

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

902.1 COUNTABLE EARNED INCOME

A. Unless specifically excluded, income received by assistance unit members from working for others or for self employment is always counted when determining eligibility. Included are:

1. Salaries
2. Wages
3. Self-employed income (includes income from roomers and boarders)
4. Commissions
5. Tips
6. Armed Services Basic Allowance for Housing (BAH)

B. **Countable income must be verified**

902.2 EXCLUDED EARNED INCOME

A. The following earned income is not counted:

1. Earned income of a child
2. Earned income tax credit (EITC)
3. In-kind earnings (food, clothing, room, utilities, etc., in exchange for labor)
4. Work study
5. National and Community Service Trust Act (NCSTA) organization payments made to participants in:
 - a. AmeriCorps*USA
 - b. AmeriCorps*Vista
 - c. AmeriCorps*NCCC
 - d. The Senior Corps
 - e. The Youth Corps
 - f. The Learn and Serve
 - Participants in NCSTA receive payments covering repayment of student loans, transportation, child care, and other living expenses. These payments are not counted TCA.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

B. Verify excluded earned income only when the source or the type is questionable.

902.3 EARNED INCOME CALCULATION – GROSS INCOME

- A. Convert gross earned income into a monthly amount. Use 4 weeks of earned income in a month. **Drop the cents throughout the entire gross earned income calculation** when income is paid weekly, biweekly, semi-monthly, monthly or annually.
1. Multiply the weekly gross earned income (drop cents) by 4, or add 4 weeks of gross earned income
 2. Multiply the biweekly gross earned income (drop cents) by 2, or add 2 biweekly gross earned incomes
 3. Multiply the semi-monthly gross earned income (drop cents) by 2, divide the result by 4.3, and then multiply by 4
 - Individuals may be paid twice a month,(for example the 1st and the 15th).
 4. Divide monthly gross earned income (drop cents) by 4.3, then multiply by 4
 5. Divide the annual gross earned income (drop cents) by 52 and then multiply by 4

EXAMPLES:

Example 1. \$175.25 weekly = \$175 x 4 = \$700 = gross monthly earnings

Example 2. \$325.75 biweekly = \$325 x 2 = \$650 = gross monthly earnings

Example 3. \$450.99 semi-monthly = \$450 x 2 = \$900 ÷ 4.3 = \$209.30 = \$209 x 4 = \$836 = gross monthly earnings

Example 4. \$840.50 gross monthly = \$840 ÷ 4.3 = \$195.35 = \$195 x 4 = \$780 gross monthly earnings

Example 5. \$10,000 gross annual earnings = \$10,000 ÷ 52 = \$192.30 = \$192 x 4 = \$768 gross monthly earnings

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

902.4 EXCEPTIONS TO GROSS EARNED INCOME CALCULATION

- A. When employees work sporadically or on call and are paid either by the hour or by the day, **retain cents when calculating the hourly or daily rate until you have a weekly amount and then drop the cents**
1. Seasonal employees are most often paid by the day, but there are times when they are paid by the hour
 2. Private duty employees are usually paid by the day, but can also be paid hourly
- B. The earned income of school employees, who are salaried, is averaged for a 12 month period whether the employee is paid for 10 months or 12 months per year.
- C. For school employees who are paid hourly or daily, such as cafeteria workers or crossing guards, retain cents when calculating the hourly or daily rate until you have a weekly amount and then drop the cents - use income as received

EXAMPLES:

Example 1. Hourly pay amount times the number of hours worked in a week equals the gross earned weekly income. The gross earned weekly income times 4 equals the gross earned monthly income.

$\$6.55 \text{ an hour} \times 21 \text{ hours a week} = \$137.55 = \$137 \text{ gross earned weekly income} \times 4 = \$548.00 \text{ gross earned monthly income}$

Example 2. Daily pay rate times the number of days worked in a week equals the gross earned weekly income. The gross earned weekly income times 4 equals the gross earned monthly income.

