
Subject: Determining Household Income

Effective Date: October 1, 2015

Revised from: December 1, 2014

Policy: Income is defined as total gross income of all members in the economic unit including any amount received or withdrawn from any source, including savings. Gross cash income is defined as all income before deductions are made for income taxes, employee social security taxes, insurance premiums, bonds, etc.

The **only exception** to using gross income is using net income for farm and other types of self-employment. For additional income exclusions see policy [CRT: 06.01.02](#).

When more than one source of income is reported, each amount must be reported separately and appropriate documentation must be provided for each.

An applicant must be screened for adjunctive eligibility first and then staff can conduct traditional income screening if adjunctive eligibility cannot be verified.

Documentation of income may be provided electronically or in paper form. Once the income information has been recorded, copies of source documents should not be kept on file.

Participants shall meet the federal financial eligibility requirements to receive WIC benefits.

Reference: CFR §246.7

Procedure:

Determine the gross cash income of the economic unit based on current or an income average, whichever is the better indicator of the applicant's financial status.

- Current income is defined as income received by the household during the month (30 days) prior to date of application. Client must provide proofs for 4 weeks of pay. Income during the past 12 months can also be considered if it more accurately reflects the current household income.
 - When entering income information into KWIC, staff will enter in all paystubs presented.
 - Source description box should list the source and the frequency e.g. My Company weekly or My Company every two weeks
 - If paid weekly, there should be 4 income sources entered
 - If paid every two weeks or bi monthly, there should be 2 income sources entered
 - If paid monthly, there should be 1 income source entered
 - Period drop down: monthly for every income source entered
 - Amount: amount of the pay stub
 - Proof: Payroll stub

Subject: Determining Household Income

- If the client/caregiver is paid weekly and only brings one (two or three) paystubs, clinic staff would enter the source description and frequency, period and amount and then select the Proof Pending check box. This will put the client in a 30 Day Temporary Certification and staff should make an appointment for the client/caregiver to bring the required proofs.
- If income assessment is being done prospectively (e.g., the sole support of that family has just been laid off, but has been authorized to receive unemployment benefits for the next six months) “current” refers to income that will be available to the family in the next 30 days.

a. Income includes:

Earnings from Work

- Monetary compensation for services including: wages, salary, tips, commissions or fees
- Strike benefits
- Unemployment compensation
- Worker’s compensation
- Net income from self-owned business or farm
- Severance pay
- Military Leave and Earnings Statement (LES) (See Pages 7 - 10)

Welfare/Child Support/Alimony

- Temporary Assistance to Needy Families (TANF)
- Alimony/child support payments

Pensions/Retirement/Social Security

- Private Pensions
- Supplemental Security Income
- Retirement income
- Military retirement, pensions or veteran’s payments

Subject: Determining Household Income

- Social Security

Other Income

- Disability benefits
 - Cash withdrawn from savings
 - Interest/Dividends or Bonds
 - Income from Estates/Trusts/Investments
 - Regular contributions from persons not living in the household
 - Net royalties/annuities/net rental income/net gambling and lottery winnings
 - Inheritances
 - Bonuses (including but not limited to: signing bonuses, enlistment bonuses, re-enlistment bonuses or any other type of bonus within the last 12 months)
 - Any other cash income that is received or withdrawn from any resource that is readily available to the family.
 - Use income averaging for self-employed persons, persons on leave-of-absence from work, teachers, seasonal workers and college students who only work during the summer or persons whose income is sporadic or irregular.
 - To average income, take the past 12 months of income and divide by 12.
 - Income for strikers or unemployed persons is based on the period of unemployment only.
 - Accept self-declaration of striker status if it is known in the community that the individual's work place is on strike. Document in the client's file.
 - Request letter of unemployment for unemployed persons. Record in the client's file.
- b. KWIC calculates the gross income and compares it to the Kansas WIC Program Income Eligibility Chart. (See [CRT 06.01.00](#))

Subject: Determining Household Income

- If the applicant is financially eligible, refer the applicant to the CPA to determine nutritional eligibility.
- If the applicant is financially ineligible, issue an Ineligibility or Termination Letter

INCOME DETERMINATION EXAMPLES

This section is intended to provide some assistance in determining and recording income eligibility. As with anything involving numerous possibilities, it cannot be all-inclusive. If you have any questions that cannot be answered here, please contact the SA for assistance.

