

Department of Health and Human Services

Division of Welfare and Supportive Services

Child Care Policy Manual

Attachment for Staff Report only includes section 300 and 800.

To download the full document, please go to:

[https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Care/
Child%20Care%20Manual%20Mar%202018.pdf](https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Care/Child%20Care%20Manual%20Mar%202018.pdf)

Income and Assets

300 INCOME

301 Introduction

Income is any type of payment which is a gain or benefit to a household. The household's income is used to determine eligibility and subsidy percentage. Consider the income of any person who is a required member of the household.

When calculating a household's income, factors such as irregular and unpredictable income should be considered and a best estimate of the household's annual income should be used to determine eligibility. Using a 30 day history of actual income to determine a best estimate of future income is the most common budgeting method; however other methods should be used when they provide a better representation of the household's income. The budgeting method used must always be documented in the case file and/or case notes in NCCS.

When determining eligibility, income is either counted or exempt in the budgeting process. Households must fall below the maximum income limit for their household size as defined in MS 170 to be eligible for benefits.

Budgeting (MS 310) is a procedure used to determine eligibility and subsidy percentage based on the best estimate of income and circumstances which will exist in the year the household will be eligible.

302 Income Deductions

Per MS 310 the gross income is used to determine eligibility. The gross income can only be reduced by the following deductions:

- Repayment of an overpayment or wage advance to the same entity issuing the ongoing check; or,
- The deduction allowance for the amount of Drug Addiction and Alcohol (DAA), Social Security Disability Income (SSDI) fee collected by the authorized representative payee; or,
- The Average Cost of Care deduction; or,
- Child Support deductions.

Refer to MS 306.49.1 regarding employer fringe benefits (cafeteria plans).

302.1 Average Cost of Care Deduction

To be eligible for the Average Cost of Care deduction, the caretaker must be related to the child requesting assistance and receiving a Child-Only Temporary Assistance for Needy Families (TANF) grant as a relative caregiver or a Kinship Care Payment. In addition, children who are not eligible for TANF due to the receipt of Supplemental Security Income (SSI) are allowed this deduction if they are under the age of 13 or the age of 19 (if the child meets the criteria in MS 211).

The deduction amounts are based upon the child's care level and are as follows:

Infant	\$425.00
Toddler	\$398.00
Preschool	\$358.00
School Age	\$209.00

This deduction(s) must be applied to the household's gross countable income for each child under the age of 13 or under the age of 19 if the child meets the criteria in MS 211, regardless whether subsidy assistance is being requested for the child.

302.2 Child Support Deductions

Deduct child support payments that a required household member:

- Is legally obligated to pay; and,
- Actually pays.

Note: This includes payments made for children who reside in the household part-time when custody is shared.

The payments must represent the household's child support obligation ordered by a court or administrative authority. Allowable deductions include:

- Current support payments;
- Arrearage payments;
- Medical support;
- Payments to third parties;
- Administrative and/or processing fees/charges assigned to court-ordered child support, such as unemployment benefit (UIB) fees for collecting and mailing child support, District Attorney-Family Support fees for processing support payments and employer processing fees.

Do not deduct payments for:

- Alimony or spousal support;
- Any portion of a court-ordered medical insurance expense paid for a child who resides in the home full time; or,
- Any portion of a court-ordered medical insurance expense the adult member pays or is required to pay to cover *themselves*.

To allow the deduction, the applicant must provide verification that:

- The required member has a legal obligation to pay;
- The amount of the obligation; and,
- The actual amount paid.

Verify the household's legal obligation to pay and the obligation amount by viewing (not all inclusive):

- Ledgers Child Support records;
- Court order;
- Administrative order;
- Legally enforceable separation agreement;

- Other official document; or,
- A collateral contact with access to an official document.

Verify amounts actually paid by viewing (not all inclusive):

- Child Support Enforcement Program (CSEP), District Attorney or county registry collection and distribution records;
- Ledgers child support records;
- Cancelled checks;
- Wage withholding statements;
- Withholding information from unemployment compensation;
- Statement from the custodial parent regarding direct payments or third party payments the household pays or expects to pay on behalf of the custodial parent; or,
- Pay stubs which clearly verify a deduction is for child support and the amount of the deduction

Note: Documents used to verify the household's legal obligation to pay child support are *not* acceptable verification of actual payments.

When budgeting the deduction, consider any anticipated changes in the legal obligation and any other changes that would affect the payment.

Note: If an absent or estranged parent returns to the household and continues to pay legally obligated support (current or arrearages) and this payment is received by the Child Care household, do not budget as income and do not allow the support payment as a deduction.

302.3 Budgeting Child Support Deductions

If the required household member is just starting to pay the child support payments and the verification received is for only a partial payment, allow the verified monthly obligation only.

Example: Court order verifies monthly obligation of \$500 per month plus \$50 per month in arrears and the required household members first payment is made on 7/15 for \$250. Allow only the \$500 at approval.

If the required household member has been paying, use a calendar month history of 2 months or longer and average to a monthly amount.

Example: Court order verifies monthly obligation of \$500 per month plus \$100 per month for medical support. The last two (2) calendar month history verifies payments made for \$250, \$275, \$250 and \$300. The total is \$1,075 divided by two (2) equaling \$537.50 which is allowed as the monthly deduction.

303 Verification of Income

Current verification of countable income is required at initial application, reapplication, and any time a change in income requires an action to the ongoing case. Refer to MS

500 for more information on changes.

Exceptions:

- Income verification is not required if a NEON referral is received from DWSS. Accept the income statement that is provided on the NEON Referral. Refer to MS 116.1 for additional information on NEON referrals.
- Income verification is not required for Wraparound cases. The Head Start or Early Head Start Agency verifies household income for Head Start eligibility and that income will be used for Wraparound eligibility. Refer to MS 800 for additional information on Wraparound cases.

The case manager should not verify income if the amount reported makes the household ineligible.

Example: The applicant reports monthly income of \$5,000 for a household of four. This amount exceeds the maximum income limit; therefore, benefits should be denied without requesting further verification.

Verification of countable income already received is used to determine the gross monthly amount for initial and subsequent eligibility. If income fluctuates to the extent a 30-day period cannot provide an accurate estimate, income from the same source for up to 365 days prior to the application date stamp may be used. The prior income period begins the day prior to the application date stamp, the interview date, or the date of the household's income record, whichever is the most current, and extends backwards.

This 30-day period applies to timely or untimely case approval unless additional verification of income is provided by the household or discovered by the agency prior to approval. Changes in the best estimate calculation will only be evaluated if one of the following changes in income is reported or discovered prior to approval. Refer to MS 500 for information on updating changes an ongoing case:

- Change in employer
- Stopping or starting a job
- New source of countable unearned income
- Termination of unearned income

Examples:**Timely Processing**

Client applies on September 4, and an interview is conducted on September 14; client reports no changes since the application was submitted. The client is employed and is paid biweekly on Fridays. The client provided paystubs for August 31, August 17, and August 3. The 30-day period is September 3 back to August 5. The case manager will use the paychecks received on August 17 and August 31 and no additional paystubs are required.

Note: Additional paystubs already provided by the household may be used if they provide a better estimate of the household's annual income.

Untimely Processing

Client submitted their application on June 13. The client reports on their application they are paid every Thursday, and provides paychecks received on May 15, May 22, June 5, and June 12 along with all other required verifications; no interview is held. Due to extenuating circumstances the case manager is unable to work the application until July 15. The additional paychecks received between June 13 and July 15 will not be required. The 30 day period will begin on June 12 and extending back to May 14.

If the application reflects a new source of income, without a 30 day history, a projected best estimate of the new income must be calculated. Refer to MS 312 for converting new income.

Independent verification of exempt income is not required. Self-declaration of exempt income on the application is acceptable. Refer to MS 306 for a list of exempt income.

If verification of income is required but unavailable (the individual's job would be jeopardized, the employer refuses to cooperate, the business has closed, etc.), the individual's statement may be accepted. If a statement is used, the reason the applicant's statement was accepted, along with all other methods of verification attempted prior to accepting the applicant's statement, *must* be documented in the computer system.

304 Documentation of Income

Verification and computation of all household income *must* be documented in the computer system at initial application, reapplication, or any time a change is reported or identified.

