

19. Income Definitions and Exemptions



19.1 Earned Income

19.1.1 Definition

Earned income is received as compensation for employment.

19.1.2 Wages and Salaries [63-502.13]

All wages and salaries of an employee include:

- Wages that are earned or diverted to a third party by the employer to pay for household expenses (except for military payments diverted to an ex-spouse by court order).
- In-Home Supportive Services (IHSS) payments received to care for a disabled person.
- Vacation pay received while the individual is still employed. (Vacation pay received in a lump sum a month or more after the final paycheck from employment is considered a resource.)

Example:

A client is fired on September 10th and receives a final paycheck the same day (earnings). One month later, the client receives a check for vacation pay owed (resource).

Example:

A client is fired on June 3rd and receives a final paycheck on June 5th which includes 20 hours vacation. Count the entire amount as earnings.

- Work study earnings. [\[Refer to “Students.” page 30-1.\]](#)

The following are NOT considered earned income:

- Earned Income Tax Credit (EITC) payments received monthly. These are considered a resource.

Income Definitions and Exemptions

- A meal deduction on a paycheck for a food service job. This is considered an exempt vendor payment.
- Monies withheld from earned income to repay a prior overpayment received from that income source.
- Rent paid directly to the landlord by an employer in addition to paying the household its regular wages. This is considered an exempt vendor payment, and not counted as income or a deduction.

19.1.3 Self-Employment [63-503.41]

Self-employment income is earned income. Determine the gross by subtracting either the actual business expenses or a 40% standard deduction, whichever the client chooses, from the total self-employment income. [\[Refer to “Self-Employment \[63-503.41\].” page 22-30 for detailed information and examples on budgeting.\]](#)

- Income from a room rental or boarder is considered self-employment income.
- Losses from self-employment as a farmer are to be offset against any other countable income in the household.

Reminder:

The client must only verify self-employment expenses when selecting the “actual” self-employment deduction. Verification is not required for the 40% deduction to self-employment income.

Determination

Self-employment must be determined on a case-by-case basis. A person who works for wages or commission is not self-employed. Criteria such as tax returns, employer reports, to the IRS, Social Security tax withholdings, etc., can be used to determine self-employment. In most situations if a client files his or her income tax as “self-employed” they are considered self-employed for CalFresh as well; however there are other criteria that must also be taken into account when making the self-employment determination.

- If the client is employed by a company or an individual but chooses to file as self-employed for tax purposes only, the existence of an employee-employer relationship must be explored prior to making the self-employment determination for CalFresh.
- If the client does not have any self-employment expenses because they are paid for by another individual or company, the relationship between the payee of the costs and the client must also be explored to determine if there is an employee-employer relationship.

An individual does not need to meet all of the criteria mentioned above. In all circumstances, all the information available must be used and the situation thoroughly explored to determine if the case is to be considered self-employment. A sworn affidavit from the client may be needed in order to clarify any conflicting or unclear information.

There are situation in which In order to apply the self-employment rules it should also be considered if an employer-employee relationship exists.

Employee-Employer Relationship

When determining employee-employer relationship, there is certain criteria that must be explored.

1. Who has behavioral control of the work or services performed? Who decides:

- when and where the work done;
- what tools or equipment should be used to perform the work;
- what workers to hire or to assist with the work;
- where and when to purchase supplies and/or services;
- what work should be performed and who should perform it; and
- what order or sequence should the work be performed in.

2. Who has financial control of the “business?” Who decides:

- which expenses are reimbursed to the worker;
- how much to pay for the reimbursement;
- how and when the worker is paid; and
- who has can negotiate the cost of the services.

Example:

The client is employed as a baby-sitter. She baby-sits the same child Monday-Friday at the child’s home and gets paid by the child’s parents. The client does not have any expenses and all the supplies (i.e. food, toys, diapers, etc.) are purchased and provided by the parents of the child. The parents of the child have final say in what supplies are used and where and when the baby sitting is to take place. In this situation the client is not considered self-employed. Since the parents have behavioral control of the “employment” situation, an employee-employer relationship exists.

Example:

The client is a child care provider. She provides child care for her niece and gets paid by the program 4C’s. The parents of the child do not have any control as to the amount or how the client is paid. The program 4Cs only provides the payment for the child care, but does not have any control in where or when the services are provided. In this situation the client is

Income Definitions and Exemptions

considered self-employed since an employee-employer relationship does not exist between the client and the parents of the child nor between the client and 4C's.

Example:

The client provides adult care services for a disabled adult. The client is paid through In-Home Supportive Services (IHSS). IHSS withholds State, and Federal taxes from the client's paycheck as well as Medicare and Social Security taxes. In this situation the client is not self-employed since an employee-employer relationship (per CalFresh regulations) can be established between the client and IHSS.

Example:

The client is a day-laborer who stands in front of Home Depot waiting for someone to offer him work to do. On the days he is hired, he does not have any expenses, since he only provides the manual labor. In a month he can be hired by multiple people. In this situation, the client is not considered self-employed. Even though the client can decide whom to be hired by, once he is hired, that person has control over what tasks the clients does and how the client is to complete them. An employee-employer relationship exists in this situation.

Example:

The client is a housekeeper, she cleans several people's homes several times a week. For the most part, she has her own equipment and supplies (i.e. vacuum, dusters, cleaning products, etc.); however on occasion some of the home owners provide their own supplies that they would rather be used to clean their home. The decision on what days to perform the cleaning and how much to charge for the services is an agreement between the home owners and the housekeeper. The client can choose which homes to clean and whether or not to negotiate on the amount to get paid for the services provided. In this situation the client is self-employed.

Example:

The client is a housekeeper who is employed by the company Merry Maids. the company decides which homes the client will provide housekeeping services for, how much to charge for the service and the company pays the client for those services. In this situation the client is not self-employed, since an employee-employer relationship exists between the client and Merry Maids.

19.1.4 Training

Training allowances from vocational and rehabilitation programs, (such as CET) recognized by Federal, State or local governments are considered earned income to the extent that they are not reimbursements. [\[Refer to "Budgeting Concepts," page 22-1](#) for specific situations and examples.]

19.1.5 Job Corps

Job Corps earnings are paid hourly at the minimum wage level or above. Small weekly amounts (\$30, for example) are usually a training reimbursement, not earnings. Job Corps may deduct FICA from \$30 week training stipends. This is for worker's compensation, but Job Corps still considers the \$30 to be a training reimbursement.

The EW should verify with Job Corps if there is a question as to whether a payment is earnings or a reimbursement.

19.1.6 Workforce Investment Act (WIA)

WIA earnings are considered earned income. Any training allowances and need-based payments are treated as reimbursements and are therefore exempt. [\[Refer to "Exempt Income \[63-502.2\]," page 19-13.\]](#)

19.1.7 Military Pay

Military personnel are paid on the first and 15th of each month. If the first falls on a weekend or holiday, the payday is the last working day of the month prior to the first of the month. A check stub indicating gross pay is not attached to the check of the 15th.

A check stub is attached to the check normally received on the first of the month. It shows the total gross and net income and deductions for:

- The prior month's 15th of the month pay, and
- The current month's first of the month pay.

Due to this payment method, a quarterly reporting household is unable to verify earnings received on the 15th of the submit month. Therefore, EWs shall count as income the amount reflected on the pay stub received on the first of the month as income for that month.

Income Definitions and Exemptions

In months that a paycheck is received on the last working day of a month (because the first is a holiday or falls on a weekend) that check is treated as if it were received on the first of the following month.

Example:

May 1, 2004, is a Saturday. The client will receive the paycheck on April 30. This is counted as income for CalFresh as if it were actually received on May 1, 2004. It is not counted as April income.