If more than one family lives together, explain the need to report all income received by all who live in the home, unless the applicant can establish status as a separate economic unit.

Give examples of various types of income to be included such as withdrawals from savings if unemployed or "between jobs" or has received bonus money from employer within the last 12 months.

Remember to ask leading questions, such as "what are you living on?" or "where are you getting your food now?" or "have you received any bonus money within the last 12 months?" The more complete the information originally supplied, the quicker this part of certification can be completed.

The following are some examples on how to handle various circumstances revealed during the certification process or sometime during the certification period.

Example 1: Change in Income During a Certification Period

- If it is brought to your attention by the client or you can verify through public knowledge or information that the income of a client has changed during a certification period, the client's income must be reassessed. However, if a client's certification period ends in 90 days or less, then the income does not need to be redetermined since it will be redetermined at the time of the new certification period.
- If the client is then found to be over-income, the client must be terminated.
- It is not necessary to determine income for an in-state transfer or an out-of-state transfer unless the above situations apply.

Example 2: Changes in Custody During Certification Period

- If custody of a child changes during a certification period, the income must be reassessed. The client must be terminated if found over-income.

Subject: Determining Household Income

Example 3: Deductions for Hardships

- Deductions for hardships such as high medical bills are not allowed.

Example 4: Divorced Families and Child Support

- A child of a divorced couple is counted in the family of the parent who has legal custody.
- If an infant/child is in joint custody, the infant/child is determined eligible according to the financial eligibility of the parent applying for benefits.
- If the child's parents are divorced and both parents have custody of the child for certain time periods during the year, then the household income of the parent with whom the child will be residing during the majority of the certification period will be used.
- Child support payments actually received by the parent with legal custody are counted as income.
- A family member, making child support payments to someone else cannot deduct the payments from their income. For example:

A mother and child live together and receive child support payments from the father. The father has remarried and lives with his new wife who is expecting a baby. The new wife and the ex-wife apply for WIC benefits. The ex-wife and her child are a family of two, and the child support payments are counted as income. The father and the new wife are a family of three (count unborn fetus). The child support payments cannot be deducted from the father's income and the child living with the ex-wife cannot be counted in the father's family.

Example 5: Farm Income

- Current farm income is based on projections of current net income and may be documented using the prior year's tax return.
 - Use the adjusted net income figure for the farm income indicated on the completed Federal Tax form.
 - Be sure to enter other income separately into KWIC.
- Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts. Federal or state income tax forms for the most recent tax year would provide the most reliable documentation of depreciation amounts. If this is not available, calculate net income of the farm.

Subject: Determining Household Income

- Gross receipts include but are not limited to the value of all products sold, money received from the rental of farmland, buildings or equipment to others, and incidental receipts from the sale of items such as wood, sand, and gravel.
- A farmer's operating expenses include cost of feed, fertilizer, seed and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (but not State and Federal income taxes). The value of fuel, food or other farm products consumed by the family is not included as an operating expense. Before accepting depreciation charges as operating expenses, documentation of such charges should be required.
- If the farm encountered a loss, that amount **may not** be deducted from other income sources, e.g. wages.

Examples:

- If the farm showed a net loss for the previous year and a spouse had a gross income, their wages must be reported separately.
 - The gross income of any household member must be entered into KWIC.
 - The net loss should have a note entered into KWIC stating a Tax Return was provided that had a net loss for the farm.
- Do not enter zero income into KWIC for the net loss unless it is truly the only source of income for the family.
- If the farm showed a profit, that amount still needs to be entered separately in KWIC from any gross income reported from another source(s) since one is a net profit and one is gross income.