Additionally, as part of the federal monthly reporting requirements (ACF 801 Report), the income listed below must be documented in the computer system if the information is available:

- Housing Assistance
- Supplemental Nutrition Assistance Program (SNAP)
- Supported Living Arrangement (SLA)
- Family Preservation Program (FPP)
- Earned income Tax Credit (EITC)
- Indian General Assistance
- Native and Indian Claims
- Military Allowances
- Women, Infants, and Children (WIC)
- Medicaid

305 Income Limits

The household's gross countable income, less any allowable deduction, cannot exceed the following limits for the applicable household size. Refer to MS 302 for allowable income deductions.

Maximum Income Limit – 85% of the State Median Income

The maximum income limit is 85% of the state median income (SMI). The case manager must apply this test to all households in the application month.

The household is ineligible if the total countable gross income of all members, less any allowable deductions per MS 302, exceeds the maximum income limit for the household size. Refer to MS 170 for income limits.

130% of Federal Poverty Level

130% of Federal Poverty Level (FPL) is the income limit that determines which funding category should be debited for services. If the household is not eligible for NEON funding as described in MS 102, and their income is less than or equal to 130% of FPL, they must be paid from the At-Risk funding category. If the household's countable income exceeds 130% of FPL, they must be paid from the Discretionary funding category. Refer to MS 103 for any exceptions to the funding category.

306 Types of Income

When determining eligibility, count any income not specifically listed as exempt. Refer to MS 390 for budgeting procedures unless specified budgeting is explained with the income type (e.g., child support, self-employment).

Earned income is cash or income-in-kind received for performing work-related activities which is paid through salary or hourly wages. Other examples of earned income are self-employment, tips, wage advances, bonuses, commissions, and military pay.

Unearned income is income received without performing work-related activities. This includes benefits such as unemployment, Social Security, and veteran's benefits.

ALPHA LISTING OF TYPES OF INCOME AND INCOME STATUS

The following alpha list of income types contains coding to quickly determine whether income is earned or unearned and whether it is countable or exempt. The manual location is provided for quick reference to policy to ensure an accurate evaluation of income is made for budgeting purposes.

Coding Key:

TYPE: **E** = Earned **U** = Unearned

COUNTABLE: **Y** = Countable **E** = Exempt **M** = Maybe

INCOME	TYPE	COUNTABLE	MANUAL SECTION
Adoption Subsidies	U	E	306.1
Advances	E	E	306.47.1
Alimony	U	Y	306.2

INCOME	TYPE	COUNTABLE	MANUAL SECTION
Cash Contributions	U	M	306.3
Cash Gifts	U	E	306.4
Child Support	U	M	306.5
Contractual Earnings	E	Y	306.6
Crime Victim's Compensation Payments	U	E	306.7
Disability Insurance Benefits	U	Y	306.8
Dividends	U	Y	306.9
Earned Income Tax Credit (EITC)/Income Tax Refund	U	E	306.10
Educational Assistance	U	E	306.11
Energy Assistance	U	E	306.12
Family Preservation Programs (FPP)	U	E	306.18
Flexible Fringe Benefits	E	M	306.47.1
Foster Care Payments	U	E	306.13
Gambling Winnings	U	Y	306.14
General Assistance	U	Y	306.41
Gift Certificates	U	E	306.4
Government Disaster Payments	U	E	306.15
Incentive Payments/Bonuses	E	Y	306.47.1
Independent Living Payments	U	E	306.16
Indian General Assistance (IGA)	U	Y	306.41
Individual Development Account (IDA)	U	E	306.17
In-Kind Income	U	Y	306.19
Job Training and Training Allowances	U	E	306.20
Jury Duty	U	E	306.21
Kinship Care Payments	U	Y	306.40
Loans	U	E	306.22
Lump Sum Payments	U	M	306.23
Military Pay and Allowances	E	M	306.24
Minor Parent Wages	E	E	306.47
National and Community Services Act (NCSA)	U	E	306.25
Native and Indian Claims	U	E	306.26
Nutrition Programs	U	E	306.27

INCOME	TYPE	COUNTABLE	MANUAL SECTION
Pensions	U	Y	306.28
Property Income (Rental/Lease)	E	Y	306.29
Radiation Exposure Compensation Act Payments	U	E	306.30
Reimbursements	U	E	306.31
Relocation Assistance	U	E	306.32
Retirement, Survivors and Disability Insurance Benefits (RSDI)	U	Y	306.33
Retroactive Payments	U	M	306.23
Royalties	E	Y	306.34
Seasonal Employment	E	Y	306.35
Self-Employment	E	Y	306.36
Self-Sufficiency Grant (SSG) (TANF)	Y	Y	306.40
Sibling Income for Employment	E	E	306.47
Subsidized Housing Assistance	U	E	306.37
Supplemental Nutrition Assistance Program (SNAP)	U	E	306.38
Supplemental Security Income (SSI)	U	E	306.39
Supported Living Arrangement (SLA)	U	E	306.18
Temporary Assistance for Needy Families (TANF)	U	Y	306.40
TANF Loan Program (TANF)	U	Y	306.40
TANF Temporary Program (TANF)	U	Y	306.40
Temporary or Ongoing Assistance from Other Organizations	U	Y	306.41
Third Party Beneficiary	U	E	306.42
Tips	E	Y	306.47.1
Tribal TANF	U	Y	306.41
Trust Funds	U	Y	306.43
Unemployment Insurance Benefits (UIB)	U	Y	306.44
Veterans Administration Benefits (VA)	U	M	306.45
Victims of Nazi Persecution Payments	U	E	306.46
Wages, Salaries and Commissions	E	Y	306.47
Work Study	U	E	306.11
Workers' Compensation	U	Y	306.48

INCOME	TYPE	COUNTABLE	MANUAL SECTION
Workforce Investment Act of 1998 (WIA)	U	E	306.49

306.1 Adoption Subsidies *Unearned - Exempt*

A monthly cash benefit paid to the adoptive parents of a child involved in a “special needs” adoption. The subsidy is based on the needs of the child, not the adoptive parents and may or may not change year to year. Not all adoptions receive adoption subsidy benefits.

306.2 Alimony *Unearned - Count*

Money paid regularly by one marriage/domestic partner to the other as ordered by a court after a legal separation or divorce, or during proceedings for divorce or separation.

306.3 Cash Contributions *Unearned - Maybe*

Cash given to the household to assist with any financial needs the household is unable to provide for themselves.

Count as income any cash which is given to the subsidy household from someone not living in the home which is not required to be paid back by the subsidy household.

Exempt any payment made by a person outside of the household directly to the household’s creditor or person providing the service (vendor payment) unless the vendor payment is made in lieu of child support. Refer to MS 306.5 for child support payments.

Exempt any contribution made for common household expenses (including food, shelter, utilities, and items for home maintenance) by an individual living in the same home with the subsidy household as long as that individual is not considered a required household member (refer to MS 216.1 regarding required household members).

306.4 Cash Gifts / Gift Cards / Gift Certificates *Unearned - Exempt*

A monetary gift which is given voluntarily without payment in return, as to show favor toward someone, honor an occasion, or make a gesture of assistance and is received too irregularly to be reasonably anticipated.

A gift certificate or gift card is usually presented as a gift that entitles the recipient to select merchandise of an indicated cash value at a commercial establishment.

306.5 Child Support *Unearned - Maybe*

The payment of funds by a non-custodial parent (NCP) to a custodial parent for the financial and medical care of a child.

Child support received by the child care household is countable income. Generally, payments from a non-custodial parent (NCP) are considered child support and are the income of the recipient, regardless if the support is intended for another individual (i.e., the child). This includes court-ordered medical payments paid directly to the applicant/client from a non-custodial parent.

Count as household income payments made by the NCP directly to the applicant/recipient's creditor or person providing the service in lieu of child support payments.

Count as household income any portion of child support received for a family member who no longer resides in the home and is retained by the participating household.

Do not count as income court ordered medical cash support turned over to, retained, or intercepted by Medicaid to offset Medicaid expenditures for the child in the support order.

Note: Child support should be listed in the computer system under the recipient's name, not the child's name.

306.5.1 Lump Sum Child Support Payments

Count lump sum payments for child support arrears received for an eligible child as a non-recurring lump sum (see MS 306.23).

Child support payments considered to be lump sum payments are received from the following sources:

- IRS intercept program;
- Insurance settlements; or,
- Financial institution attachment.