Combat Zone

A portion of military pay made available to the household is exempt, if that portion of military pay is received as a result of a household member being deployed to a designated combat zone.

In order to determine what portion is exempt, the Eligibility Worker must:

1. Establish what amount of the military person's pay was actually available to the household prior to being deployed to the designated combat zone.
 - a. If the military person was part of the household prior to the deployment to a combat zone, this amount is considered net military pay.
 - b. If the military person was not part of the household prior to his/her deployment to a designated combat zone, the current amount is the amount the absent military person actually made available to the household prior to deployment to the designated combat zone.
2. Determine the amount of military pay the deployed household member is making available to the household.
3. Determine if the amount of military pay made available is equal to or less than the amount the household was receiving from the military person prior to deployment to a designated combat zone:
 - a. If the military pay is equal to or less than the amount the household was receiving from the military person prior to deployment, all of the pay would be counted as income to the household.
 - b. Any portion of the amount that exceeds the amount the household was receiving prior to deployment should be excluded as income when determining the amount of CalFresh benefits.

The combat zone pay is excluded from the household income for the duration of the service person’s deployment into a designated combat zone.

For detailed information on the treatment of combat zone pay as a resource, refer to Chapter 72, Section 27.4.6.

Designated Combat Zones

The following are combat zones designated by either an Executive Order from the President, Public Law 104-117, the Department of Defense or in support of Operation Iraqi Freedom:

Combat Zone	Description
Arabian Peninsula Areas	The Persian Gulf Red Sea, Gulf of Oman, the part of the Arabian Sea north 10 degrees North latitude and west of 68 degrees East longitude, the Gulf of Aden, and the countries of Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
Kosovo Area	Federal Republic of Yugoslavia (Serbia and Montenegro), Albania, the Adriatic Sea and the Ionian Sea
Afghanistan	
Bosnia, and Herzegovina, Croatia and Macedonia	
Pakistan, Tajikistan and Jordan	
Kyrgyzstan and Uzbekistan	
Philippines	Only troops with order referencing Operation Enduring Freedom
Yemen	
Djibouti	
Somalia	
Israel	

Exempt any portion of earnings subtracted from an individual's basic pay under the Veteran's Benefits Improvement and Health Care Authorization Act of 1986 (PL 99-576, Sec. 303(a)(i). [\[Refer to “Exempt Income \[63-502.2\].” page 19-13.\]](#)

19.1.8 Title I, AmeriCorps [63-502.134 & 63-507(a)(17)]

AmeriCorps*VISTA payments are exempt and should not be counted as income for eligibility or benefit determination. [\[Refer to “VOLUNTEER PAYMENTS.” page 19-22.\]](#)

Income Definitions and Exemptions

Payments from other AmeriCorps programs are exempt, except for on the job training earnings. Some of the AmeriCorps programs are:

- AmeriCorps*State/*National
- AmeriCorps*National Civilian Community Corps.

On the job training earnings from any of the other AmeriCorps programs count as earned income, unless received by a dependent household member under 19 years of age.

Exception:

AmeriCorps*VISTA payments received by new applicants, who were not receiving Public Assistance or CalFresh at the time they joined VISTA are counted as earned income. For these individuals, these payments are not exempt for eligibility and benefit determination.

[\[Refer to "Exempt Income \[63-502.2\]." page 19-13](#) for a complete list of AmeriCorps programs.]

19.1.9 Strikers-Picket Duty

Any portion of striker's benefits received as compensation for picketing is considered earned income. (The remaining amount is considered unearned income.)



19.2 Unearned Income [63-502.14]

Unearned income is any income which is not earned through employment. The chart below lists types of income which are classified as unearned. (Income listed here may be exempt or nonexempt.) [\[Refer to “Exempt Income \[63-502.2\].” page 19-13 for income exemptions.\]](#)

UNEARNED INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
ADOPTION ASSISTANCE PROGRAM (AAP)	Exempt if the child is not yet adopted or if the payment is a reimbursement for expenses such as medical or dependent care. Exempt if the adoptive parent is an SSI/SSP recipient. AAP payments are considered “incentive payment” to the adoptive parents of hard-to-place children.
ALIMONY	
ANNUITIES	
CALIFORNIA TRAINING BENEFIT (CTB)	Count as unearned income.
CASH GIFTS	Count as unearned income.

Income Definitions and Exemptions

UNEARNED INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
CHILD/SPOUSAL SUPPORT	<p>Includes direct payments, pass-on payments, and excess payments. An MFG child's receipt of child support from DCSS is considered unearned income.</p> <p>Also includes the first \$50/month of child/spousal support paid (including arrearages) to or on behalf of a household.</p> <p>EXCEPTION: For CalWORKs recipients, direct child support payments (including court-ordered arrearages) are considered exempt income in CalFresh budgeting. The direct child support payments do not need to have been turned over to the DCSS in order to be considered exempt for CalFresh. Once the client signs the agreement (CW 2.1) with DCSS to turn in child support payments, these payments are exempt from the CalFresh budget.</p> <p>Child support collected by the Department of Child Support Services (DCSS) in a month the household (HH) was not on CalFresh but issued to the HH by DCSS in a month the HH is on CalFresh is considered a lump sum payment and is counted as a resource. It is NOT counted as income.</p>
DEPARTMENT OF DEFENSE FAMILY SUBSISTENCE SUPPLEMENTAL ALLOWANCE (FSSA) BENEFITS	Any FSSA benefits are to be treated as UNEARNED income. The amount of FSSA is shown on the member's leave and earnings statement that is the standard wage information form used by the military.
DISABILITY INSURANCE BENEFITS	<p>Includes State Disability Insurance (DIB) and payments from any other disability plan.</p> <p>[Refer to "UIB/DIB Offsets," page 19-36, if all or part of a DIB payment is withheld, for a chart listing the various offsets and their treatment.]</p>
DIVIDENDS FROM STOCKS AND BONDS	
EDUCATIONAL GRANTS	[Refer to "Students," page 30-1.]
ENERGY ASSISTANCE PAYMENTS	<p>Includes any state or local energy assistance program payment that is not specifically exempted.</p> <p>[Refer to "Exempt Income [63-502.2]," page 19-13.]</p>
INTEREST FROM BANK ACCOUNTS	

Income Definitions and Exemptions

UNEARNED INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
LOANS	Includes personal and deferred educational loans. [Refer to “Students,” page 30-1 for more information on deferred educational loans.]
LOTTERY WINNINGS	Counted as income when received in annual installments, but exempt as income and counted as a resource (nonrecurring lump sum) when received in a one-time payment. Lottery winnings that are paid <u>annually</u> and not made in monthly installments shall be averaged over a 12-month period.
PAID FAMILY LEAVE (PFL)	All Paid Family Leave payments linked to State Disability Insurance (SDI) are considered unearned income. Note: Prior to receiving PFL the individual has the option to take up to two weeks vacation or sick leave. If this occurs, the vacation or sick leave payments are considered earned income.
PUBLIC ASSISTANCE (PA) PAYMENTS BASED ON NEED	Includes: CalWORKs, RCA, GA, CAPI, Foster Care (FC), Adoption Assistance payments (AAP) and the child support disregard payments. This also includes funds withheld from a PA grant to repay a Fraud or client-caused “other” overpayment and the amount of a grant reduction due to the client’s failure to meet another program’s requirements. [Refer to “Public Assistance Grant Reductions - Failure to Comply [63-503.5],” page 19-32] .
Reception and Placement (R&R) Income/VOLAG Funds	Refugees are eligible to receive R&P income of \$1,100 or more per person within the refugee’s first 90 days in the U.S. Income is treated according to the way the VOLAGs disburse the funds: <ul style="list-style-type: none"> • Funds disbursed in several payments in more than one calendar month are counted as unearned income and prospectively budgeted. <p>Note: Income “earmarked” by the VOLAGs to be used for specific purposes (rent, utilities, furniture, etc.) are considered excluded income.</p> <ul style="list-style-type: none"> • Funds disbursed as Lump Sum or Vendor Payments are exempt. [Refer to “Exempt Income [63-502.2],” page 19-13

