

## **NON-TANF CHILD CARE ELIGIBILITY**

### **CHILD CARE 2 - 4**

#### **Household Income**

**Supersedes:** Child Care 2-4 (9/30/16)

**References:** 45 CFR 98.20; 52-2-701 - 704; 52-2-713 MCA  
ARM 37.80.201 - 202

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#### **General Rule**

The gross monthly income of all adult and minor household members is evaluated in determining household eligibility. Households with assets that exceed \$1,000,000 are not eligible for the Best Beginnings Child Care Scholarship Program. Families must indicate on the application that they meet this requirement.

The gross monthly income is calculated for the entire household and is defined as the sum of earned and unearned gross monthly income received in a calendar month regardless of when it was earned, less any verified court-ordered child support payments made for children outside of the household as outlined in Section 2-2a.

#### **Family Shall Obtain All Income**

As a condition of eligibility, each household must actively seek all income for which the household has legal claim, unless they can show good cause for not doing so. However, eligibility may not be denied if the individual did not make income information available because he/she was unaware of its existence and/or availability. The applicant's written or verbal statement alone is not verification.

See the Early Childhood Services Bureau [ECSB] Procedure Handbook for processing.

#### **Earned Income**

The term earned income is defined as the monthly equivalent of all earnings received [before taxes and other deductions], no matter when it was earned. Earned income encompasses cash or in-kind income earned by an individual through the receipt of wages, salary, commissions, or other income sources from activities in which he/she is engaged as a self-employed individual or as an employee. Earned income is measured as gross earned income before any deductions such as FICA, taxes, garnishments, and cafeteria plans, etc., the individual receives. It includes earnings over a period of time for which settlement is made at one given time, as in the instance of sale of farm crops, livestock, poultry, or logging.

With reference to commissions, wages, or salary, earned income means the total amount, irrespective of personal expenses, such as income tax deductions, lunches, and transportation to and from work, and irrespective of expenses of employment which are not personal, such as the cost of tools, materials, special uniforms, or transportation to call on customers.

Earned income divided by the number of child care hours requested must equal the current Federal Minimum Wage to remain eligible for child care assistance. In order for salaried employees to be exempt, an employee must a) be paid at least \$23,600/year (\$455 per week), and b) be paid on a salary basis. The current Federal Minimum Wage can be located at:

<http://www.dol.gov/general/topic/wages/minimumwage>. Individuals receiving a salary must still meet a minimum hourly wage equivalent to qualify for the Best Beginnings Scholarship Program.

### **Verifying Earned Income**

It is the applicant's responsibility to provide verification of his/her earned income. The applicant's income and work schedule shall be provided to the Child Care Resource and Referral [CCR&R] on the Release of Information/Request for Verification form. If the employer refuses to complete the form or if the work schedule is variable, Child Care Resource and Referral [CCR&R]s may corroborate the parent's statement with the following information:

- Employer's payroll records;
- Employer's verbal/written statement of earnings [can be verified by the Eligibility Specialist];
- Employment service records;
- W-2 forms; and/or
- Wage/salary stubs.

For self-employment income information, see Policy Section 2-4a.

### **Unearned Income**

Unearned Income means an individual's income derived from sources other than employment such as interest and dividends from investments, child support or income from rental property.

### **Verifying Unearned Income**

It is the applicant's responsibility to provide verification of his/her unearned income. This verification is not limited to, but may include, any of the following sources:

- Attorney Statement;
- Bureau of Indian Affairs Records;
- Cash Income Records from Rental Property, Farm Produce, Boarders-lodgers, etc.
- Child Support Enforcement Division;
- Child Support Receipts;
- College and University Financial Aids Records;
- Correspondence on Benefits;
- Correspondence on SSA Benefits;
- County Clerk of the Court Records;
- Divorce Decree (may include child support, medical support, child care, alimony);
- Financial Institution Records;
- Income Tax Record - State & Federal;
- Insurance Company Records;
- Lodge, Club, or Fraternal Organization Record;
- Current Parenting Plan (must include child support; may include medical support, child care; and must be signed by a judge)
- Pension Award Notice;
- Personal Records of Contributions--Money orders or, canceled checks;

- ❑ Railroad Retirement Award Letter;
- ❑ Recipient's statement from person making a contribution (a current child support order is required for child support payments);
- ❑ RSDI Benefit Check or Award Letter;
- ❑ Social Security Administration Records;
- ❑ Unemployment Compensation Award letter;
- ❑ Union Records;
- ❑ Veteran's Administration;
- ❑ Veteran's Administration Award Notice;
- ❑ Workmen's Compensation Benefits Award Notice; and/or
- ❑ Workmen's Compensation Records.

### **Calculating Unearned Income**

When calculating gross monthly income, unearned income is included for:

- ❑ All parents in the household
- ❑ All children in the household
- ❑ All other countable members of the household [See Income Table in Section 2-6]

Unearned income is **NOT** included for the adults with whom the teen parent applicant is living if the teen parent does not include them as part of the household.

For applicants who receive more than one type of unearned income, the unearned income is calculated for each source and then totaled to arrive at the gross monthly unearned income.

Gross monthly unearned income is calculated by:

- ❑ Determining the gross amount received each period; and
- ❑ Using the appropriate formula to translate this amount into a monthly figure [See Income **Determination Method** below].

### **Child Support As Unearned Income**

Child Support received by the applicant for the support of members of the household is considered unearned income. A monthly average should be calculated and added to other unearned income for the household.

### **Irregular Income**

Irregular income is income that differs in amount from month-to-month. Examples of irregular income are when the parent or income earner:

- ❑ Is not paid regularly or works on commission
- ❑ Receives overtime pay or a bonus
- ❑ Does not have a regular work schedule
- ❑ Works part-time or "on-call" hours
- ❑ Receives unearned income at irregular intervals such as child support

See Policy Section 2-5 to calculate irregular income.

**Seasonal Income**

Seasonal income should be averaged in a way that provides the best picture of the parent's annual income. Any calculation should include payroll/income information from both high and low earning months. See Section 2-5 to calculate seasonal income. Employment such as farming, logging, construction, etc. may be calculated most accurately over a 12-month average to include summer [high], spring and fall/winter [low] seasons.