306.5.2 Retained Child Support Payments

Child support received by CSEP for a child who is receiving TANF assistance is generally retained as reimbursement for benefits paid. However, the money may be sent to the assistance unit for the following reasons:

- Collections for Non-TANF Unit Members - The amount of support collected for nonmembers is returned to the household.
- Collections for Closed Cases - Once a case closes, the collection process does not stop for CSEP, unless the custodian requests case closure. The current support collected after closure is forwarded to the household.

For households who are transitioning from NEON subsidy to At-Risk or Discretionary subsidy, verify if child support was retained while the household was receiving TANF. If child support was retained, budget the monthly amount which was retained. Refer to MS 306.5.4 for information on calculating child support income.

306.5.3 How to Verify Child Support Payments

Verification can be in the form of (not all inclusive):

- A copy of the client's Child Support Debit Card statement;
- A printout of the CST Payment Record screen from Ledgers
- A copy of the check(s) or a printout of payments received from the out-of-state child support office;
- A copy of a support agreement issued by the court that reflects the current amount of support received, or to be received, by the applicant. The applicant's statement should correspond to the amount on the court order;
- A copy of an informal (not issued by the court) support agreement signed and dated by both parents;
- A Cash Contribution, form 2506-WC, completed by the NCP. The NCP must sign and date the form for it to be valid;
- A written statement from the NCP which includes their name, address, phone number, amount of child support paid and the frequency of the payments. The NCP must sign and date the document for it to be valid; or,
- When all other avenues of verifying child support are not available, the case manager can accept the applicant's statement; however, the circumstances and various attempts must be documented in the computer system. In addition, if the information provided by the applicant's is questionable, the case manager must request a copy of the applicant's bank statement and/or checks/money orders received from the NCP which can be used to validate the applicant's statement.

306.5.4 How to Calculate Child Support Income

There are some circumstances which require the factoring of child support income; however, each case must be individually evaluated for the correct budgeting method. It is best to review a 6 to 12 calendar month payment history when verifying child support income to help in the determination process of whether the income must be factored or an average needs to be used due to irregular payments.

Do not factor child support income if:

- There is a court order which specifies the monthly garnishment payment will never go over a specified amount per month.
Example: Court ordered amount is \$500/month with arrears of \$50/month. The history verifies two payments made in the month of \$275 each. Budget \$550 and do not factor the income.
- A review of the child support history (6 to 12 calendar months) determines the support payments are irregular in amount **and/or** frequency, an average is the best available method for determining the best estimate of anticipated monthly income.
Example: Case is processed on 07/15; payment received on 05/04 of \$150, 05/16 of \$75, 6/10 of \$62.12, and 06/27 of \$130. Amounts would be added together and divide by 2 (no factoring) for a monthly child support amount of \$208.56.
- The NCP provides a statement that he gives the client a specific amount twice a month.
Example: \$50 twice a month from NCP - $\$50 \times 2 = \100.00

Do factor child support income if:

- The applicant receives regular weekly or bi-weekly payments. A court order will sometimes allow the obligation to be annualized and garnished every payday.

Example: The applicant receives \$130 every 2 weeks from NCP - $\$130 \times 2.15 = \279.50

- The applicant regularly receives money above the monthly child support obligation.

Example: The child support order specified \$200/month child support and \$10/month in arrearages. The applicant has a long history of receiving \$60/week. CSEP is applying the extra child support obligation received to the arrearages and forwarding the monies to the applicant. In this case, factoring is the best method to determine a monthly amount.

Refer to MS 311 for information on factoring income to determine a monthly amount.

Prudent worker judgment must be practiced when evaluating child support income; therefore, the reasoning behind the decision of how a best estimate or projection of income was determined must be documented in the computer system.

If court documents verify the NCP is required to pay monthly support, however the applicant and the NCP have a mutual agreement that the applicant will accept a specified amount to cover a specified time period, divide the amount received by the monthly obligation and use this amount as a monthly amount for the number of months it would cover if the NPC were paying the obligated amount monthly.

Example: NCP's monthly child support obligation is \$400 per month and applicant has agreed to accept \$4500 in April to cover the next 12 months. $\$4500$ divided by 12 equals \$375 per month to be budgeted for 12 months.

306.5.5 Newly Established Child Support Payments

When verification of a newly established court order for child support is received do not include the child support income until one calendar month of payment history can be verified. The case manager is responsible to follow-up within 45 days of the case approval or date the change is reported for an ongoing case. The case manager should verify if the information is available in Ledgers. If it is not available an RFI should be sent to the client for status of child support payments.

306.6 Contractual Earnings *Earned - Count*

A contract that applies to the terms of a work agreement, with the specific terms and conditions under which a person consents to perform certain duties as directed and controlled by an employer in return for an agreed upon wage or salary. Self-employment income, full-time employment with benefits (such as school employees), or income received on an hourly or piecework basis are not included in contractual earnings.

To budget contractual earnings monthly, divide the total gross amount of the contracted earnings by the number of months the contract covers.

306.7 Crime Victim's Compensation Payments *Unearned - Exempt*

Payments from funds authorized by state legislation to assist a person who:

- Has been a victim of a violent crime;
- Was the spouse, parent, sibling, or adult child of a victim who died as a result of a violent crime; or,
- Is the guardian of a victim of a violent crime.

306.8 Disability Insurance Benefits *Unearned - Count*

An insurance policy that pays benefits, for a specified period of time, in the event the policyholder becomes incapable of working; or

Employer-funded compensation paid to an individual who is disabled less than 12 months. The individual usually remains employed during recuperation from the temporary illness or injury pending their return to work.

306.9 Dividends *Unearned - Count*

A share of a company's profits that is divided among shareholders. People who own stocks, bonds, or mutual funds, may receive dividends from those investments.

306.10 Earned Income Tax Credits/Income Tax Refund *Unearned - Exempt*

A benefit for working people with children who have low to moderate income; it reduces the amount of tax owed and may also give a refund. Earned Income Tax Credit (EITC) may be included:

- In an employee's paycheck (advance EITC payments) before their income tax return is filed; or,
- In the household's income tax refund.

306.11 Educational Assistance *Unearned - Exempt*

Educational assistance is any financial aid for vocational or educational courses from:

- An organization (such as fraternal, alumni, etc.); or,
- A government program or agency (such as U.S. Department of Education, Veteran's Administration (VA), etc.).

Most educational assistance programs are administered through the U.S. Department of Education under Title IV of the Higher Education Act. Some of the most common programs are:

- Pell Grants
- Stafford Loan Program
- Parent Loans for Students (PLUS Loans)
- Supplemental Educational Opportunity Grants (SEOG)
- College Work Study (CWS)
- Carl D. Perkins Loans (Title IV, Part E) (formerly National Direct Student Loans)
- VA Education Programs
- Bureau of Indian Affairs (BIA) Education Grants

Educational assistance is also provided by the National Community Services Act (NCSA) program. Individuals are awarded from \$1,000 to \$4,000 per year of completed services to apply toward past or future educational expenses.

College work-study programs provide a method for postsecondary education students to earn funds that are used toward their education. Work-study programs help students earn monetary awards towards their postsecondary education. The program is based on financial need and students must be accepted into the program to qualify.

306.12 Energy Assistance *Unearned - Exempt*

Energy assistance is a government or private program to reduce energy costs for low income people who might have difficulty paying for heating and cooling. The assistance may be in the form of cash, vendor, in-kind or two-party check payments.

306.13 Foster Care Payments *Unearned - Exempt*

A payment made to a licensed foster parent(s) or foster home for the care of a foster child(ren).

306.14 Gambling Winnings *Unearned - Count*

Any income that is the result of games of chance or wagers on events with uncertain outcomes. Count as lump sum income in accordance with MS 306.23

306.15 Government Disaster Payments *Unearned - Exempt*

Small Business Administration (SBA) loans and Individual and Family Grant (IFG) funds, made available to restore a home and personal possessions damaged in a disaster if the household is subject to legal penalties when the funds are not used as intended.

306.16 Independent Living Payments *Unearned - Exempt*

The Independent Living Program is designed to prepare foster teens to move out on their own following the end of Division of Child and Family Services (DCFS) custody and successfully live independently as an adult. Once custody has ceased, due to emancipation, these young adults may continue to receive limited financial assistance based upon need and available funding.

The Independent Living Program services are available to youth 15 and older who are currently in foster care and to former foster care youth who aged-out of the foster care system at age 18. Independent living services are also available to youth who were adopted from foster care on or after their 16th birthday. Young people who aged-out may continue receiving services until age 21. Nevada will extend independent living services to youth who have aged out of care in another state.