Income Definitions and Exemptions

UNEARNED INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
REIMBURSEMENTS	[Refer to “Exempt Income [63-502.2],” page 19-13.] HUD payments for rental/utility assistance are not considered a reimbursement but are counted as unearned income.
RETIREMENT BENEFITS	
ROSS GRANTS	Count as unearned if received while attending a training program without work requirements.
SOCIAL SECURITY (SSA)	If all or part of an SSA payment is withheld: To repay an overpayment, count only the reduced amount as income. For any other reason, count the full SSA amount before the reduction as income.
STRIKER BENEFITS	Except for any portion paid as compensation for picketing.
TRUST FUND WITHDRAWALS OR DIVIDENDS	If actually, or could be, received from an exempt trust fund.
UNEMPLOYMENT BENEFITS (UIB)	If all or part of a UIB payment is withheld: <ul style="list-style-type: none"> • To repay an overpayment, count only the reduced amount as income. • Due to earnings received during the period for which the payment is being issued, count only the reduced amount as income. • Due to a benefit garnishment, voluntary withholdings or child support, count the FULL UIB amount before the reduction as income. Allow child support deduction if benefits are garnished for child support payment. [Refer to “UIB/DIB Offsets,” page 19-36 for a chart listing the various offsets and their treatment.]
VETERERAN’S BENEFITS	This also includes Aid and Attendance (AA) benefits paid to an elderly or disabled veteran, their spouse, surviving spouses and parents.
WORKERS COMPENSATION (WC) BENEFITS	Both temporary and permanent benefits are considered unearned.

19.2.1 Exempt Income [63-502.2]

The income shown on this chart shall be considered exempt (excluded) for CalFresh.

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
ADOPTION SUBSIDIES FOR MEDICAL OR DEPENDENT CARE	Exempt Title IV adoption subsidies, such as AAP (Adoption Assistance Program) payments, when earmarked for reimbursement of medical or dependent care expenses.
AGENT ORANGE PAYMENTS	Exempt payments from the Agent Orange Settlement Fund or any other fund established in connection with settling liability claims concerning Agent Orange. DO NOT exempt Veterans Administration (VA) benefits for Agent Orange-caused disabilities. [Refer to "Agent Orange," page 19-22.]
ALEUT RESIDENT PAYMENTS	Paid to residents of the Pribilof Islands and the Aleutian Islands west of Unimak Island under the Aleutian and Pribilof Islands Restitution Act for injustices suffered while under United States control during World War II.
AMERICAN RECOVERY & REINVESTMENT ACT (ARRA) PAYMENTS	One-time payments of \$250 paid to recipients of: <ul style="list-style-type: none"> • Social Security • Supplemental Security Income/State Supplementary Payment (SSI/SSP) • Railroad Retirement and • Veterans Disability Compensation or Pension benefits.
<i>BALL V. SWOAP</i> PAYMENTS	Issued by DHS or CDSS for late State Hearing decisions.
BOARD OF GOVERNOR'S GRANT (BOGG) fee waiver	The value of the BOGG fee waiver is exempt.
CALCAP INCENTIVE PAYMENTS	Exempt a CalWORKs Career Advancement Program (CalCAP) incentive payment issued in the form of a gift certificate/voucher to a local store or business as an in-kind payment.
CALIFORNIA VICTIMS OF CRIMES	Exempt payments received under the California Victims of Crimes Program.
CAL-LEARN PAYMENTS	Exempt as income, but count as a resource.

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
CALWORKS DIVERSION PAYMENTS	Exempt a CalWORKs Diversion payment issued to divert a family from becoming dependent on welfare as a nonrecurring lump-sum payment if the diversion payment is not defined as assistance.
CALWORKS FUNDED VENDOR PAYMENTS FOR HOUSING	<p>Exempt CalWORKs funded housing assistance VENDOR paid by the Housing Authority on behalf of the household.</p> <p>These funds are ONLY excluded if paid directly to the vendor. If the funds are received by the household, they are counted as unearned income.</p>
CALWORKS HOMELESS ASSISTANCE PAYMENTS	Exempt under court injunction from <i>Hamilton v. Lyng</i> .
CALWORKS SPECIAL NEED PAYMENTS	<p>Exempt if not issued as a reimbursement for normal living expenses. Exemptions include:</p> <ul style="list-style-type: none"> • Special transportation (work or medical) • Housekeeping services • Special telephone service/equipment for medical reasons • Occupational or trade tools • Distilled water for medical reasons • Work-related clothing required by an employer, such as uniforms, hard hat, steel toe boots. <p>EXCEPTION: Therapeutic diets and Pregnancy Special Need payments count as unearned income in the CalFresh budget.</p>
CALWORKS WORK STUDY	All work study payments are excluded as income.
CHARITABLE CONTRIBUTIONS	Exempt \$300 or less received from one or more private, nonprofit charitable organizations in a calendar quarter. [Refer to "Charitable Contributions," page 19-24.]
CHILD CARE PAYMENTS	<p>Exempt only those payments from the following sources. (The exemption applies only to the individual who incurs the cost of child care, and does not apply to the child care provider.)</p> <ul style="list-style-type: none"> • At Risk Block Grant • Child Care and Development Block Grant • CalWORKs child care program payments issued to the client as a reimbursement.

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
CHILD'S EARNINGS	<p>Exempt if child is:</p> <ul style="list-style-type: none"> • Under 18 or turns 18 during SAR period**, and • Under parental control [Refer to “Parental Control [63-102p(1)].” page 9-9], and • At least a half-time elementary or secondary (high school) student. <p>For this exemption, the child must be under the “parental control” of another household member. [Refer to “Parental Control [63-102p(1)].” page 9-9.]</p> <p>** Count the income at the beginning of the payment period based on the SAR 7 or at the most recent certification if they are already 18.</p>
CHILD SUPPORT THAT MUST BE TURNED OVER TO THE DEPARTMENT OF CHILD SUPPORT SERVICES (DCSS)	<p>Exempt when the PA CalFresh household must turn over child support (including court-ordered arrearages) to maintain CalWORKs eligibility, regardless of whether the C/S is actually turned over to the DCSS.</p> <p>NOTE: Direct child support payments are considered unearned income and are not exempt for non-assistance CalFresh households, CalWORKs/ CalFresh applicants, MFG children, and Tribal TANF/CalFresh applicants and recipients.</p>
CONTRIBUTIONS FROM PERSONS OR ORGANIZATIONS	<p>Contributions from persons or organizations that a donor would not make available for an expenditure unless the contribution is used in accordance with conditions imposed by the donor.</p> <p>The contribution can be for any general purpose and as long as it is used for the specified purpose it is exempt. The contribution is exempt when there is verification that the money was used for the intended purpose. The verification can be a simple written statement from the contributor.</p> <p>EXAMPLE: An uncle gives \$400 to the household to purchase new tires. The \$400 is not considered income when the receipts for the tire expenditure verify the donor’s intended purpose for the contribution.</p>