$\$40.16 \text{ a day} \times 4 \text{ days a week} = \$160.64 = \$160 \text{ gross earned weekly income} \times 4 = \$640.00 \text{ gross earned monthly income.}$

Example 3. An assistance unit member works on call 1 or 2 days a week, and is paid \$30.34 per day and is paid monthly. She worked 1 day the first week, 2 days the second week, 3 days the third week, and 1 day the fourth week.

- Total each week's gross earnings (drop cents) to get a weekly amount
- Total the weekly gross earned income to get a monthly amount

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

- Divide the monthly amount by 4.3 (drop the cents), and
- Multiply the result by 4 to get the gross monthly earned income amount

Week 1	\$ 30.34	=	\$ 30.00
Week 2	60.68	=	60.00
Week 3	91.02	=	91.00
Week 4	<u>30.34</u>	=	<u>30.00</u>
			\$211.00 Monthly earnings

$$\$211.00 \div 4.3 = \$49.07 \text{ Weekly amount}$$

$$\$ 49.00 \times 4 = \$196.00 \text{ Gross monthly earned income}$$

- D. Case managers normally use a 4-week conversion factor. In some situations, using four weeks income would give a misleading monthly income figure. When circumstances are such that a greater time period would more accurately reflect the earnings, you may want to average the weekly income.

Example An assistance unit member works regularly, but not always the same number of hours. He was paid \$90 the first week, \$106 the second week, \$57 the third week due to reduced work hours, \$100 the fourth week \$102 the fifth week and \$95 the sixth week.

Week 1	\$ 90.00
Week 2	106.00
Week 3	57.00
Week 4	100.00
Week 5	102.00
Week 6	<u>95.00</u>

\$ 550.00 Total earnings (6 weeks)

$$\$550.00 \div 6 = \$91.67 \text{ Weekly amount}$$

$$\$ 91.00 \times 4 = \$364.00 \text{ Gross monthly earned income}$$

- Although averaging income gives a more accurate earnings picture, you must do a follow-up after a reasonable time period to see if earning projection is appropriate.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

902.5 INITIAL ELIGIBILITY TEST- EARNED INCOME CALCULATION

- A. Determine whether or not an applicant with earned income is eligible for TCA using the following test:
- B. Deduct 20% of the gross earned income, or 50% of the gross self-employed income (the cost to produce is included)
 1. Subtract out of pocket child care expenses up to the maximum allowable amount of \$200 if employment is full-time, or up to the maximum allowable amount of \$100 if employment is part-time
 2. Add any unearned income
 3. Deduct any child support or alimony paid to a person outside of the assistance unit
 4. Compare the result (net countable earnings) to the TCA grant amount for the family size
- C. If the net countable earnings are **less than** the TCA grant amount for the family size, the applicant has passed the initial 20% test and is **eligible** for TCA benefits, with allowable disregards
- D. If the net countable earnings are **greater than** the TCA grant amount for the family size, the applicant has failed the initial 20% test and is **ineligible** for TCA benefits.

EXAMPLES:

Example 1. Ms. Laurel applies for herself and two children. She has gross earnings of \$700 per month and pays \$200 per month for both children for child care expenses. All other factors of eligibility have been met.

- \$700 = Gross monthly earnings
- 140 = 20% disregard
- \$560
- 200 = Child care expenses
- \$360 = Net monthly countable earnings
- \$565 = TCA benefit grant amount for a family size 3

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

Ms. Laurel **passed** the 20% income test. Recalculate her grant allowing a 40% disregard of her gross monthly earnings

Example 2. Mr. Severn applied for himself, wife, and 1 child. He has gross monthly earnings of \$800 per month and pays \$100 per month in child care expenses. All other factors of eligibility have been met.

- \$800 = Gross monthly earnings
- 160 = 20% disregard
- \$640
- 100 = Child care expenses
- \$540 = Net countable earnings
- \$565 = TCA grant for a family size 3

Mr. Severn **passed** the 20% income test. Recalculate his request for TCA benefits allowing the 40% disregard of his gross income.