306.17 Individual Development Account *Unearned - Exempt*

The use of Individual Development Accounts (IDAs) is intended to improve the economic independence and stability of individuals and families and to promote and

support the transition to economic self-sufficiency. Federal funds match the amount of earnings low-income working individuals and families deposit into an IDA. IDA savings are to be used for a first home purchase, post-secondary educational expenses, or business capitalization.

The Social Security Act provides for State Family Assistance Grant funds to be used to establish IDAs. State Family Assistance Grant funds include (not all inclusive):

- Temporary Assistance for Needy Families (TANF); and
- Welfare-to-Work (WtW)

The Assets for Independence Act (AFIA) provides for IDAs to be established under:

- Head Start;
- Low Income Home Energy Assistance (LIHEA); and
- Community Services

306.18 Family Preservation Program / Supported Living Arrangement *Unearned - Exempt*

Family Preservation Program (FPP) payments and Supported Living Arrangement (SLA) payments are funds authorized by state legislation to assist individuals with disabilities or mentally disabled SSI individuals, so they can live in the community.

FPP and SLA payments are administered and distributed by the Nevada State Division of Mental Health Development Services (MHDS) for:

- Persons with profound or severe mental retardation, or
- Children under the age of 6 years with development delays.

306.19 In-Kind Income *Earned - Count*

Work performed in exchange for benefits such as room, board, rent or other needs.

306.20 Job Training and Training Allowances *Unearned - Exempt*

Monetary assistance provided to an individual for training related expenses.

306.21 Jury Duty *Unearned - Exempt*

To be summoned to serve or serve as a juror in a legal proceeding.

306.22 Loans *Unearned - Exempt*

An arrangement in which a lender gives money to the client and the client agrees to repay the money at some future point(s) in time. Usually, there is a predetermined time for repaying a loan.

306.23 Lump Sum Payments *Unearned - Maybe*

Any payment received in a month from a source that is not likely in the foreseeable future to make additional payments to the household. Lump sum payments may be

received in one or more individual checks but are considered a lump sum if all money received is a part of the *whole* payment due.

Lump sum payments include, but are not limited to, retroactive benefit payments (RSDI, UIB, VA, etc.), insurance settlements, awards or settlements received for personal injury, inheritance, winnings, employment severance pay, child support arrear payments, etc.

Exempt lump sum payments in the amount of \$5,000 or less. Count as income any portion which is in excess of \$5,000.

Lump sum income in excess of \$5,000 must be budgeted as part of the household's annual income and annualized for the certification period.

Example: Household is approved for 12 months on 03/01 and receives a lump sum of \$12,000 on 07/01. \$5,000 is exempt leaving \$7,000 remaining to be budgeted over the whole certification period (\$7,000 divided by 12 = \$583.30 per month). \$583.30 will be added to the household's monthly income for July – February). If the additional income makes the household's income exceed 85% SMI, the household is ineligible for the remainder of the certification period. If the additional income does not make the household's income exceed 85% SMI, follow procedures in MS 521.

If a lump sum is provided to assist with burial, legal, medical bills or replacement of damaged or lost possessions, disregard from the lump sum any amount earmarked and used for the purpose for which it was paid. A copy of the settlement may be requested to verify earmarked expenses if it is questionable the expenses are related to the lump sum.

306.24 Military Pay and Allowances *Earned - Maybe*

Wages based upon employment with one of the military branches of the United States Department of Defense. Military pay includes Basic Pay (BP) and Proficiency Pay (PRO). Count as income.

A military allowance is money necessary for the efficient performance of duty. Military allowances include Basic Allowance for Quarters (BAQ) and Basic Allowance for Subsistence (BAS). Exempt income.

306.25 National and Community Services Act *Unearned - Exempt*

The National and Community Services Act (NCSA) of 1993 established a corporation to administer paid volunteer service programs. The corporation provides funds, training, and technical assistance to states and communities to develop and expand human, education, environmental, and public safety services.

The corporation oversees existing programs created under the Domestic Volunteer Service Act (DVSA) of 1973, (Public Law (PL) 93-113), such as:

- Volunteers in Service to America (VISTA);

- Retired Senior Volunteer Program (RSVP);
- Foster Grandparents;
- Senior Companions;
- Community Service Employment Program (includes Senior Citizen Service Employment);
- Service Corp of Retired Executives (SCORE);
- Active Corps of Executives (ACE); and
- Mini Grant Program.

The corporation also administers new programs that include:

- AmeriCorps*VISTA (for participants 17 years and older);
- AmeriCorps*VISTA (for participants 18 years and older);
- AmeriCorps*NCCC (for participants 16 to 24 years old); and
- Youth Corp and Learn and Serve.

306.26 Native and Indian Claims *Unearned - Exempt*

Monetary court settlements to Native and Indian claims by the United States government.

Income applies to either distributions of funds appropriated in satisfaction of a judgment in favor of Indian tribes, bands, groups, pueblos, or communities by the Indian Claims Commission or the Court of Claims or per capita payments as permitted by the Per Capita Distributions Act of 1983, Public Law 98-64, made to Indians out of tribal trust revenue held by the federal government. The exception is funds held by Alaska Native Regional and Village Corporations (ANRVC) which are *not* held in trust by the Secretary of the Interior.

Exempt all income except ANRVC dividend distributions which are *not* excluded from countable income.

306.27 Nutrition Programs *Unearned - Exempt*

Programs administered by the Food and Nutrition Service (FNS) which provide better access to food and promote healthy eating through nutrition education programs.

306.28 Pensions *Unearned - Count*

A fixed amount of money paid regularly to somebody during retirement, for either age or disability, by the government, a former employer, or an insurance company.

306.29 Property Income (Rental/Lease) *Earned - Count*

Property bought or developed to earn income through renting, leasing or price appreciation.

Consider income from property (non-liquid resources such as equipment, vehicles, real property), whether from renting, leasing, or selling on an installment plan, as countable income.

Note: If the household member sells property on an installment plan, count the payments as income. Exempt the balance of the note as an inaccessible resource.

306.30 Radiation Exposure Compensation Act Payments *Unearned - Exempt*

A federal statute (PL 101-426) that provides monetary compensation for people, including atomic veterans, who contracted one or more specified diseases as a direct result of their exposure to atmospheric nuclear testing undertaken by the United States during the Cold War, or their exposure to high levels of radon while doing uranium mining.

306.31 Reimbursements *Unearned - Exempt*

An act of compensating someone for an expense the person incurred. Often, a person is reimbursed for out-of-pocket expenses when the person incurs those expenses through employment or in carrying out the duties for another party.

306.32 Relocation Assistance *Unearned - Exempt*

Specific government relocation payments for:

- Title II of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970;
- Title I of PL 100-383 (these payments are made to Aleuts or individuals of Japanese ancestry (or their heirs) who were relocated during World War II).

306.33 Retirement, Survivors and Disability Insurance *Unearned - Count*

A program administered by the Social Security Administration for individuals who have earned benefits based on their work history and earnings. Retirement, Survivors and Disability (RSDI) Benefits are paid to beneficiaries based on the Social Security earnings of the retired, disabled or deceased worker. Benefits may be payable to the claimant and certain family members (e.g., spouse, dependent children).

Count as income the amount of the entitlement (including the amount deducted from the check for the Medicare premium) less any amount that is being recouped for a prior overpayment.

Note: Do not count RSDI benefits which a member of the childcare household is entitled to receive, if the benefits are paid to someone outside the home and the benefits are not made available to the household member.

306.34 Royalties *Earned - Count*

A percentage of the revenue from the sale of a book, performance of a theatrical work, use of a patented invention or of land, etc., paid to the author, inventor, or proprietor.

306.35 Seasonal Employment *Earned - Count*

A short-term temporary position designed to fill a temporary need that occurs only during a certain period of the year as the need for the position is related to the time of year. Winter ski resort employee, certain types of farm work, sharecroppers, and summer or winter employment are examples.

Prorate seasonal employment that is a household's annual means of support over twelve (12) months. If the income supports only a portion of the year and the household supplements its earnings from other sources the rest of the year, average the earnings over the period of time they are intended to cover.

306.36 Self-Employment *Earned - Count*

The act of generating one's income directly from customers, clients or other organization as opposed to being an employee of a business (or person). An individual is self-employed if engaged in an enterprise for gain, either as an independent contractor, franchise holder, or owner-operator. This includes individuals working as an Avon, Mary Kay or Tupperware representative or a newspaper delivery person. Individuals are not considered self-employed if income taxes or FICA are withheld from the individuals' earnings.

