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|  | <b>INDIANA DEPARTMENT OF CHILD SERVICES<br/>CHILD WELFARE POLICY</b> |                                         |
|                                                                                   | <b>Chapter 15: Eligibility</b>                                       | <b>Effective Date:</b> November 1, 2014 |
|                                                                                   | <b>Section 7: Income Requirements</b>                                | <b>Version:</b> 1                       |

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| <b>STATEMENTS OF PURPOSE</b> |
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Income available to a child's assistance group in the month of removal must meet the Aid to Families with Dependent Children (AFDC) program income requirements in effect in July, 1996. The total income available to the assistance group includes the countable earned and unearned income based on the month it was received, not the month it was earned. The total monthly income for all members of the assistance group is compared against the 185% and 100% standards of need. If the assistance group's income does not exceed either standard of need, the AFDC income requirement is met. See separate policy, [15.5 Assistance Group](#) for information on determining who is included in a child's assistance group.

Calculating Income

When determining the earned and unearned income of the child's assistance group, use the actual monthly income if available. If the actual monthly income is not available, but income is received on a regular and consistent basis, the following rules may be used to convert the payment to a monthly amount:

1. If income is received weekly, multiply weekly income by 4.3,
2. If income is received bi-weekly, multiply bi-weekly income by 2.15, or
3. If income is received semi-monthly, multiply semi-monthly income by two (2).

**Note:** If income is received intermittently (e.g., quarterly, semiannually, or annually) and is expected to continue into the future, the income should be prorated by the number of months in the distribution period to determine a monthly income amount.

Deeming Income

In determining Title IV-E eligibility, the income of certain individuals living in the home with, but excluded from, the assistance group must be evaluated to determine what amount, if any, must be deemed. In deeming, a portion of the earned and unearned income of these excluded individuals is set aside to meet the needs of the person and his or her dependent(s), and then the remainder is "deemed", or considered as available income, to the assistance group. Deemed income is included in the child's financial need determination as unearned income.

The earned and unearned income of the following individuals who are living in the home with, but excluded from, the assistance group must be considered for deeming purposes:

1. Stepparent;
2. Unqualified alien parent; and
3. Senior parent (the parents of a minor parent).

Code References

1. [42 USC 672\(a\)\(3\)](#)
2. [45 CFR 1356.21\(l\)](#)

3. [45 CFR 233.10](#)
4. [45 CFR 233.20](#)

## PROCEDURE

The Family Case Manager (FCM) will:

1. Document and verify the earned and unearned income received during the month of removal for all persons living in the removal household;
2. Within 30 days, upload the supporting documentation to the case management system; and
3. Contact the DCS Central Eligibility Unit (CEU) immediately for additional instructions during the child's episode in out-of-home care if information is discovered regarding income.

The DCS CEU will:

1. Review the eligibility information in the case management system; and
2. Make an eligibility determination.

## PRACTICE GUIDANCE

### **Standard of Need**

The countable earned and unearned income available to the child must not exceed the income limits for the child's assistance group size. The income limits are based on Indiana's AFDC Program Standard of Need effective July 16, 1996.

There is a two (2) step budgeting process for evaluating the income of the assistance group. The assistance group must pass both a "185% test" as well as a "100% test" for the child to be considered initially eligible for Title IV-E. For the 185% test, the total gross earned and unearned income of the child's assistance group must be equal to or less than 185% of the Standard of Need for the group size. If the assistance group passes the "185% test", the "100% test" is applied. For the 100% test, the total net earned and unearned income of the assistance group after allowable disregards must be less than the Standard of Need for the group size. Certain types of earned and unearned income are exempt in determining if the child meets the income requirement.

Acceptable supporting documentation of the income criteria includes copies of the:

1. Removal petition documenting persons living in the removal home at the time of removal and their relationship to the child;
2. Paycheck stubs or statements;
3. W-2 forms;
4. Intake assessment;
5. Employer statements;
6. Indiana Client Eligibility System (ICES) screens (gathered by CEU);
7. Bank statements;
8. Tax documents; and
9. Statements from reliable persons cognizant of the facts.

## FORMS AND TOOLS

[Title IV-E and Title IV-A/EA Information \(SF55435\)](#)

## RELATED INFORMATION

### **Earned Income**

Earned income is income received through a person's work or efforts. Earned income that is countable under AFDC guidelines includes the gross amount (before taxes and withholdings) of:

1. Wages, salaries, tips;
2. Commissions;
3. Bonuses;
4. Sick pay;
5. Vacation pay;
6. Severance pay;
7. Jury duty pay;
8. Rental income from property;
9. In-kind earnings – the dollar value of the work performed as established by the employer; and
10. Wages from self-employment. Examples of self-employment include but are not limited to farming, babysitting, and house cleaning.

### **Unearned Income**

Unearned income is any income received by or available to the assistance group that is not gained through the provision of labor or service. Examples of unearned income that are countable under AFDC guidelines on an after-tax basis include, but are not limited to:

1. Investment income, such as dividends or interest (from stocks, bonds or savings accounts);
2. Alimony;
3. Child support;
4. Disability benefits;
5. Retirement, Survivors, and Disability Insurance (RSDI) benefits;
6. Retirement benefits;
7. Pensions;
8. Veteran's benefits;
9. Unemployment insurance / benefits;
10. Deemed income;
11. Worker's compensation; and
12. Cash contributions or gifts (for example, cash from relatives, churches, friends or charitable organizations).

### **Exempt Income**

Sources of exempt earned and unearned income include, but are not limited to:

1. Earned income of a dependent child who is a full-time student or part-time student and part-time employee;
2. Supplemental Security Income (SSI);
3. Need-based assistance (e.g., Temporary Assistance for Needy Families (TANF) and Food Stamps);
4. Foster Care payments;
5. Adoption Subsidy payments (AAP or SAS);
6. Guardianship Assistance Payments (GAP or SGAP);
7. Cash contributions made by non-assistance group members toward shared living expenses (i.e., payment for share of the electric bill);

8. Earned income of any child received from participation in employment programs established under the Workforce Investment Act (previously the Job Training Partnership Act);
9. Loans or grants to undergraduate students administered by the U.S. Commissioner of Education;
10. Section 8 and Housing and Urban Development (HUD) subsidies;
11. Earned income tax credits or income tax refunds;
12. In-kind contributions or assistance (unearned non-monetary benefits in the form of goods or services); and
13. Lump sum payments for a settlement or judgment that is used for the purpose it was paid, compensation for lost or stolen property, inheritance used for burial expenses of the deceased benefactor, federal or state income tax refund, refunded security deposits, back pay of SSI, property or funds resulting from a dissolution of marriage.

**Note:** SSI and RSDI are both Social Security benefits and classified as unearned income. However, these benefits are treated differently in determining Title IV-E eligibility. An individual in receipt of SSI is *excluded* from the assistance group and the income calculation when determining financial need. RSDI is *included* in the assistance group's income when determining financial need. It is important to carefully verify and document the type of Social Security benefits received by any assistance group member.

#### **Child Care Deduction**

For each working adult in the assistance group, a deduction is allowed for actual child care costs paid by that adult for a child in the assistance group with a limit of:

|                            | Child Under two (2) Years of Age | Child two (2) Years of Age or Older |
|----------------------------|----------------------------------|-------------------------------------|
| Employed Over 129 Hours    | \$200                            | \$175                               |
| Employed 129 Hours or Less | \$199                            | \$174                               |

The child care deduction is based on the child's age on the first day of the month. If a child care costs are paid by a member of the assistance group, document this information in the case management system, so a deduction may be taken when calculating financial need.