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
DEMONSTRATION PROJECT DIRECT PAYMENTS	Received in lieu of in-kind benefits when the household participates in a demonstration project authorized under federal law or created by a waiver of federal provisions.
DEPARTMENT OF REHABILITATION TRAINING ALLOWANCES	Allowances for training expenses paid to recipients participating in Department of Rehabilitation programs.
DISASTER ASSISTANCE PAYMENTS	<p>Exempt:</p> <ul style="list-style-type: none"> • Federal major disaster and emergency assistance issued under the Disaster Relief Act of 1974, and • Comparable assistance provided due to a major disaster by state and local governments, and disaster assistance organizations.
DISASTER GOVERNMENT PAYMENTS DESIGNATED TO RESTORE A HOME	Exempt if the home was damaged in a disaster, and the household is subject to legal sanction if the funds are not used as intended.
DISASTER RELIEF EMPLOYMENT INCOME	Exempt any Disaster Relief Employment income received during a nationally declared disaster. [63-507(a)(4)]
DISASTER UNEMPLOYMENT ASSISTANCE (DUA)	<p>Paid only when a natural disaster has been declared by the President of the United States. (Checks have a “greenish” background.)</p> <p>Note: Disaster Unemployment payments are limited to 26 weeks. This income can be verified through the MEDS system, which is used to determine existing Unemployment Insurance Benefits (UIB).</p>
DIVERTED MILITARY PAYMENTS	Exempt if diverted to an ex-spouse by court order.
EARNED INCOME TAX CREDIT (EITC) PAYMENTS	Exempt advance monthly payments and lump sums. MAY count as a resource. [Refer to “Resources [63-501].” page 15-1.]

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
ENERGY ASSISTANCE PAYMENTS OR ALLOWANCES	Exempt any payment made for the purpose of providing energy assistance under any federal law other than Part A of Title IV of the Social Security Act (Block TANF grants) such as the Low Income Home Energy Assistance Act {LIHEAA}, Housing and Urban Development {HUD}, or the Farmer's Home Administration {FmHA} programs. Also exempt any one time federal, state or local energy assistance payment made for weatherization or emergency repair or replacement of heating or cooling devices.
FILIPINO VETERANS EQUITY COMPENSATION	Exempt the one-time payment of up to \$15,000 for certain veterans who served in the military of the Government of the Commonwealth of the Philippines during World War II and their spouse.
FLEXIBLE SPENDING ACCOUNTS	Exempt any flex spending account that is offered by employers that cannot be received in the form of money payable directly to the household.
FOOD PROGRAM BENEFITS	Exempt any benefits received by CHILDREN under the following programs: <ul style="list-style-type: none"> • Child and Adult Care Food Program • Commodity Distribution Programs School • Breakfast Program • School Lunch Program • Special Milk Program • Summer Food Service Program for Children.
FOSTER CARE WRAPAROUND SERVICES PROGRAM PAYMENTS	Direct services provided to such families are excluded as income. Also payments made to a vendor or third party on the behalf of the household for an expense, are excluded as income. <p>EXCEPTION: Any cash paid directly to the CalFresh household would be treated as income.</p>
GA SPECIAL NEED PAYMENTS	Exempt if not issued as a reimbursement for normal living expenses. Exemptions include: <ul style="list-style-type: none"> • Therapeutic diets • Special transportation (work or medical) • Housekeeping services • Special telephone service/equipment for medical reasons • Occupational or trade tools • Distilled water for medical reasons • Work-related clothing required by an employer, such as uniforms, hard hat, steel toe boots.

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
HEALTH INSURANCE BENEFITS	Exempt any health insurance benefits, offered by employers, that cannot be received in the form of money paid directly to the household.
HOUSING AND URBAN DEVELOPMENT (HUD) PAYMENTS	Exempt HUD payments to a landlord or mortgagee (person who owes the mortgage) for housing or utilities.
INDEPENDENT LIVING PROGRAM (ILP)	Income and incentive payments earned by a child 16 years of age or older who is participating in the ILP when income is received as part of the ILP written transitional independent living plan. There is no limit to the amount exempted under this subsection.
INDIAN PAYMENTS	Exempt only those payments listed under "Indian Payments." [Refer to "Indian Payments [63-506].," page 19-26.]
INFREQUENT OR IRREGULAR INCOME	Income that is received too infrequently or irregularly to be anticipated.
IN-KIND BENEFITS	Exempt any gain or benefit which is not in the form of money (such as meals, clothing, or public housing).
JAPANESE ANCESTRY RESTITUTION PAYMENTS	Paid under the Civil Liberties Act of 1988 to persons interned during World War II.
JOB TRAINING PARTNERSHIP ACT (JTPA)	<ul style="list-style-type: none"> • Earned income of a child derived from participating in the JTPA. (See Child's earnings for definition of child.) • All payments, other than earnings, to a child which are derived from participation in JTPA programs. • Payments to an adult which are derived from participation in JTPA programs to the extent the payment reimbursements do not exceed actual expenses.
<i>KING V. MCMAHON</i> PAYMENTS	Exempt \$100 per month paid by CDSS for State Hearing decisions issued beyond the 90-day or legally extended time period.
LOANS	<p>Exempt all loans other than deferred educational loans. (Only verify if questionable.)</p> <p>A statement signed by both parties stating that the payment is for a loan that must be repaid is sufficient.</p>

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
MEDICARE DRUG DISCOUNT CARD PROGRAM	Exempt as income any discount and/or credit received by a Medicare beneficiary through the drug discount card.
MILITARY PAY	<p>Exempt a portion of military pay only if paid to military personnel deployed to a designated combat zone, and was not received immediately prior to serving in the combat zone.</p> <p>Only exempt the portion of military pay, which exceeds the amount of pay which was being issued prior to deployment.</p> <p>[Refer to "Combat Zone," page 19-6 for further information.]</p>
NATIONAL AND COMMUNITY SERVICE ACT TITLE I PAYMENTS	<p>EXEMPT:</p> <ul style="list-style-type: none"> • On-the-Job Training (OJT) earnings of a dependent household member under 18 (a dependent is someone under parental control as defined in "Parental Control [63-102p(1)]" [Refer to "Parental Control [63-102p(1)]," page 9-9.] • All payments other than OJT payments. <p>This applies to income from:</p> <ul style="list-style-type: none"> • Serve America American Conservation and Youth Corps Higher Education Program • Service-Learning Program • Americorps • National Civilian Community Corps • Summer for Safety Program • School-to-Work Opportunities Program • Youthbuild Program.
NAZI PERSECUTION VICTIM PAYMENTS	
NONRECURRING LUMP SUM PAYMENTS	Exempt as income, but count as a resource. [Refer to "Nonrecurring Lump Sum Payments," page 19-30.]
RADIATION EXPOSURE COMPENSATION TRUST FUND PAYMENTS	Exempt payments made under the Radiation Exposure Compensation Act of 1990 for certain diseases caused by radiation exposure.