Self-employment income is budgeted based on the actual income received and actual allowable expenses paid. *At least* a 2 calendar month history should be used.

Note: Annual or quarterly income tax statements or updated business records/accountant records can be used.

306.36.1 Self-Employment — Budgeting Procedures

Determine monthly countable income based on the individual's income from self-employment and cost of doing business. If there are anticipated changes in income, expenses or both, use this information to determine the monthly amount of self-employment income.

1. Total all gross self-employment income (including the full amount of a capital gain) for the period of time over which self-employment is determined.

Capital gain is the financial profit from a sale or transfer of capital assets (accumulated possessions such as products, raw materials, equipment, or ownership of a business).

When calculating self-employment income, add any capital gains the household expects to receive during the certification period to determine monthly countable income. Use this amount for the entire certification period unless a new average is computed because the individual received an unanticipated capital gain or a different amount than anticipated.

2. Determine net self-employment income by subtracting allowable costs of producing the income (**Examples:** labor, sales tax, stock, raw materials, advertisement, insurance premiums, utilities, repairs that maintain income-producing property, supplies, fuel, linen service, property tax and interest from business loans on income-producing property).

If receipts are not provided for expenses, the expense is not allowed.

Note: Fuel expenses are not allowed without a detailed mileage record/log or other documentation showing beginning and ending mileage, and destination, which supports the expense. The mileage allowance is based on the current approved standard mileage rates established by the Internal Revenue Service.

Do not deduct:

- Payments on the principal of loans for income-producing property;
- Capital asset purchases, such as real property, equipment, machinery and other durable goods;
- Capital asset improvements;
- Net loss which occurred in a previous period;
- Work-related expenses, such as federal, state and local income taxes, retirement contributions, and travel to and from the place of business;
- Depreciation; or
- Costs that are not related to the self-employment; (e.g., entertainment, personal transportation costs).

306.36.2 Verification of Self-Employment Income

Business records and income tax forms are the ideal source of verification. However, if this information is not available or current, use of the Self-Employment Worksheet, form 2011-EG, is acceptable if the income and expenses cannot otherwise be verified by collateral contacts or documentary information. If the applicant claims little or no income, verification of how they are meeting their monthly obligations must be requested via the Request for Information. If the household fails to provide verification, their child care benefits must be denied/terminated. If the household provides the verification and it appears questionable, the case must be referred to Investigations and Recovery Unit (I&R) for an investigation. Do not delay case processing if the case is referred to I&R.

The following must be documented in the computer system:

- The method used to calculate countable self-employment income;
- Deductions for the costs of doing business;
- The number of hours engaged in the enterprise; and
- Other factors used to determine the amount of income.

If the only source of verification used is the Self Employment Worksheet, document the reason in the computer system.

306.37 Subsidized Housing Assistance *Unearned - Exempt*

Living spaces partially paid for by the government, including single-family homes, apartments, and assisted-living facilities.

306.38 Supplemental Nutrition Assistance Program *Unearned - Exempt*

A federally funded program to help low-income families buy nutritious food from authorized retailers. Supplemental Nutrition Assistance Program (SNAP) benefits are available to qualifying families, elderly people, and single adults.

306.39 Supplemental Security Income *Unearned - Exempt*

Supplemental Security Income (SSI) is a federal program that provides additional income for older and disabled individuals with little to no income stream. This program helps the participants meet their basic needs by providing them with monthly cash distributions.

Exempt income; exempt any retroactive SSI payments and Interim Assistance (IA) for pending SSI applicants.

306.40 Temporary Assistance for Needy Families *Unearned - Count*

The Temporary Assistance for Needy Families (TANF) program has been restructured to include five TANF programs: NEON Program, Child-Only Program, Self-Sufficiency Grant Program, Loan Program and Temporary Program.

- **NEON Program:** The NEON Program is a work program for households containing work eligible individuals. This is a TANF Cash Assistance Program. A NEON Child Care Referral is required for all work eligible caretakers. Refer to MS 116.1 and 410 for additional information on the NEON program.

Count the total amount of the TANF grant as income in the month received.

If the benefit is not going to continue, do not use it in the projection; however, any client who has received TANF cash is considered to be receiving TANF until it is verified they are no longer eligible.

- **Child Only Program:** This program is designed for households not having any work eligible caretakers. No adults receive assistance due to ineligibility or because the caretaker is a relative caregiver. Categories of child only households include:
 - Non-qualified non-citizen caretaker
 - SSI caretaker;
 - Relative caregiver; and
 - Kinship care caretaker

Count the total amount of the TANF grant as income in the month received. If the grant is not going to continue, do not use it in the projection; however, any

household who has received a TANF cash grant is considered to be receiving TANF until it is verified they are no longer eligible.

Note: Relative caregiver grants and Kinship Care grants may be reduced using the Average Cost of Care deduction. Refer to manual section 302.1.

- **Self-Sufficiency Grant:** The Self-Sufficiency Grant (SSG) is a one-time, lump-sum payment designed to meet immediate needs until regular income is received from employment, child support or other ongoing sources.
- **TANF Loan Program:** The TANF Loan Program is a cash program that provides financial assistance to a household who has an eligible member who has a reasonable expectation of a future source of income which would repay the loan. For example, an applicant pending SSI may receive Loan benefits which will be required to be paid back upon approval and receipt of SSI benefits.

Eligible households will receive a monthly payment designed to meet the family's needs until an anticipated future source of income is received.

- **Temporary Program:** This is a monthly payment designed to meet an immediate episode of need and is limited to no more than four months per episode of need.

Count the total amount of the TANF grant as income in the month received. If the grant is not going to continue, do not use it in the projection, however, any household who has received a TANF cash grant is considered to be receiving TANF until it is verified they are no longer eligible.

306.41 Temporary or Ongoing Assistance from Other Organizations *Unearned - Count*

Temporary or ongoing cash assistance from other agencies/organizations, such as County General Assistance (GA), Indian General Assistance (IGA), and Tribal TANF.

306.42 Third-Party Beneficiary *Unearned - Exempt*

Money a household receives that is intended and used for a non-household member.

306.43 Trust Funds *Unearned - Count*

A fund established by a grantor to provide financial security to an individual. Count any withdrawals or dividends the household receives from a trust fund as income.

Note: ALL trusts, including living trusts, are submitted to the DWSS Attorney General (DAG) for review and a determination of availability and accessibility; however, if the person is currently receiving income from the trust, it is countable.

306.44 Unemployment Insurance Benefits *Unearned - Count*

Unemployment Insurance Benefits (UIB) is an allowance of money paid, usually weekly, to an unemployed worker by a state or federal agency, or by the worker's labor union or former employer, during all or part of the period of unemployment. Count the gross benefit less any amount being recouped for a previous UIB overpayment.

Note: Child support judgments against UIB payments are not considered an overpayment recoupment. However, a deduction may be allowed MS 302.

306.45 Veteran's Administration Benefits *Unearned - Maybe*

Veteran's Administration (VA) Benefits are a monetary benefit paid to a person who has served in one of the United States military branches. Count the gross benefit less any amount being recouped for a previous overpayment.

Exception: Exempt all educational benefits

Note: Do not count VA benefits which a member of the childcare household is entitled to receive, if the benefits are paid to someone outside the home and the benefits are not made available to the household member.

306.46 Victims of Nazi Persecution Payments *Unearned - Exempt*

Payments made to individuals because of their status as victims of Nazi persecution.

306.47 Wages, Salaries and Commissions *Earned - Count*

Money earned through paid employment. The payment can include salary, commissions, vacation and/or sick allowances, fees, bonuses, back pay and fringe benefits.

All money earned through employment must be counted as income. Gross wages must be budgeted and any money deducted from the gross income and paid to a third party for taxes, insurance or other fringe benefits are counted as income. Any amount reported on the pay stub or elsewhere as *taxable gross wages* is countable.

Exceptions:

- Exempt wage income for a minor parent who is attending school to acquire a high school diploma or a GED.
- Exempt wages received by a sibling; refer to MS 216.1 for definition of sibling.
- EITC received with wages from an employer must be deducted from gross earnings prior to the income deduction being given.

306.47.1 Definitions

- **Advance** – a payment of wages made ahead of the normal pay date.