902.6 DISREGARDS – NET INCOME CALCULATION

- A. One goal of the Family Investment Program is to help gainfully employed customers overcome employment obstacles. As an incentive, special deductions are allowed for those who work
- B. Applicants with earnings who pass the 20% initial eligibility test and recipients who become employed are eligible to receive a 40% earned income disregard, in addition to other verified allowable deductions.
- C. Use this procedure to calculate the benefit amount with allowable disregards:
 1. Deduct 40% of the gross earned income, or
 2. 50% of the gross self employed income (the cost to produce is included)
 3. Deduct child care expenses paid by the customer - up to \$200 per month, **per child**, if the customer's employment is full-time, or
 4. Deduct child care expenses paid by the customer - up to \$100 per month, **per child**, if employment is part-time
 5. Add the total unearned income
 6. Deduct verified child support paid to a person outside the assistance unit
 7. Deduct verified alimony payments to a person outside the assistance unit.

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

EXAMPLES:

Example 1. Ms. Salisbury receives TCA for herself and 2 children. She has gross earnings of \$800 per month and pays \$200 per month for the care of her children while she works.

- \$800 = Gross monthly earnings
- 320 = 40% Disregard
- \$480
- 200 = Child care expenses
- \$280 = Net countable earnings
- \$565 = TCA benefit grant amount for a family size 3

Ms. Salisbury continues to be eligible for TCA

Example 2. Mr. Carrollton receives TCA for himself, wife, and 3 children. He started working and has \$1000 gross monthly earnings. There is no childcare cost, but Mr. Carrollton must pay \$300 per month in court ordered support

- \$1000 = Gross monthly earnings
- 400 = 40% Disregard
- \$ 600
- 300 = Court ordered child support for child living outside the AU
- \$ 300 = Net countable earnings
- \$ 752 = TCA benefit grant amount for a family size 5

Mr. Carrollton continues to be eligible for TCA

Example 3. Mrs. Smith applied for herself and son. She has gross earnings of \$700 per month, \$100 per month from an insurance settlement and pays \$200 per month for child care expenses and \$125 court ordered child support. She met all other eligibility factors and passed the initial needs test.

- \$700 = Gross monthly earnings
- 140 = 20% disregard
- \$560
- 200 = Child care expenses

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

$\$360 =$ Net monthly countable earnings
 $+100 =$ Unearned income (insurance settlement)
 $\$460$
 $-125 =$ Court ordered child support for child living outside the AU
 $\$ 335 =$ Net countable earnings
 $\$446 =$ TCA benefit amount for a family size 2

Mrs. Smith passes the 20% initial needs test so the benefit amount is calculated as follows:

$\$700$ gross monthly earning
 ~~$X 40\%$ earned income disregard ($\$280$)~~
 $\$700$
 ~~$- 280$ disregard~~
 $\$420$ net monthly earnings
 $+100$ insurance settlement
 $\$520$
 ~~$- 200$ child care~~
 $\$320$
 ~~$- 125$ child support paid out~~
 $\$195$ net countable income

The TCA grant amount is determined by subtracting the net countable earnings from the maximum TCA benefit amount for the family size. Using the information in example 3 above, the benefit is calculated as follows:

$\$446 =$ TCA benefit amount for a family size of 2
 ~~$-195 =$ Net countable earnings~~
 $\$251 =$ TCA benefit amount paid

CARES will automatically calculate the TCA benefit amount based on the disregards and benefit levels that are programmed into the system. CARES also uses other information

DEPARTMENT OF HUMAN RESOURCES FAMILY INVESTMENT ADMINISTRATION	TEMPORARY CASH ASSISTANCE MANUAL	
EARNED INCOME-902	COMAR 07.03.03.04	FINANCIAL ELIGIBILITY 900

such as family size, earned income, unearned income and deductions and other data that you manually enter into the system to determine the benefit amount.

ADDITIONAL INFORMATION

- Financial Eligibility – Deductions
- Financial Eligibility - Child Care Expenses
- Financial Eligibility - Self-employment