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
Reception and Placement (R&P) Income	<ul style="list-style-type: none"> • R&P funds disbursed as a one-time payment, or issued in more than one payment in the same calendar month, it is considered a non-recurring lump sum payment and a resource in the month received. • R&P funds disbursed as vendor payments are excluded income. An expense paid with vendor payment is not allowed as a deduction for the month the payment is intended to cover. • Income “earmarked” by the Voluntary Agency (VOLAG) to be used for specific purposes (rent, utilities, furniture, etc.) are considered excluded income. <p>Note: Acceptable VOLAG verification must include information to determine if the R&P income received by the refugee was required to be spent for a specific purpose.</p>
REIMBURSEMENTS	Exempt any portion that does not exceed the expense or otherwise result in a gain or benefit. Do not exempt reimbursements for normal household living expenses (such as rent, mortgage, utilities, clothing, or food eaten at home). [Refer to “Reimbursements,” page 19-35.]
RELOCATION ASSISTANCE BENEFIT	A Relocation Assistance Benefit paid by a public agency to a household that has been relocated as a result of redevelopment, urban renewal, freeway construction or any other public development involving demolition or condemnation of existing housing.
REPRESENTATIVE PAYMENTS	Exempt money received and used for the care and maintenance of a third-party beneficiary who is not a household member.
RETROACTIVE PAYMENTS FROM AN ASSISTANCE PROGRAM	Exempt payments for retroactive approval of an application; and court-ordered retroactive, supplemental, or corrective payments received for a previous month.
RICKY RAY HEMOPHILIA RELIEF FUND ACT PAYMENTS	Exempt payments (allowances) received under Public Law 105-369 by individuals who have contracted HIV due to contaminated blood products used in the medical treatment of their blood-clotting disorder.

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
SCHOLARSHIPS	Any award or scholarship provided to or on behalf of a dependent child based on the child's academic or extracurricular activity.
SECTION 8 HOUSING ASSISTANCE - VENDOR PAYMENTS	Exempt that portion of the rent which is vendor paid to the landlord by the Housing Authority under the Section 8 program.
SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM (SCSEP) FUNDS	Paid under Title V of the Older Americans Act to persons age 55 and older.
SPINA BIFIDA ALLOWANCES (PAYMENTS)	Exempt payments (allowances) received under Public Law 104-204 by Vietnam veterans' children who are born with Spina Bifida.
STUDENT INCOME	[Refer to "Students," page 30-1 for a list of student income exemptions.]
UNIFORM RELOCATION ASSISTANCE PAYMENTS	Paid under the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970.
VENDOR PAYMENTS (CalWORKs, RCA, ECA)	Exempt if: <ul style="list-style-type: none"> • Paid to a third party for a household expense by a person or organization outside of the household, AND • Not legally obligated to be paid to the household. [Refer to "Vendor Payments," page 19-38.]
VENDOR PAYMENTS (GA)	Exempt unless issued for housing (rent/mortgage). [Refer to "Vendor Payments," page 19-38.]
VETERANS BENEFITS IMPROVEMENT AND HEALTH CARE PAY DEDUCTIONS	Exempt the amount by which the basic pay of an individual is reduced under the Veterans Benefits Improvement and Health Care Authorization Act of 1986 (PL 99-576, Sec. 303[a][i]).
WORKFORCE INVESTMENT ACT (WIA), INCLUDING ALLOWANCES, EARNINGS & PAYMENTS	EXCEPTION: WIA on-the-job training earnings are only exempt for a dependent household member who is: <ul style="list-style-type: none"> • Less than 19 years of age, and • Under parental control.

Income Definitions and Exemptions

EXEMPT INCOME	ADDITIONAL INFORMATION OR RESTRICTIONS
VOLUNTEER PAYMENTS	<p>Exempt only those payments issued under the following program:</p> <ul style="list-style-type: none"> • Title I of the Domestic Volunteer Services Act, only if the individual was already receiving CalFresh or federal CalWORKs when they joined the volunteer program. Include payments from: <ul style="list-style-type: none"> •AmeriCorps*VISTA payments •University Year for Action •Urban Crime Prevention Program. • Title II of the Domestic Volunteers Act, including: <ul style="list-style-type: none"> •Retired Senior Volunteer Program (RSVP) •Foster Grandparents •Senior Companion Program. • Senior Community Service Employment Program (SCSEP) under Title V of the Older Americans Act, including: <ul style="list-style-type: none"> •Green Thumb •National Council on Aging •National Council of Senior Citizens •American Association of Retired Persons (AARP) •U.S. Forest Service •National Association for Spanish-Speaking Elderly •National Urban League •National Council on Black Aging.



19.3 Agent Orange

19.3.1 Exemption

Exempt all payments from:

- The Agent Orange Settlement Fund, or
- Any other fund established to settle Agent Orange liability claims.

19.3.2 Payment Issuance

Agent Orange payments are issued under the AETNA Insurance Company's "Agent Orange Payment Program" (AOPP) as follows:

- Disabled veterans receive yearly payments.
- Survivors of deceased veterans receive one lump sum payment.

The AOPP checks may be distinguished from other AETNA Insurance Company checks by TWO OR MORE of the following identifiers:

- The body of the check is light blue. A clerical draft (a check that did not go through the regular processing functions) is gray.
- White upper and lower borders.
- The words "Agent Orange Payment Program" computer-printed at the top of the check.
- The digits "37000" printed in the upper white border. (37000 is an accounting number for AOPP.)
- The digits "654000" (which indicate the payment is for the AOPP) listed in the control box area of the check.
- All AOPP checks are drawn on the Connecticut National Bank.

19.3.3 Veterans (VA) Benefits

Vietnam veterans with service-connected disabilities due to Agent Orange exposure are entitled to veteran's benefits. These payments are issued by the U.S. Treasury.

Most eligible veterans will receive a lump-sum payment for retroactive benefits, and then regular monthly payments. The lump-sum payment is exempt as income, but counted as a resource in the month received. The regular monthly payments are counted as unearned income.



19.4 Charitable Contributions

19.4.1 Exemption [63-502.2c]

Exempt charitable contributions of \$300 or less received from one or more private, nonprofit charitable organizations in a calendar quarter.

19.4.2 Nonprofit Organization

A nonprofit charitable organization is one which has filed for tax-exempt status under this heading with the state or federal government.

19.4.3 Verification

Verification of the amount and source of a charitable contribution is required to exempt the contribution.

Verification of an organization's nonprofit state is not required, unless questionable, to exempt a charitable contribution.

19.4.4 Calendar Quarters

The calendar quarters to be used when determining an exemption for a charitable contribution are:

- January 1 to March 31
- April 1 to June 30
- July 1 to September 30
- October 1 to December 31

Example:

It is anticipated that in the calendar quarter of January to March, the household will receive \$100 in January, \$100 in February, and \$200 in March, for a total of \$400 from two private, nonprofit charitable organizations. The \$100 in January, \$100 in February, and \$100 of the \$200 in March will be excluded for a total of \$300 which can be excluded under this provision. The remaining \$100 received in March will be counted as income to the household.



19.5 Child Support [63-502(p)]

Legally obligated child support payments (including arrearages) that a household member pays to or for an individual living outside of the household are excluded as income by allowing them as a deduction. The child support exclusion/deduction is first deducted from the unearned income and any remainder is deducted from the earned income, with the 20% earned income deduction taken prior to the child support exclusion. In addition, if all or part of the UIB/DIB payment is withheld to pay owed child support, the child support amount being withheld is allowed as a deduction in the budget.

Note:

If the obligator has zero income but the child support is paid by another household member or by the CalWORKS/Tribal TANF grant, the child support payment is excluded from the household's income.

Child support payments made to a third party (i.e. a landlord or utility company) on behalf of a the non-household member in accordance with the support order are to be included in the child support exclusion. Payments made by a household with a legal obligation to obtain health care insurance for a child are also to be included as part of the child support exclusion.

Note:

Spousal support payments are not excluded from the CalFresh income, regardless if they are a legal obligation for the CalFresh household.

19.5.1 Child Support Arrearages

Child support arrearages being paid by a household member for children who are now in the home with the household member are excluded as income by allowing it as a deduction if the following conditions are met:

- The responsible parent whose child is back in the home is making the payments OUTSIDE the home (e.g., local child support agency), AND
- The outstanding amount remains a legal obligation.