Wage advances are a loan from the employer and should be considered as part of the household's annual income but not considered as additional income in a 30 day or 60 day history.

Example: Paychecks for 3/7 for \$800.00, 3/21 for \$1000.00, and 4/4 for \$800.00 are used for a 30 day history best estimate of wages. The 3/21 paycheck includes a \$200 a pay advance. Since this \$200 will be deducted out of a future check(s) to pay the employer back, it should not be included in the best estimate and the best estimate would be $\$800 \times 3 = \$2,400$ divided by 3 paychecks = $\$800 \times 2.15$ (bi-weekly pay) = \$1720/mo. The same is true when the deduction shows on a paycheck for repayment of an advance; paycheck for 4/4 is \$800.00, 4/18 is \$600, and 5/2 is \$800. The paycheck for 4/18 shows a deduction for the repayment of a wage advance so the best estimate would be $\$800 \times 3 = \$2,400$ divided by 3 paychecks = $\$800 \times 2.15$ (bi-weekly pay) = \$1720/mo.

- **Bonus/Incentive Awards** – additional compensation given to an employee above his/her normal wage. A bonus/incentive award can be used as a reward for achieving specific goals set by the company, or for dedication to the company. If a bonus/incentive award is received on a regular monthly basis or on regular paydays, include in the 30 day best estimate. If the bonus is received monthly, quarterly, semi-yearly or yearly, include in the best estimate of annual income.
- **Commissions** – money paid based on a percentage of the sales that the employee makes. If a commission is received on a regular monthly basis or on regular paydays, include in the 30 day best estimate. If the commission is received monthly, quarterly, semi-yearly or yearly, include in the best estimate of annual income.
- **Fringe Benefit** – the benefits, other than wages or salary, provided by an employer for employees (e.g., health insurance, vacation and/or sick time, disability income, paid holidays) received by an employee in addition to regular pay. If the employer pays the fringe benefit directly to the source (insurance carrier, child care provider, etc.) the benefit must not be included in the household's countable income. In addition, if the employee has a choice on whether or not they receive the benefit, it must not affect their benefits if it is rejected or accepted as long as it is sent directly to the vendor. If the employee receives any portion of the additional benefit in their paycheck or in addition to their paycheck, it must be considered countable income.

Note: Do not include meals as income unless the meals are included in the taxable gross.

- **Overtime** – payment, usually at a higher rate, for time worked beyond the normal hours of employment. Budget income from overtime in the best estimate if is verified to be received on a regular monthly basis or is included on at least half of the pay stubs provided.

Note: Do not budget income from overtime in the best estimate if it is verified it will not be received on a regular basis.

Example: Client is paid bi-weekly and provides two pay stubs with overtime on one pay stub; YTD totals on the pay stub and discussion with the client confirms overtime is not received regularly.

- **Salary** – a fixed amount of money or compensation paid to an employee by an employer in return for work performed.

- **Tips** – A gratuity (also called a tip) is a sum of money customarily tendered to certain service sector workers for a service performed or anticipated.
Note: If the tip compliance amount noted on the pay stub is less than the applicant's and/or employer's statement, the applicant/employer statement should be used when determining the tip income.
- **Wages** – Money paid for labor or services to a worker; payment is based on an hourly, daily, or weekly basis or by the piece (paid for each unit produced or action performed).

306.47.2 How to Verify Employment Earnings

Verification can be in the form of (not all inclusive):

- Pay stubs;
- Employment Verification, form 2186-WC;
- The Work Number;
- Statement from employer.

If an employer statement does not provide sufficient information to accurately determine the individual's ongoing income, the case manager must contact the employer for clarification.

When contacting the employer or hiring personnel directly, the contact person's name, title, date of contact, telephone number and all other pertinent income/employment status information (e.g., termination or beginning date of employment, type of position, days and hours of work, full-time or part-time employment, hours and hourly rate of pay, pay days, frequency of pay, bonus or commission pay, anticipated changes) must be documented in the computer system.

If the employer statement does not provide sufficient information to accurately determine the individual's ongoing income and the case manager is unable to contact the employer for clarification, the case manager must use the client's pay stubs to determine the household's ongoing benefit amount.

306.48 Workers' Compensation *Unearned - Count*

A form of insurance required from employers that provides money as compensation for workers who are injured at work or contract an occupational disease.

306.49 Workforce Investment Act of 1998 (WIA) *Unearned - Exempt*

A United States federal law passed August 7, 1998, which was enacted to replace the Job Training Partnership Act (JTPA) and certain other federal job training law with new workforce investment systems (or workforce development). It represented an attempt to induce business to participate in the local delivery of Workforce Development Services. The principal vehicle for this was Workforce Investment Boards (WIBs) which were to be chaired by private sector members of the local community. A majority of board members were also required to represent business interests. Today, WIA funds can be used to fund workforce education and career pathways programs.

310 BUDGETING

A procedure used to determine eligibility by calculating income and deductions of any person who is a required member of the household. Case managers should use a budgeting method which provides the most accurate reflection of the household's *Annual* income converted to a monthly amount. The method used and the reasoning for the method used must be documented in the computer system.

310.1 Definitions - The following terms are used:

- **Best Estimate Budgeting:** A process used to determine eligibility and subsidy percentage amount of benefits based on the best estimate of income and circumstances which will exist in the certification period month(s) a child care subsidy is authorized.
- **Prospective Eligibility Budgeting:** A projection of income, household composition and other circumstances anticipated to exist in the certification period benefit month based on verified data or the best information known at the time the eligibility/benefit determination is made.
- **Actual Income Budgeting:** Actual income is income that has already been received. Actual income is used in best estimate budgeting if it provides the best representation of the anticipated monthly income. Overpayment calculations involve budgeting actual income and evaluating circumstances which existed during the month in question.

310.2 General Income Budgeting Tips

To compute income, use one of the following methods, which most accurately reflects the best estimate of the household's income for the certification period:

- Actual income (income that has already been received); or,
- Projected income (the "best estimate" of income which is anticipated to be received).

Unless specified in an income manual section (i.e. child support, self-employment, contractual, or seasonal) use the budgeting methods described in this section.

Income is budgeted for the certification period and converted to a monthly amount. Documentation of the factoring method used in the eligibility determination must be recorded in the computer system.

Regular monthly income automatically deposited directly into a financial institution (e.g., RSDI, SSI, VA, retirement pension) is considered received in the month it is for.

Example: RSDI (Social Security) benefit for May is direct deposited April 28. The payment is budgeted as income for May.

When an individual receives and returns a check to the issuing agency, determine whether to budget the payment using the following guidelines:

- If there is evidence the check was incorrectly paid and it is verified the check was returned, do not budget the amount as income.

- If the check was correctly paid and was voluntarily returned, budget the amount as income in the month received.

Unless listed in MS 302, the gross figure cannot be reduced by any deduction, voluntary or involuntary, such as child care deductions, insurance premiums, deductions for judgments, garnishments, federal taxes, etc.

311 How to Convert Income to Monthly Amounts

If necessary to manually convert income, which is not received monthly, to monthly amounts, use one of the following factoring methods:

- Multiply the average weekly income by 4.3
- Multiply the average semi-monthly income by 2.
Note: a semi-monthly average can only be used if actual paystubs are provided. If an Employment Verification Form (EVF) or employer statement is used, multiply the average weekly income by 4.3.
- Multiply the average bi-weekly (received every other week) income by 2.15.
- Divide yearly income by 12.

If an additional anticipated payment is received outside the regular payment cycle, add this amount to the regular converted amount.

Example: Household member is paid weekly, however receives a tip check once per month. The weekly income would be converted to a monthly amount and the tip income would be added to this monthly amount.

Anticipate income using the best available information. If income is ongoing, but the amounts fluctuate, it is best to anticipate by averaging income from past pay periods.

Always document your reasons for the methods used to budget income into the computer system case narratives.

312 Best Estimate Based on Projected Income from New Employment or an Employer Statement

Projected income is the “best estimate” of income which is expected to be received. Use the following procedures if the household has new income from employment and there is not enough history from which a monthly amount of income can be accurately projected or if an employer statement is provided

1. Determine the estimated number of hours to be worked per week. If the employer states the individual will work a range of hours, the case manager must average the hours to determine the approximate hours the individual will be working (e.g., the employer states the individual will work between 35 and 40 hours per week; the case manager must use 37.50 hours ($35 + 40 / \text{by } 2 = 37.50$) in the computation).
2. Estimate weekly gross income by multiplying the weekly estimated hours by the hourly wage.

