposit. The CSI is available on approximately the 20th calendar day of the month. The client receives a notice of the deposit and the month for which the CSI is being paid.

EXAMPLE: A redirected child support payment is received by BCSE in April, for the April child support obligation. The current month for RAPIDS' CSI purposes is April. A CSI is automatically issued for April child support during the month of May. If the payment received in April included payment for January, February and/or March, CSI payments are automatically issued for those months also.

All supplemental CSI payments require written approval from the RAPIDS Help Desk. The following information must be provided to the Help Desk in a GroupWise message.

- Case number
- Case name

- The month in question
- A brief explanation of why the client should have received a CSI payment
- When N/A is displayed in the AP Seq Number on Screen IVFI which indicates a mismatched AP sequence number.

RAPIDS staff will evaluate the reported problem and advise the local office of any required action. No approval will be granted unless this process is used. In addition, RAPIDS consults with BCSE State Office staff to correct AP sequence number mismatches. Supplemental CSI benefits are deposited in the EBT account.

EXCEPTION: The Worker may issue a supplemental CSI payment without prior approval only when the case number is written to MOBIUS Report WRB127A, CSI Payments Not Issued Report. Auxiliary Reason Code 921 is used.

Adverse action notice requirements do not apply when a CSI will not be paid. However, they do apply when receipt of the CSI affects another benefit.

When a WV WORKS case is closed, and child support is received by BCSE in the effective month of closure, a CSI is issued in the month after closure for the child support received in the effective month of closure.

EXAMPLE: A WV WORKS AG is closed effective August for excessive earned income. The last month of receipt of a WV WORKS benefit is August, and child support is received by BCSE in August. A $25 CSI is issued in September for August.

When received ineligibly, the CSI is subject to repayment. See Section 20.3. Received eligibly includes, but is not limited to, BCSE crediting a payment to the wrong case, or the client failed to report income and received a WV WORKS benefit ineligibly.

3. Determining Countable Income

Once the 100% of Need test is met, the following steps are taken.

Step 1: Add together the non-excluded gross earned income of the AG and any disqualified person(s).

Step 2: Subtract the Earned Income Disregard, i.e., 40% of earnings.

Step 3: Subtract the Dependent Care Deduction for each person who pays dependent care.

Step 4: Add the non-excluded unearned income of the AG and any disqualified person(s). The resulting amount is the countable income.

Step 5: Determine the maximum WV WORKS benefit amount for the AG size, using Appendix A.

Step 6: If the amount arrived at in Step 4 equals or exceeds the amount in Step 5, the AG is ineligible. If the amount arrived at in Step 4 is less than the amount in Step 5, the AG is income eligible and the amount from Step 4 is subtracted from the amount in Step 5.

Step 7: If a sanction is applicable, multiply the Step 6 amount by .3333 (1/3) or .6666 (2/3) and drop any cents, or use Appendix F. Subtract this amount from the Step 6 amount.

Step 8: Subtract any repayment amount from the amount remaining. The result is the WV WORKS benefit amount.

D. SPECIAL SITUATIONS

1. Categorical Eligibility

Food Stamp Categorical Eligibility has no bearing on the WV WORKS check or how the check is issued.

2. Expedited Service

The Food Stamp requirement of Expedited Service has no bearing on the WV WORKS check or how the check is issued.

3. Destitute AG’s

The Food Stamp requirement of Destitute AG’s has no bearing on the WV WORKS check or how the check is issued.

4. Self-Employment Income

When the AG member or disqualified individual(s) receives self-employment income, the instructions below must be used to arrive at the gross profit which is used to calculate countable income. This is determined by subtracting allowable business expenses from the gross income.

a. Determining Gross Income

The method used to determine monthly gross income from self-employment varies with the nature of the enterprise. It is necessary to determine which of the following types of self-employment applies to the client's situation. Once the pattern of self-employment is determined, this is used to determine how the income is counted.

(1) Persons Receiving Regular Income

These persons receive income on a more or less regular schedule (weekly, monthly, etc.), or receive a specific amount from the business each week or month and/or receive the balance of profit from the enterprise at the end of the business year.

The income of people in this situation is converted to a monthly amount according to item A above.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

(2) Persons Receiving Irregular Income

Many persons derive income from short-term seasonal self-employment. This seasonal enterprise may be the major source of income for the year, or the income may be only for the period of time the person is actually engaged in this enterprise, with other sources of income being available during the remainder of the year. Persons who are seasonally self-employed include vendors of seasonal commodities (produce, Christmas trees, etc.), or other seasonal farmers.

Cash-crop farmers and other persons similarly self-employed receive their annual income from self-employment in a short period of time and budget their money to meet their living expenses for the next 12 months. Included in this category are some seasonal farmers, when the seasonal income is the primary support for the year.

Since the income is seasonal, it must be averaged over the period of time it is intended to cover, even if it is the major source of income for the year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Business expenses may be computed on a monthly basis or prorated over a 12-month period, at the client's option.