If the arrearages are forwarded (e.g, by local child support agency) to someone living in the home, the funds received are COUNTED as child support income in the month of receipt.

Income Definitions and Exemptions

Child support arrearages paid by a household member (e.g., father) to another member who is in the home (e.g., mother) CANNOT be allowed as a child support deduction. However, child support payment paid by one household member to another is NOT counted as income.

19.5.2 Verification

Payments of child support must be verified. If the household fails or refuses to cooperate by supplying the necessary verifications, their eligibility and benefit level will be determined without a child support exclusion. [Refer to “Verification Chart,” page 6-17

[Refer to “Child Support Paid,” page 22-25 for budgeting information.]



19.6 Indian Payments [63-506]

19.6.1 General Exemptions

The following Indian payments are exempt as income per federal statute.

EXEMPTION	ADDITIONAL INFORMATION/RESTRICTIONS
Casino Disbursements (Per Capita payments)	Exclude the first \$2,000 casino disbursement income, per calendar year, which are approved from interest on legal shares to the individual client in trust or restricted land. [63-506(b)(8)] Any funds which exceed the \$2,000 limit in a calendar year are counted as unearned income in the month in which it is received. [63-502.146]
Indian Child Welfare Act child and family service grants	Includes grants for: <ul style="list-style-type: none"> • Family assistance • Day care • After school care • Respite care • Recreational activities • Home improvement • Employment of domestic relations and child welfare personnel • Education and training.

Income Definitions and Exemptions

EXEMPTION	ADDITIONAL INFORMATION/RESTRICTIONS
Indian Claims Commission judgement or Claims Court payments	Issued under PL 93-134, PL 97-458, or PL 98-64. Funds must have been: <ul style="list-style-type: none"> • Distributed in payments of \$2,000 or less per person, or • Held in trust according to an approved plan, or • As of 1/12/83, to have been distributed in payments of \$2,000 or less per person, or • Distributed according to a plan approved by Congress from 1/1/82 through 1/11/83 (exempt also any purchases made with this money), or • Trust fund payments of \$2,000 or less per person from funds held in trust by the Secretary of the Interior.
Indian trust or restricted land payments	Exempt up to \$2,000 per person in each calendar year.
Old Age Assistance funds	Exempt amounts of \$2,000 or less paid to the heirs of deceased Native Americans under the Old Age Assistance Act (PL 98-500, Sec. 8)

19.6.2 Tribal Exemptions

Payments issued to members of the following tribes are exempt.

TRIBAL GROUP/NATION	APPLICABLE FEDERAL LAW
Alaskan Natives	Alaska Native Claims Settlement Act under: <ul style="list-style-type: none"> • PL 92-203, Sec. 29, or • PL 100-24, Sec. 15, or • Sac and Fox Indian Claims Agreement PL 94-189, Sec. 6.
Apache Tribe of the Mescalero Reservation	Payments from the Indian Claims Commission under PL 95-433, Sec. 2
Assiniboine Tribe	PL 94-114, Sec 6 payments for sub-marginal land held in trust by the U.S.
Assiniboine Tribes, Montana	PL 97-408
Assiniboine Tribe of the Fort Belknap Indian Community and the Fort Peck Indian Reservation, Montana	PL 98-124, Sec. 5
Bad River Band of the Lake Superior Tribe of Chippewa Indians of Wisconsin	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.

TRIBAL GROUP/NATION	APPLICABLE FEDERAL LAW
Blackfeet Tribe	<ul style="list-style-type: none"> • PL 97-408 • PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Cherokee Nation of Oklahoma	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Cheyenne River Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Chippewas of Lake Superior	<ul style="list-style-type: none"> • PL 99-146, Sec. 6(b) • PL 99-377
Chippewas of the Mississippi	<ul style="list-style-type: none"> • PL 99-146, Sec. 6(b) • PL 99-377
Crow Creek Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Devils Lake Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Fort Belknap Indian Community	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Fox	Claim agreement payments under PL 94-189
Grand River Band of Ottawa	PL 94-540
Grosventre	PL 97-408
Hopi	PL 93-531, Sec. 22
Independent Seminole Indians of Florida	Payments of \$2,000 or less per person to satisfy a judgement of the Indian Claims Commission (PL 101-277)
Indian Tribal Members	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Keweenaw Bay Indian Community	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Lac Corte Oreilles Band of Lake Superior Chippewa Indians	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Lower Brule Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Miccosukee Tribe of Indians of Florida	Payments of \$2,000 or less per person to satisfy a judgement of the Indian Claims Commission (PL 101-277)
Minnesota Chippewa Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.

Income Definitions and Exemptions

TRIBAL GROUP/NATION	APPLICABLE FEDERAL LAW
Navajo	<ul style="list-style-type: none"> • PL 93-531, Sec. 22 • PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Oglala Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Papago Tribe, Arizona	PL 97-408
Passamaquoddy	Maine Indian Claims Settlement Act of 1980 (PL 96-420, Sec. 9 [c])
Penobscot	Maine Indian Claims Settlement Act of 1980
Puyallup Tribe	Puyallup Tribe of Indians Settlement Act of 1989 (PL 101-41, Sec. 10(b) and (c))
Red Lake Band of Chippewa Indians	PL 98-123
Rosebud Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Sac	Claim agreement payments under PL 94-189
Saginaw Chippewa Indian of Michigan	PL 99-346, Sec. 662
Seminole Nation of Oklahoma	Payments of \$2,000 or less per person to satisfy a judgement of the Indian Claims Commission (PL 101-277)
Seminole Tribe of Florida	Payments of \$2,000 or less per person to satisfy a judgement of the Indian Claims Commission (PL 101-277)
Seneca Nation	Seneca Nation Settlement Act of 1990 (PL 101-503, Sec. 8[b])
Shoshone-Bannock Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Standing Rock Sioux Tribe	PL 94-114, Sec. 6 payments for sub-marginal land held in trust by the U.S.
Turtle Mountain Band of Chippewas, Arizona	PL 97-403
Yakima	Payments from the Indian Claims Commission under PL 95-433, Sec. 2
White Earth Band of Chippewa Indians, Minnesota	White Earth Reservation Land Settlement Act of 1985 (PL 264, Sec. 16)



19.7 Nonrecurring Lump Sum Payments

19.7.1 Overview

To be considered a nonrecurring lump-sum payment, a payment must be:

- Money owed to the household for a period prior to the current month, and/or
- Represent a return of a payment or part of a payment that was made in the past by the household and/or
- A one-time payment resulting from a government policy/law.

19.7.2 Exemption [63-502.2(j)]

Income received as a nonrecurring lump sum payment is exempt.

Lump-sum payments fall into three categories and include but are not limited to the following:

Retroactive Payments

- Retroactive Social Security or Railroad Retirement (subtract the current month benefit).
- Retroactive State Unemployment or Disability benefits (subtract the current month benefit).
- Retroactive public assistance payments due to:
 - Approval of an application,
 - Supplemental or corrective payments for a previous month, or
 - Court order.
- Child support COLLECTED by the Department of Child Support Services (DCSS) in a month in which the household (HH) is NOT on CalFresh which is issued to the HH in a later month when the HH is on CalFresh.

Return of Resources

- Rental or security deposit refunds.
- Utility deposit refund.
- Keogh plans.
- IRAs.

One-time Payments Resulting from a Government Policy or Law

- Tax refunds.
- Rebates or credits.
- CalWORKs homeless payments for temporary or permanent housing.
- CalWORKs diversion payments made to divert a family from becoming dependent on welfare if the payment is not defined as assistance.
- Lottery winnings received in a single payment.
- Vacation pay received in a single payment after employment ceases.
- Insurance settlements.