3. Determine the monthly projected gross income by multiplying the estimated weekly gross income by 4.3. If verification substantiates the use of a specific factoring method which is more accurate than multiplying weekly gross income by 4.3, use what will accurately reflect the income to be received. The budgeting method used must be documented in the computer system.

Example: Employer statement verifies the client works 30-35 hours per week, at \$7.75 per hour. Wages would be calculated as: $30 + 35 = 65 / 2 = 32.5$ (average hours per week) $\times \$7.75 \times 4.3 = \$1,083.06$

If verification of tip income is included on the EVF or employer's statement, use steps above to determine the anticipated monthly tip income.

Example: Client above also earns \$10-15 per shift in tips and works 5 days per week. Tips would be calculated as: $10+15=25/2=\$12.50$ (average tips per shift) $\times 5$ (number of shifts per week) $\times 4.3 = \$268.75$.

Total income for the client for wages/tips = $\$1083.06 + \$268.75 = \$1,351.81$.

313 Best Estimate Based on Actual Income

Actual income is income which has already been received. Anticipate income using the best available information. Use the household member's pay stubs as verification whenever possible.

If the application reflects current ongoing income, a 30-day history of income can be used to determine monthly income. The 30-day period begins the day prior to the application date stamp (or the date of the most current income verification, whichever is more recent) and extends back 30 calendar days. In those instances when a 30-day history does not provide a clear representation of the household's income, a history of up to 365 days should be evaluated. This includes households with irregular or sporadic income (day labor, on-call, temporary employment services).

Calculate the monthly income amount using verified gross income received in the 30 day period (or longer) and convert the income to a monthly amount using the appropriate factoring method. The monthly income calculated using the 30 day period (or longer) will be budgeted to the application month and to all ongoing benefit months.

314 Irregular Income

When converting and projecting earnings to a monthly amount do not include holiday pay and/or vacation/sick pay unless it is received in lieu of regular pay.

315 On-Call Employment

Income from on-call employment, such as banquet waitress, culinary union, or casual

labor, etc., is treated as monthly income when it fluctuates or is irregular or sporadic. Use a pay history (if available) and divide the total by the number of months it covers to project monthly income. If the pay history includes a month with no income and the member was on call, use the month with no income in the average.

Note: Include pay periods with zero income into the factoring for on-call employment. Add all of the amounts together and divide by the number of pay periods that fall within the pay history period including the period with no income, and then multiply by the appropriate frequency to get the correct amount.

If income from on-call employment is received on a regular basis (e.g., 3 days per week, 80 hours per month), use normal budgeting procedures.

If income is received sporadically (e.g. day labor) throughout the month and not on a fixed pay frequency, add all of the amounts received in the 30-day period and use that figure as the total amount. If you use more than a 30 day history of sporadic income, add all of the amounts together and then divide by the number of months it covers to get a monthly amount.

316 Budgeting Steps

First Step

The maximum income is established based on the number of household members (see Income Limits and Subsidy Percentages chart, MS 170).

Second Step

Determine the gross income based on all countable income, less any allowable deduction(s), received by the household. Round the gross monthly income to the nearest dollar (i.e., 0-.49 round down, .50-.99 round up).

Third Step

Compare the gross countable income to the Income Chart (see MS 170) based on the appropriate household size. To the right of the income is the Percentage Paid field. This is the percentage the Child Care Subsidy Program will pay; this is the subsidy amount. If the gross countable income exceeds the 85% of Nevada's median income, deny/terminate the household.

320 ASSETS

The asset limit is \$1,000,000 (one million dollars). If a household reports assets in excess of \$1,000,000, the household is not eligible for child care assistance. Until further clarification from the Administration for Children and Families (ACF), Office of Child Care (OCC) is received, cases will be evaluated at the supervisor/manager level if excess assets are reported.

Delegate Agencies

800 DELEGATE AGENCIES

A Delegate Agency is a public or private not-for-profit or for-profit organization which provides childcare through a school-age recreational program or an Early Head Start or Head Start agency.

801 Subsidy Type Selection

To ensure low income families have access to child care, DWSS, directly or through The Children's Cabinet or Las Vegas Urban League, contracts to purchase a number of child care openings (slots) with a school-age recreational program, an Early Head Start or Head Start agency.

The Delegate Agency must choose to provide services through the Certificate program or the Contract program.

If the Delegate Agency chooses to provide services through the certificate program, they must refer the client to the applicable Child Care staff to apply under the certificate program. An Application for Child Care Subsidy is required to process a case under certificate guidelines.

If the Delegate Agency chooses to provide services through a contract program (Contracted Slots or Wraparound), the Delegate Agency must enter into a written Memorandum of Agreement (MOA) with a Child Care staff or have a contract with DWSS. The contract fund amount provided to each Delegate Agency will be approved by the CCDP DWSS Child Care Chief. The contract amount will be provided to the Delegate Agency as written notification in the MOA or DWSS contract.

810 CONTRACTED SLOT PROGRAM

The Contracted Slot Program provides contract funding for an approved number of slots for a before and after school recreational program. Children must be between the ages of 5 and 12 (or 13 through 18 for children with special needs) and the household must have income below 85% of the State Median Income limits (refer to MS 170 for income limits). School-age recreational programs include Boys & Girls Clubs, Safe Key, Latch Key, YMCA, etc.

The Contracted Slot Program cannot be used in conjunction with the Certificate or Wraparound Program for the same child.

The Contracted Slot Program is only allowed to accept certificate case types for clients with a NEON purpose of care. No other certificate case types will be allowed.

810.1 Eligibility Requirements

All Delegate Agencies under the Contracted Slot program must meet the following requirements regardless of who is making the eligibility determination:

1. Accept the participant's completed and signed Delegate Agency Enrollment form (contractor form) or Application for Child Care Subsidy form (DWSS form).
2. Request the verifications listed below within 10 days from date application is received by the Delegate Agency Program. The client must be given at least 10 calendar days to provide the required verifications. Refer to MS 133 regarding pending information.
 - a. Obtain a copy of identification for all required adult household members. Refer to MS 212 for additional information.
 - b. Obtain the participant's written self-disclosure (under penalty of perjury) of all non-financial factors of eligibility for all household members which include:
 - Age

Note: If services are requested for a child between the age 13 up to age 19, the child must meet all the requirements for a child with special needs as listed in MS 211 and 211.1
 - Social Security Numbers; refer to MS 213 regarding SSN requirements
 - Citizenship
 - Child Immunizations
 - Relationship (of applicant to household members)
 - Custody
 - Residency
 - Household Composition
 - Purpose of Care Schedule
 - c. Inform custodial parents of the assistance listed below that can be provided through the DWSS Child Support Enforcement Program and provide the Child Support Services form 4000-EC to custodial parents if requested:
 - Locating the absent parent(s);
 - Establishing paternity;
 - Establishing and enforcing financial and medical support obligations; and
 - Collecting and distributing child support payments
 - d. Obtain a copy of valid foster license for all foster households

- e. Obtain a copy of the placement letter or referral from the court or social service agency, which defines the child as “foster” or “CPS” and the effective date of the transfer of custody. This documentation is required at initial application for a child.
- f. Obtain the verification per MS 219 through MS 219.2.1 of purpose of care for all required adult members and minor parents of the household. If the participant(s) is not in an activity, i.e., purpose of care, allowed by the Child Care and Development Program, the household is not eligible for subsidy.

Exception: The Job Search and NEON Categories are not allowed for anyone applying with a Delegate Agency. Applicants applying for these categories should be referred to the appropriate Child Care and Development Program Office

- g. Obtain the proper verification for all reported countable household income (Employment Verification form, pay stubs, child support payments (informal payments or through court system), Social Security benefits, unemployment benefits, etc.).
3. Within 10 calendar days from receipt of all required verifications, Delegate Agency staff must:
 - a. Convert the reported income into a monthly amount in compliance with the budget methodology set forth in MS 310 through MS 316
 - b. Using the Household Size and Monthly Income Chart in MS 170 determine if the household is eligible for delegate funding based upon their countable income and household size.
 - c. Approve eligibility and forward the information listed below to the appropriate Child Care staff for formal subsidy program enrollment in the computer.
 4. At the end of the current eligibility period, obtain a new application and verify all eligibility requirements before approving any household.

