



Early Education and Support Division

Calculating Income

CAPPA Conference

October 2016

Presenters: Vanessa Saunders, Manager
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State Superintendent
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Agenda

- Purpose
- Income Regulations (*California Code of Regulations, Title 5 (5 CCR) sections 18078, 18084, 18096*)
- What income get's counted?
- Income worksheet
- Questions





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Purpose

This workshop will:

- Describe the difference between Countable vs. Non-Countable Income
- Provide an overview of regulations regarding income eligibility
- Identify common findings and how to avoid them
- Review required income calculation worksheet





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Definitions of Income

Funding Terms & Conditions FT&C pg. 20
5 CCR Section 18078(s)

“Total countable income” means all income of the individuals counted in the family size. (5 CCR Section 18078(s))

“Adjusted monthly income” means the total countable income in minus verified child support payments paid by the parent whose child is receiving child development services, and excluding the non-countable income. (5 CCR Section 18078(a))





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Countable Income vs. Non Countable Income





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Countable Income vs. Non-Countable Income

5 CCR Section 18078 (a) (1-14), (s) (1-20)

See Appendix A – (blue)





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Countable Income

Funding Terms & Conditions FT&C pg. 20

Avoiding Common Findings

- Uber
- SSI
- Bonuses
- Medical/Dental
 - Cash Option
- Retirement





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Calculation of Income

Program Requirements for CAPP (pp. 12 -13)

Avoiding Common Findings

- Averaging Pay
- Frequency of Pay
- Bonuses
- Gross vs. Net Pay
- Periods of high activity with periods of low to no activity
- Roofers or house painters
- Newly started business with no regular flow of income
- Current and On-going Income
- Preceding 30 days of income
- Uber (example ?)





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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10 – 12)
5 CCR Section 18084

The parent is responsible for providing all documentation of the family's total countable income on a timely basis.

- Used to determine:
 - Income eligibility
 - Family Fee
- Based on income information reflecting the family's current and on-going income





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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10–12)
5 CCR Section 18084 (a)

Employment

If the parent is employed they must provide

- Release authorizing the contractor to contact the employer(s)
- All payroll check stubs, a letter from employer or other record of wages
- Other means of verification along with a self certification.





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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10 – 12)

5 CCR Section 18084 (a)(1)(B)(3)

Self-Employment

(3) If the parent is self-employed, provide a combination of documentation necessary to establish current income eligibility for at least the month preceding the initial certification. Documentation shall consist of as many of the following types of documentation as necessary to determine income:

- a) A letter from the source of the income,
- b) A copy of the most recently signed and completed tax return with a statement of current estimated income for tax purposes, or
- c) Other business records, such as ledgers, receipts, or business logs.

(4) Provide copies of the documentation of all non-wage income pursuant to section 18078(q), self-certification of any income for which no documentation is possible, and any verified child support payments pursuant to section 18078(a) of this chapter.



Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10 – 12)
5 CCR Section 18084 (a)(1)



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The Contractor must:

- Retain copies of the documentation of total countable income;
- When the parent is employed, verify salary/wage; rate of pay; hours and days of work; variability of hours and days of work; pay periods and frequency of pay, and start date for the employee.





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Documentation of Income Eligibility

Self-Certification of Income

5 CCR Section 18078(q)

“Self-Certification of Income” means a declaration signed by the parent under penalty of perjury identifying:

1. To the extent known, the employer and date of hire and stating the rate and frequency of pay, total amount of income received for the preceding month(s), the type of work performed, and the hours and days worked, when an employer refuses or fails to provide requested employment information or when a request for documentation would adversely affect the parent’s employment; or
2. The amount and frequency of sources of income for which no documentation is possible. 5 CCR 18078(q) and 18084(4)





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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10–12)

Avoiding Common findings of Employment Income Eligibility

- Contractors do not always have to contact the employer to verify income.
 - If the check stubs:
 1. Are from an employer known to the contractor;
 2. The hours and pay-rate on the stubs are consistent with the known practices of that employer (and parent's story); then no independent verification required.

Employer verification may be required for need. 14



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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10 – 12)

Avoiding Common finding of Employment Income Eligibility (cont.)

- If the documentation provided with the parents is insufficient or you have additional questions, you must ask for additional documentation or independently verify documentation provided is accurate. Independent means independent of the parent
- Request additional documentation if necessary
- Self – Certification
- Self - Employment





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Documentation of Income Eligibility

Program Requirements for CAPP (p. 13)

5 CCR Section 18085

Public Assistance

If the basis of eligibility is current aid recipient, the parent must provide documentation of public cash assistance, unless the contractor has and elects to use other means of verification.





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Documentation of Income Eligibility

Program Requirements for CAPP (p. 13)

Avoiding Common Findings of Public Assistance eligibility:

- Categorically eligible
 - Exempt from family fees





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Calculation of Income

5 CCR Section 18096

- Contractors must calculate total countable income based on income information reflecting the families current on ongoing income.