(3) New Business

AG's with a new business that has been in existence less than a year have their income averaged over the amount of time the business has been in operation. From this, the monthly amount is projected for the coming year. However, if the averaged amount of past income does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the income is calculated based on anticipated earnings.

Incurred business expenses are also averaged over the amount of time the business has been in operation. However, if the averaged amount of past expenses does not accurately reflect the anticipated monthly circumstances because of a substantial increase or decrease in business, the expenses are calculated based on anticipated costs.

b. Determining Gross Profit

Gross Profit from self-employment is the income remaining after deducting any identifiable costs of doing business from the gross income.

(1) Deductions

Examples of allowable deductions are:

- Employee labor costs
- Stock and supplies
- Raw material
- Seed

- Fertilizers

- Repair and maintenance of machinery and/or property

- Cost of rental space used for conducting the business

- Insurance premiums and taxes paid on the business and business property

- Interest and taxes, but not the principal, paid on installment payments to purchase capitol assets such as real estate, machinery, equipment, etc.

- Interest and taxes on the client's residence which is used in part to produce income. This is applicable only if the costs on the portion of the home used in the self-employment enterprise can be identified separately.

- Advertising costs

- Utilities

- Office expenses (stamps, stationery, etc.)

- Legal costs

Do not deduct the following:

- Money paid to purchase capital assets, such as real estate, machinery, equipment, etc. Interest is deducted, if paid in installments.

  <u>EXAMPLE:</u> The cost of purchasing a new furnace is a capital expenditure and only the interest on installment payments is deducted. A repair of a furnace is a routine repair and is deducted in its entirety.

- Federal, State or local income taxes

- Money set aside for retirement

- Travel from home to a fixed place of business and return

- Depreciation

- Principal of real estate mortgages on income-producing property

- Amounts claimed as a net loss

(2) Rental Income Deductions

In addition to the deductions in item (1) above, the following expenses are deducted from rental income:

- Utility bills paid for tenants

- Property tax and insurance on the rental property

- Repair and upkeep of the property

- Interest, but not the principal, on necessary purchases made in installments, such as the purchase of a new furnace

5. Migrant Farm Laborers With Seasonal Employment

Income of migrant farm laborers is treated the same as the income of any other applicant or recipient.

6. Annual Contract Employment

This section applies to any person employed under a yearly contract, such as school employees, including bus drivers, cooks, janitors, aids and professional staff.

These individuals have their annual income prorated over a 12-month period. Additional earnings, such as for summer work, are added to the prorated amount during the time additional earnings are received.

Although a person may not have signed a new annual contract, he is still considered employed under an annual contract when the contract is automatically renewable, or when he has implied renewal rights. Implied renewal rights are most commonly associated with school contracts.

NOTE: This section does not apply during strike and disaster situations when the other party to the contract cannot fulfill it; or, when labor disputes interrupt the flow of earnings specified in the contract.

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.

b. Computing the Period of Ineligibility

After applying appropriate exclusions, disregards and deductions to other income received for the month, add the lump sum payment to all other monthly income. When the total amount is less than the payment amount for the number in the WV WORKS AG, the lump sum payment is counted as income in its entirety for one month.

When the total amount is less than the FPL for the number in the AG, but more than the check amount for the AG found in Appendix A, the case is ineligible for one month. The amount in excess of the check amount is not counted as income for the following month.

When the total amount is greater than the appropriate 100% FPL, divide the lump sum payment by the appropriate 100% FPL. The AG is ineligible for the full number of months equal to the result of the division. Ineligibility begins the month of receipt.

When a fractional amount remains, there is an amount that must be counted as income in the month following the month the period of ineligibility ends. The procedure to determine this amount is as follows:

- Multiply the 100% FPL by the number of full months the case has been determined ineligible.
- Subtract this figure from the total lump sum.
- The remaining amount is counted as income in the month after the last month of ineligibility.

The persons in the AG when the lump sum payment is received, remain ineligible for the period determined by the above procedures, regardless of any changes which may occur during that period, unless the period of ineligibility is shortened as found below in item c. When an individual is born or returns to a family whose members are ineligible due to receipt of a lump sum payment, the individual is treated as a separate AG. If all other eligibility factors are met, the individual is eligible. None of the lump sum amount is counted for the new family member. All other policy and procedures for counting income apply.

Only the new family member(s) is included in the AG and is used when determining the appropriate eligibility limits.

EXAMPLE: A child is born to a family whose members are ineligible due to the prior receipt of a lump sum payment. A separate case is established for the child. The parent's income is $130 unearned income per month, not counting the lump sum payment. The child is eligible for a WV WORKS check of $219.