810.2 Delegate Agency Determines Household Eligibility for Contracted Slots

If the Delegate Agency elects to determine the household’s eligibility for the contracted slot program, the Delegate Agency must follow the guidelines listed below:

1. The Delegate Agency requirements:
 - a. Approve eligibility and forward the information listed below to the appropriate Child Care staff for formal subsidy program enrollment in the computer system within 10 calendar days of approval.

- The completed and signed application or Delegate Agency Enrollment form;
 - A cover sheet which provides the following information
 - Delegate Agency name
 - Site Location;
 - Subsidy household size;
 - Names of all children subsidy care is being requested for;
 - Household subsidy percentage;
 - Type of application (new or renewal);
 - Length of certification period
 - Signature of Delegate Agency staff that completed the eligibility determination and the date completed;
 - An income worksheet listing all income and how the delegate agency calculated the monthly income amount
- b. If the Delegate Agency is made aware of changes in a household's circumstances, they must re-address the subsidy eligibility and provide the information/verification of the change to the appropriate Child Care office within 10 calendar days of receipt of the change/verification.

2. Child Care staff requirements:

- a. Formal subsidy program enrollment by Child Care staff must be completed in the computer system within 10 calendar days from receipt of the information listed above. Once enrolled in the computer system, Child Care staff will provide the following forms to the Delegate Agency:
- A Notice of Decision (NOD): an eligibility status notification letter for the Delegate Agency records; and
 - A Notice of Action/Notice of Appeal (Form 2158 WC): an eligibility status and appeal form which the Delegate Agency must provide to the household
- Note:** The Notice of Action/Notice of Appeal must also be provided to the household if the case is denied.
- b. Within 10 calendar days of receipt of any changes/verification in a household, update the computer system and notify the Delegate Agency as noted in 2,a above.

810.3 Delegate Agency Does Not Determine Household Eligibility for Contracted Slot Program

If the Delegate Agency chooses not to determine the household's eligibility for a contracted slot program, the agency must work with Child Care staff to obtain information necessary to determine eligibility for the Contracted Slot Program

1. Delegate Agency requirements:

- a. Within 10 calendar days of receipt of a completed and signed Delegate Agency Enrollment form or Application for Child Care Subsidy form the Delegate Agency must send a request to the household to provide any required verification listed in MS 810.1. The Delegate Agency will allow the household at least 10 calendar days to return the requested verifications.
- b. Within 10 calendar days of receiving all required verifications, the delegate agency must forward the completed and signed Delegate Agency Enrollment form or Application for Child Care Subsidy form along with all required verifications to the appropriate Child Care office.
- c. If the Delegate Agency is made aware of changes in a household's circumstances they must report these changes in writing to Child Care staff within 10 calendar days after gaining knowledge of the change.

2. Child Care staff requirements:

- a. Determine eligibility within 10 days of receipt of a completed and signed Delegate Agency Enrollment form or Application for Child Care Subsidy form and the required verifications;
- b. Send a Notice of Decision (NOD) to the Delegate agency
- c. Send a Notice of Action/Notice of Appeal (Form 2158-WC) to the household;
- d. Within 10 days of receipt of a change, reevaluate eligibility and notify the Delegate Agency and the household of any change in the subsidy case;

820 WRAPAROUND SERVICES

The Wraparound Subsidy Program is a program which provides contract funding for an approved number of slots for an Early Head Start or Head Start agency. Children must be between the ages of birth and 5 and be eligible for and attending an Early Head Start or Head Start program.

The Wraparound Program cannot be used in conjunction with the Certificate or Contracted Slot Program for the same child.

The Wraparound Program is only allowed to accept certificate case types for clients with a NEON purpose of care. No other purpose of care certificate case types will be allowed.

820.1 Additional Information

The eligibility criteria for Wraparound Subsidy is that a child has been determined eligible for Early Head Start or Head Start based on the Early Head Start or Head Start program rules/criteria and the meet the child care criteria listed below.

- a. All required adult and minor parent Head Start and Early Head Start household members must have POC as defined in MS 219;
- b. The household's total gross income cannot exceed 85% of the State Median income;
- c. The subsidy percentage is based on the Income Limits as defined in MS 170.

Note: The rules/criteria for the Early Head Start or Head Start include the definition of household composition, countable income and reporting requirements.

- d. After initial eligibility for Early Head Start is determined, reapplications are not required until the child moves from Early Head Start to Head Start.
- e. After initial eligibility for Head Start is determined, reapplications are not required until the child is no longer eligible for Head Start.
- f. Purpose of Care and schedule must be re-verified every 12 months.
- g. Updates to the Wraparound case are based on written changes/verifications provided by the Early Head Start or Head Start program.

830 Additional Requirements for All Delegate Agencies

Delegate Agencies must:

1. Submit a signed MOA to the Child Care staff or have an approved contract in place with DWSS prior to payment being issued. A new MOA or contract must be signed annually or more often if necessary due to amendments in the MOA or contract.
2. Inform parents of their rights to receive services, rights to appeal and right to file a complaint.
3. Notify the Child Care office in writing of a client's termination for contract care.
4. Maintain all relevant records for a period of 3 years as follows:
 - a. Eligibility Case Files - Maintain complete documentation which supports eligibility decisions for each application for assistance for 3 years from the date the case is denied/terminated/closed or as defined in the MOA or contract. Eligibility records for children who have received subsidy benefits during the last 12 months must be on site at one location for auditing purposes.
 - b. Child Attendance Records - Retain these records for 3 calendar years from the last date of attendance.
 - c. Billing Records - Retain this record for 3 calendar years from the date upon which the bill is paid or rejected.

831 Subsidy Amount

The subsidy amount is derived from the Income Limits and Subsidy Percentage chart in MS 170 and is based on the household size and countable income.

The Contracted Slot Program is always paid from the Discretionary Category (see MS 102).

The Wraparound program is always paid from the At-Risk Funding Category (see MS 102).

Note: Households who have been assessed an IPV penalty are not eligible for 100% coverage until the penalty period has been exhausted. The Child Care staff must inform the Delegate Agency of an IPV penalty when the household is approved under contract care.

840 Requirements for Reimbursement

The Delegate Agency must submit Enrollment Attendance Verification (EAV) billings monthly to the Child Care office on or before the 5th business day of each month to ensure timely reimbursement. The EAV must:

- Include the service site/location's name, address, telephone number, and period of time covered; and
- The names of the children for which child care reimbursement is requested and the date and time of attendance; and
- Have each page of the EAV must be signed by an authorized person unless the delegate agency uses electronic means to record attendance.

Reimbursement will be allowed for the entire billing month for a child if:

- The child is eligible for the entire service period and,
- The child attends at least one day during the service period and,
- The Delegate Agency submits a reimbursement request for the child.

Example: If the Contracted Slot or Wraparound case is approved with an effective date of 05/01/2009 thru 04/30/2010, the 05/2009 service period can be reimbursed. However, if the case is approved with an effective date of 05/10/2009 thru 04/30/2010, the 05/2009 service period will not be reimbursed, as the child was not eligible the entire service period. Additionally, when a child turns 13 or no longer attends, the monthly service period will not be reimbursed, as the child was not eligible the entire monthly service period.

Note: A delegate agency will not be reimbursed above the approved budget in their MOA or contract.

841 Reimbursement

For each eligible child, the Delegate Agency's slots will be paid at the state approved rate, using the state maximum daily rate less the participant's co-payment responsibility.

For children 6 years of age through 12 years of age or children with special needs 13 years of age up to 19 years of age, full-time attendance is justified when attendance records validate at least 3 hours of attendance in a calendar day during the billing month.

For children less than 6 years of age full-time attendance is justified when attendance records validate at least 4 hours and 30 minutes of attendance in a calendar day during the billing month.

Attendance less than a full-time day will be paid at the approved part-time rate.

Delegate Agencies must be allowed flexibility in determining the amount of funds needed monthly. The funds must be requested monthly, but the amount billed depends on the needs of the agency. Delegate Agencies cannot request funds that will exceed the approved yearly MOA or contract amount.

Upon approval from the Child Care and Development Program, payment shall be made directly to Delegate Agency within thirty (30) business days of receipt of attendance billings.

850 Audits

A case may be selected to review the accuracy of subsidy benefits paid or authorized. Delegate Agencies are required to cooperate with the review process. The Delegate Agency's case files and attendance logs may be requested and compared to the EAVs submitted by the Delegate Agency. The Delegate Agency is required to cooperate with the review process. Refer to MS 152 regarding cooperation requirements.