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Calculation of Income

5 CCR Section 18096

When income fluctuates because of:

- 1) Agricultural work (migrant, agricultural, or seasonal), average income from 12 months preceding certification.
- 2) Intermittent earnings or income (bonuses, commissions, back child support payments, inheritance, lottery, or net proceeds from sale of property or stock) average income from 12 months preceding certification.
- 3) Unpredictable income (On-call or “temp” work, overtime or self employment) averaging at least 3 consecutive months and no more than 12 months preceding certification.





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Calculation of Income

Program Requirements for CAPP (p. 12)
5 CCR Section 18096

The use of an Income Calculation Worksheet is **required** and must be kept in the family data file. The worksheet must specify:

- Frequency of income
 - Weekly
 - Bi-weekly
 - Twice monthly
 - Monthly
 - Fluctuating
- All sources of income

An Income Calculation Worksheet is available at:

<http://www.cde.ca.gov/sp/cd/ci/cddforms.asp>



Income Calculation Worksheet Required

Program Requirements for CAPP (p. 12)

5CCR § 18081(1)

(Appendix B)

CD-ICW INCOME CALCULATION WORK SHEET – CASH, WAGES, or SALARY

Parent A	Pay Periods	Parent B	Pay Periods

- Twice-monthly pay cycles are usually 15 days or longer from the 1st - 15th and the 16th - 30/31st
- Twice-monthly salaried wage stubs will often show 86.66 or 86.67 under the "hours" section
- Every-2-weeks pay cycles are usually 14 days and begin on the same day of the week and end on the same day of the week per pay cycle
- For migrant workers, monthly gross income is computed by averaging the total gross income received during the previous 12 months and is **NOT** recalculated until the next **annual** recertification
- Select Appropriate Income Pay Cycle for Wage Calculations

Weekly: (52 pay periods annually):

A. \$ _____ + \$ _____ + \$ _____ + \$ _____ = \$ _____ /4 = \$ _____ (weekly average)

Weekly average \$ _____ X 52 weeks /12months = \$ _____ gross monthly income

B. \$ _____ + \$ _____ + \$ _____ + \$ _____ = \$ _____ /4 = \$ _____ (weekly average)

Weekly average \$ _____ X 52 weeks /12months = \$ _____ gross monthly income

Every two weeks (26 pay periods annually):

A. \$ _____ + \$ _____ = \$ _____ /2 = \$ _____ (Two week average)

Two week average \$ _____ X 26 pay periods /12 months = \$ _____ gross monthly income

B. \$ _____ + \$ _____ = \$ _____ /2 = \$ _____ (Two week average)

Two week average \$ _____ X 26 pay periods /12 months = \$ _____ gross monthly income

Twice monthly (24 pay periods annually):

A. \$ _____ + \$ _____ = \$ _____ gross monthly income

B. \$ _____ + \$ _____ = \$ _____ gross monthly income

Monthly: (12 pay periods annually):

A. \$ _____ gross monthly income B. \$ _____ gross monthly income

Fluctuating: use for seasonal, migrant, agricultural, fluctuating

A. \$ _____ 12 months* worth of income / 12 = \$ _____ gross monthly income

B. \$ _____ 12 months* worth of income / 12 = \$ _____ gross monthly income

* Add all paychecks received in the prior 12 months.

Other Sources of Countable Income:

- _____ Public assistance
- _____ Disability/Unemployment
- _____ Workers Compensation
- _____ Spousal Support
- _____ Child Support
- _____ Survivor benefits
- _____ Retirement benefits
- _____ Dividends/Interest
- _____ Rental Income
- _____ Foster care grant
- _____ Financial assistance for child
- _____ Veterans pension
- _____ Annuity/Pension
- _____ Inheritance
- _____ Housing included in pay
- _____ Auto included in pay
- _____ Student loan living expenses
- _____ Insurance settlements
- _____ Net gain from property
- _____ Other income
- _____ *Subtotal*
- _____ GMI from column 1
- _____ **Total Countable Income**



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QUESTIONS



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CONTACT INFORMATION

Additional Questions

Contact your Regional Field
Consultant

<http://www.cde.ca.gov/sp/cd/ci/assignments.asp>

Thank you for your participation





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Parking Lot Slides not used



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Self-Certification of Income

Program Requirements for CAPP (p. 10)

- When employer refuses or doesn't give employment info
- When request would adversely affect parent's employment
- When no documentation of income is possible

➤ **FOR INCOME ONLY**





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Income Calculation

Program Requirements for CAPP (pp. 10 – 12)

Avoiding Common Findings

- Averaging Pay
- Frequency of Pay
- Bonuses
- Gross vs. Net Pay





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Medical or Dental Insurance: Included in Gross Pay

- Determine if benefit credit listed on paycheck is included in gross pay or not
- Determine if there is a cash benefit to the employee
 - E.G., balance into retirement account
- May require additional information to confirm not optional
 - Employee handbook
 - Letter from employer





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Documentation of Income Eligibility

Program Requirements for CAPP (pp. 10 – 12)

Avoiding Common finding of Employment Income Eligibility (cont.)

Need to include the requirements and common findings for this.