The lump sum payment is treated as described above, even if it is spent in a shorter time period, unless the period of ineligibility can be shortened as found below.

c. Shortening the Period of Ineligibility

The period of ineligibility may be shortened only for the following reasons and by the following procedures:

(1) Reasons

When all or part of the lump sum payment becomes unavailable to the AG, due to circumstances beyond its control, as specified below, the period of ineligibility is shortened. This may be done at any point between the time the lump sum payment is received and the period of ineligibility expires. Once the period of ineligibility expires, no consideration is given to shortening the time period retroactively. The lump sum amount is considered unavailable only in the following situations:

- The lump sum payment was, totally or in part, destroyed by fire, flood or other natural disaster.

  This refers to destruction of the money itself, not the goods purchased with it or destruction of replaceable checks or bonds.

- The lump sum payment was, totally or in part, stolen from the AG. This refers to the money itself, not the theft of goods purchased with it or the theft of replaceable checks or bonds.

- A member of the AG, or an individual who would otherwise be required to be included, gained access to all or part of the lump sum payment, abandoned the remaining AG members and left them without access to it. The loss of all or part of the lump sum in 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.

EXAMPLE: Same situation as above except that the family used most of the lump sum to pay for the birth of a new baby. The use of the money was under the control of the AG, so the period of ineligibility cannot be shortened for this reason. However, the case must be submitted to the Policy Unit for consideration as a life-threatening situation.

EXAMPLE: A WV WORKS family receives a lump sum payment of $12,000. The recipient sets up a trust fund for each of his children in the amount of $4,000 each. The trust funds stipulate that the children may not receive any of the money until they turn 21 years of age. Use and control of the lump sum amount belonged to the AG when the trust funds were set up, so the period of ineligibility is not shortened.

EXAMPLE: A WV WORKS family of 3 received a lump sum payment of $2,600 in July. They were determined ineligible for 2 months, with $60 counted as income in the third month. In July, they purchased a new television set and a new refrigerator. The remainder of the money, $150, was kept in the house. In August, the client reports that the house and all the contents were destroyed by fire. The period of ineligibility is redetermined as follows:

$2,600	Original lump sum amount
- 150	Amount destroyed
$2,450	New amount which is prorated

The family remains ineligible for July and August.

EXAMPLE: A WV WORKS family of 4 receives a lump sum payment of $4,500 in December. They are determined ineligible for December, January and February with $87 counted as income in March. In February, the client reports that $2,700 was stolen early in February. He reapplies on February 10th and is found eligible on that date.

The recomputation is as follows:

$4,500	Original lump sum amount
-2,700	Amount stolen
$1,800	New amount which is prorated

The recalculated period of ineligibility is December and $329 is counted as income in January. The family is eligible for a prorated check for February.

EXAMPLE: Same situation as above except that the money was stolen on January 10th. The result is the same as above since the client did not reapply and establish eligibility until February 10th.

12. Withheld Income

a. From Earned Income

Earnings withheld to repay an advance payment are disregarded, if they were counted in the month received. If not counted in the month received, the withheld earnings are considered income. No other earned income is excluded from consideration just because it is withheld by the employer.

b. From Unearned Income

All withheld unearned income is counted, unless an amount is being withheld to repay income that was previously used to determine AFDC/U, TANF or WV WORKS eligibility.

13. Funds Diverted To A Pass

Funds diverted to a PASS account are counted as earned or unearned income, depending on the source.

14. Unstated Income

Unstated income is income that has not been reported by the household, and is not otherwise known to the agency, but is determined to exist because the client's paid living expenses exceed income from known sources.

The amount of unstated income is the difference between the known monthly income and the monthly paid living expenses.

When the information in the client's record, including statements of the client or third-parties, indicates that paid expenses exceed the stated income, the existence of unstated income must be explored.

If insufficient or conflicting evidence exists, the Worker must question the client about the possibility of unstated income and allow him the opportunity to explain how his expenses are met. If the client provides a satisfactory explanation, the Worker records the explanation.

If the client's explanation of how the expenses are met is inadequate, the Worker makes a recording of the explanation and then determines the amount of unstated income to count. To determine the amount of unstated income to count, the Worker compares the usual amount of monthly living expenses with the client's reported income, taking into consideration any other reasonable explanations the client provides. The difference is unstated income and is counted as unearned income.

15. Spenddown

The Medicaid spenddown provision does not apply.

16. Unavailable Income

Income intended for the client, but received by another person with whom he does not live, when the individual receiving this income refuses to make it available, is excluded.

17. Income Received For A Non-Income Group Member

Income received by a member of the Income Group, which is intended and used for the care and maintenance of an individual whose income is not used in determining eligibility or the benefit level of the payee's AG, is excluded.

18. Income Received From Military Personnel Deployed to a Designated Combat Zone

There is no provision for excluding income received as a result of service in a designated combat zone.

19. Income Received From The United States Census Bureau

Earned income and travel reimbursement received while employed in a temporary position during the decennial census with the United States Census Bureau is excluded.