19.7.3 Treatment

Nonrecurring lump sum payments are counted as a resource in the quarter received, unless otherwise exempt.

19.7.4 Resources

Nonrecurring lump sums are counted as a resource in the quarter received, unless otherwise exempt. [\[Refer to “Resources \[63-501\].” page 15-1.\]](#)



19.8 Public Assistance Grant Reductions - Failure to Comply [63-503.5]

19.8.1 Failure to Comply - Overview

When a federal, state or local public assistance/welfare program's cash aid (i.e. CalWORKs, GA, RCA, Foster Care, etc.) is reduced due to a failure to comply with a program requirement which occurred on or after February 1, 1997, the CalFresh benefits must NOT be increased due to this cash aid reduction.

Changes in the household circumstances which are NOT related to the failure to comply sanction/penalty but which occur in the same month must be acted upon, even if those changes increase the CalFresh benefit amount. Examples include:

- Loss of a source of income,
- Increase in the shelter deduction or
- Adding a new household member.

19.8.2 Failure to Comply - Examples

Examples of failure to comply sanctions/penalties which may result in a cash aid reduction, and therefore, require action under this regulation include but are not limited to:

- Deletion of an individual from the grant for failure to meet an alternate work program's work requirement (e.g. Employment Services) IF the client is NOT also sanctioned for CalFresh. [[Refer to "Failure to Comply with a Substitute Program's Work Requirements," page 27-19](#)].
- Deletion of an individual from the CalWORKs grant, who is ineligible for CalFresh benefits due to his/her non-citizen status, for failure to meet the CWES work requirement.
- A 25% grant reduction due to failure to turn in child support or cooperate with the Department of Child Support Services.
- Deletion of a person from the AU for refusal to assign support rights.
- Reduction in the CalWORKs grant due to a Cal-Learn penalty.

- Grant reduction due to the collection of a **CLIENT CAUSED “other” overpayment.

** A CLIENT CAUSED “other” overpayment is an overpayment in which the client failed to meet his/her reporting responsibilities.

Client Caused Other Overpayment Examples

The following are examples of client caused “other” overpayments.

Example:

(Quarter: March, April & May)

A client fails to report that her daughter left the home on March 23rd until the Reinvestigation (RV) is done in September. The client should have reported her daughter left the home on the April QR 7 which she failed to do so. A client caused “other” overpayment occurred in June, July, August and September.

Example:

(Quarter: February, March & April)

In July, EW discovers her client received a lump sum personal injury lawsuit settlement of \$10,0000 in February which she deposited into a savings account. She did not report the settlement or savings account on her March QR 7 and the money is still in the account resulting in total ineligibility. A client caused “other” overpayment occurred in May, June and July due to resources in excess of the resource limit.

Non-Client Caused Other Overpayment Examples

The following are examples of “other” overpayments which were NOT client caused for CalFresh purposes.

Example

On May 30th, a client calls her worker to report that she was convicted of a drug felony on May 27th. Due to the need to give a 10-day notice, an overpayment occurs in June. Since the client met her reporting responsibilities, this NOT a client-caused “other” overpayment.

Example:

On June 23rd, a client calls her worker to report that she is starting a job on June 28th. Her income is over the IRT and it is determined that she is not eligible for CalWORKs in July. Since the client met her reporting responsibilities, this is NOT a client-caused “other” overpayment.

Income Definitions and Exemptions

19.8.3 Failure to Comply- Exception

The failure to comply rule does not apply when an individual is sanctioned for failure to meet an alternate work program's work requirement (e.g. Employment Services for CalWORKs) IF the individual is also DISQUALIFIED for CalFresh. [\[Refer to "Failure to Comply with a Substitute Program's Work Requirements," page 27-19\].](#)

19.8.4 Determination of the Grant Reduction Amount

To determine the amount of the grant reduction, use the following chart:

If Cause of Grant Reduction is:	Then the amount of the grant reduction is:
CalWORKs 25% child support penalty,	The full CalWORKs grant before reduction.
CalWORKs child support sanction,	MAP differential
"CLIENT CAUSED" OTHER overpayment	Actual amount being adjusted on the overpayment.
CalLearn Penalty,	Actual amount being taken out of grant.
Work requirement sanction for another program but individual remains CalFresh eligible,	MAP differential
Work requirement sanction for another program when the individual is NOT CalFresh eligible due to his/her noncitizen status,	MAP differential
All other sanctions in which individual is removed from the AU,	MAP differential

19.8.5 Public Assistance Grant Reduction Examples

Example:

A CalWORKs household consists of a mom and her 3 children. The RV is due in December, 2004. On July 10, 2004, the Department of Child Support Services (DCSS) notifies the EW that the client has failed to appear for her second appointment. The client's CalWORKs grant is reduced by 25% starting August 1, 2004 and continuing, until she cooperates. Prior to the penalty, the household's CalWORKs grant was \$839. Due to the penalty, the household's CalWORKs grant is reduced to \$629.

Example:

A notice is sent to the EW on May 12, 2004, to impose a \$100 Cal-Learn penalty due to failure to attend school as required. The June and July grants are reduced by \$50 each month.

Example:

A \$20 General Assistance (GA) overpayment is caused by the client’s failure to report earnings on a timely basis. The GA grant for October 2004 is REDUCED by \$20 to collect this overpayment. The \$20 overpayment adjustment needs to be counted as additional income in the CalFresh budget.



19.9 Reimbursements

19.9.1 Exemptions [63-502.2g]

Use the following chart to determine whether a reimbursement is exempt.

EXEMPT A REIMBURSEMENT WHICH:	DO NOT EXEMPT AS A REIMBURSEMENT ANY AMOUNT WHICH:
<ul style="list-style-type: none"> • Does not exceed the actual expense. • Does not result in a gain or benefit to the household. • Is provided specifically for an identified expense, other than normal living expenses, and is used for the purpose intended. 	<ul style="list-style-type: none"> • Is for normal household living expenses, such as rent or mortgage, personal clothing, or food eaten at home. • Exceeds the actual expenses for which it was intended. However, a reimbursement shall not be considered to exceed the actual expense unless the provider or the household indicates that the amount is excessive. (If this happens, count only the excess amount as income.)

19.9.2 Examples

The following payments shall be exempt as a reimbursement:

- Reimbursements or flat allowances for job/training-related expenses such as travel, per diem, uniforms, books, and transportation to and from the job/training site.
- Reimbursements received for Employment Services participation.

Income Definitions and Exemptions

- Reimbursements for migrant workers' travel expenses.
- Reimbursements to volunteers for expenses incurred in the course of their volunteer work.
- Medical reimbursements which meet the requirement for a medical deduction. [[Refer to "Income Deductions," page 20-1.](#)] Do not allow a deduction for an exempt reimbursement.)
- Dependent care reimbursements (e.g. CalWORKs child care program payments issued to the client as a reimbursement).
- Reimbursements to pay for In-Home Supportive Services (IHSS) or other adult or children's services provided under Title XX of the Social Security Act.
- Clothing allowances, if:
 - Paid by the State or County (such as Foster Care), AND
 - Paid when children enter or return to school or day care, AND
 - Issued no more often than once a year, AND
 - The monthly cash grant is not reduced by the amount of the clothing allowance in the month when the allowance is provided.

19.9.3 Multiple Expenses

When a reimbursement is for multiple expenses, do not identify each expense separately unless a part of the reimbursement is intended to meet normal living expenses.



19.10 UIB/DIB Offsets

On the PVS report, there are specific codes that identify offsets to Unemployment Insurance Benefits (UIB) or Disability Insurance Benefits (DIB). The following chart shows the way the various offsets to UIB/DIB are to be treated in CalFresh.

TYPE OF OFFSET OR DEDUCTION	COUNT GROSS UIB/DIB	COUNT NET UIB/DIB
Earnings - UIB/DIB is reduced because of earnings. The household (HH) should report earnings on the QR 7.		X

Income Definitions and Exemptions

TYPE OF OFFSET OR DEDUCTION	COUNT GROSS UIB/DIB	COUNT NET UIB/DIB
Partial Wages - The HH should report wages on the QR 7.		X
Benefit Reduction due to penalty - Since a HH's financial circumstances are not considered in determining eligibility for UIB/DIB, the reduction amount is not counted as income.		X
Workers' Compensation - The HH should report Workers' Compensation benefits on the QR 7.		X
Work Share Earnings/2 Persons sharing 1 job - The HH should report earnings on the QR 7.		X
Recomputation Down/Recomputed Claim - Two persons may be using the same SS# and paying into state disability. Upon investigation, the person who applied for DIB may or may not have paid into the DIB to be eligible for benefits. Hence, the state disability then re-computes the benefits to determine actual benefits to be issued the eligible person.		X
Partial Overpayment Offset - UIB/DIB is being reduced to repay a prior overpayment received from UIB/DIB.		X
Full Overpayment Offset - UIB/DIB is being reduced to zero to repay a prior overpayment received from UIB/DIB.		X
Pension Benefits/Pension Payment Applied Against UIB - The HH should report pension benefits on the QR 7.		X
Child Support - Legally obligated to be paid and otherwise payable to the HH. Count the gross UIB/DIB payment, but the child support amount paid is allowed as a deduction. [Refer to "Unearned Income [63-502.14]," page 19-9, "Child Support [63-502(p)]," page 19-25, and "Child Support Paid," page 22-25.]	X	
DIB Voluntary Plan Reduction - Money is voluntarily being deducted from the employee's paycheck and then paid into a private disability plan (and not through the state disability program).		X
Workers Compensation Voluntary Reduction (WCVR) - DIB - The HH should report Workers Compensation benefits on the QR 7.		X
Benefit Garnishment - Money being withheld to pay child support, unpaid taxes, overpayments from other agencies, etc. Count the gross UIB/DIB amount (including the garnished amount) as income. A child support deduction is allowed if benefits are garnished for child support payment.	X	
Prepayment Reduction/Adjustment - Occurs when a client was paid benefits at the full rate (like a wage) which was more than he/she was entitled to because the client failed to report some relevant information.		X
Unallocated Sick Leave Wage - Paid yearly to the client as a regular wage. The household should report wages on the QR 7.		X

Income Definitions and Exemptions

TYPE OF OFFSET OR DEDUCTION	COUNT GROSS UIB/DIB	COUNT NET UIB/DIB
Simultaneous Coverage - Occurs when an employee is working for two different employers. One employer may elect to participate in a voluntary plan and the other employer in a state disability plan. Money is deducted from the employee's paycheck and paid into the voluntary plan.		X
Voluntary Withholdings - e.g., taxes withheld or deducted from a client's benefits.	X	



19.11 Vendor Payments

19.11.1 Exemption [63-502.2]

Exempt as a vendor payment any money that is:

- Not legally obligated to the household, AND
- Paid to a third party for a household expense by a person or organization outside of the household.

Note:

Households are NOT required to report when vendor payments start, stop or change during a certification period UNLESS the household moves. However, IF a household does report the change, the Eligibility Worker MUST act on the reported information.

19.11.2 Examples

Examples of an exempt vendor payment include:

- Rent paid directly by an employer in addition to regular wages.
- A meal deduction on a paycheck for a food service job.

19.11.3 CalWORKs, RCA or ECA Vendor Payments

Exempt the following CalWORKs, RCA or ECA vendor payments. (These payments are exempt only for the cash aid recipient on whose behalf the payments are issued. They are not exempt for the individual who receives them as payment for the provision of goods or services.)

EXEMPT VENDOR PAYMENT	ADDITIONAL INFORMATION OR RESTRICTIONS
MEDICAL ASSISTANCE	
CHILD CARE ASSISTANCE	
TRANSITIONAL HOUSING (time-limited)	Exempt a payment: <ul style="list-style-type: none"> • Issued for a time-limited residence, and • Meant to facilitate the movement of a homeless individual to permanent housing. (Does not apply to persons enrolled in a drug or alcohol rehabilitation program.)
EMERGENCY ASSISTANCE	Paid to a third party on behalf of a migrant or seasonal farmworker household while a household member is employed in or between agriculturally related jobs. (A migrant or seasonal farmworker household is one which lives away from home and travels from place to place outside its home county to look for agriculturally related work.)

19.11.4 GA Vendor Payments

Exempt all GA vendor payments issued for:

- Any expense other than housing (rent or mortgage).

The term housing does not apply to an energy or utility expense in this situation. Vendor payments issued for energy or utility expenses are exempt.

- Transitional homeless housing which is:
 - Time-limited or temporary, and
 - Meant to assist the household in the movement to permanent housing.

Income Definitions and Exemptions

This exemption applies only for the cash aid recipient on whose behalf the payments are issued. Vendor payments are not exempt income for the individual who receives them as payment for goods or services provided.

19.11.5 FC Wraparound Services Program Vendor Payments

The “Foster Care Wraparound Services” Program is a program created to permit children who ordinarily would be placed in foster homes or group homes to remain in their own homes. Children who participate in the “Foster Care Wraparound Services” Program are provided with services which are paid for directly to the vendor. These wraparound vendor payments are excluded as income.

19.11.6 Nonexempt Vendor Payments

The following vendor payments are not exempt:

- Earnings of a household member that are garnished or diverted by an employer and then paid to a third party for a household's expenses, such as rent.
- GA vendor payments for housing. [[Refer to “GA Vendor Payments.” page 19-39.](#)]
- A vendor payment is only exempt for the person on whose behalf it is issued, and not for the person who receives it as reimbursement for goods or services provided.

Example:

\$200 of a CalWORKs recipient's grant is issued as a vendor payment to the children's babysitter each month. The \$200 vendor payment is exempt for the CalWORKs recipient, but counts as income to the babysitter.



19.12 Expenses Exceed Income

If a household's expenses exceed its income, the household must be given a chance to explain the discrepancy. The client correspondence "How Meeting Needs" (CSC 32) should be mailed to the client for clarification.

Housing + Utilities + Food (amount of Thrifty Food Plan for household) + Car payment + Dependent care + Other <hr style="width: 80%; margin-left: 0;"/> = Expenses	are greater than	Net earned + Unearned income + CalFresh allotment <hr style="width: 80%; margin-left: 0;"/> Income
--	------------------	---

If the household is able to offer a reasonable explanation as to how it meets its monthly expenses, this information should be documented in the case record.

If the household will be able to meet its expenses for a limited time only, the EW may determine that further verification of the client's statements, living situation, or household composition is needed.

- In and of itself, this is not a reason to deny or discontinue the household.
- It is the recipient's responsibility to report a change in income or circumstances.
- If the household fails to provide a reasonable explanation as to how it manages, disallow the expenses and deny the application or recertification.
- Document in the **Maintain Case Comments** window in CalWIN the explanation provided by client, reason for disallowing expenses, or the reason for denying or discontinuing the case.

Obtain verification or make collateral contacts to support explanations.

Note:

Allow the client 30 days from the date of application or recertification to provide verification before denying the case.