Example 6: Foster Care Children

- A foster child is a child who is living with a household but who remains the legal responsibility of the State. Such a child is considered a **household of one**. Because a foster child is considered a household of one, the income of a foster child is considered separately from the income of other members of the foster child's place of residence.
 - When calculating the applicant's income to determine eligibility, use only funding the foster child receives that is intended for his or her care. Do not count the foster parent or parents as a member or members of the household and do not include the gross income of the foster parent or parents.
- If a woman applies for WIC who is a foster care provider, when calculating income to determine eligibility, use only the woman's gross household income. Do not

Subject: Determining Household Income

count the foster child as a member of the household and do not include any funding the foster parent receives for the child that is intended for his or her care.

Example 7: Homeless Applicants

- An applicant may declare that she/he is homeless. Commonly, the homeless applicant may have no source of income or support. If an applicant declares no income and receives no money and possesses no savings, she/he is income eligible due to no income. Zero income should be recorded in KWIC, and the above information documented as a note and the proper form needs to be completed by the applicant.
- A homeless applicant may temporarily be residing with friends or family. If the applicant has income, it would be separate from the other residents of the home. Eligibility would be based on the number of homeless family members and their income only if they are considered as a separate economic entity.

Example 8: Instream Migrant Farm workers

- An Instream migrant farm worker is defined as a person and/or member of a family whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last 24 months, and who has established a temporary place to live in order to be near to the area where he/she is employed. It is very possible for an Instream migrant farm worker to be homeless.
- Income of an Instream migrant farm worker must be determined at least once every twelve months. Any determination that members of a migrant farm workers family have met financial eligibility, (i.e., In/Out-of-State Transfer's) will satisfy the income criteria for the migrant client for any subsequent certification during the 12-month period.
 - For example: An In/Out-of-State Transfer who is an Instream migrant farm worker reports to the LA in August. The In/Out-of-State Transfer card indicates the certification date and last income determination was completed in April. Income information does not need to be determined at the next certification in October, as this certification is within 12 months from the date of the last income determination.
 - Instream migrant farm workers (and their families) with expired Verification of Certification (VOC) cards must be considered income eligible, provided that their income is redetermined once every 12 months.

Example 9: Military Families - Size and Income Determinations

- Military personnel on shore duty living with the household or away on Temporary Duty (TDY) are considered household members. Any military personnel serving overseas or assigned to a military base and not living with the household is considered a member of

Subject: Determining Household Income

the household for purposes of determining eligibility, and the money sent to the household is included as income to the household.

- The value of in-kind housing and other in-kind benefits and payments or benefits provided under certain federal programs or acts are **excluded** from consideration as income by law. Such as:

- Housing allowances include Basic Allowance for Housing (BAH) for off-base housing and privatized housing in the U.S.
- Family Separation Housing (FSH) provided to military personnel for overseas housing, but military families may continue to receive BAH in the U.S.
- Overseas Housing Allowance (OHA), provided to military personnel living overseas.

These housing allowances will be reflected as BAH, FSH, and OHA on military pay statements.

- Military benefits received in cash, such as food allowances, and CONUS COLA must be considered as income.
- Children in the temporary care of friends or relatives, such as a military family's children living with their grandparents while the parents are on active duty, may be handled in one of three following ways:
 - Count the absent parents and their children as the economic unit, as would have been the case prior to the parents' deployment. Use of this option would be dependent on whether the LA could reasonably determine the total gross income of that economic unit.
 - Count the children as a separate economic unit. To be considered as such, the unit must have its own source of income, e.g., child allotment(s). This income must be determined to be adequate to sustain the economic unit. If income is inadequate, use the next option.
 - Consider the children as part of the economic unit of the household in which they reside.
- Deployment Extension Incentive Pay (DEIP) also known as Deployment Extension Stabilization Program (DESP) is a deployment pay that is given to active duty service members who agree to extend their military service by completing deployment with their units without re-enlisting. This exemption applies only until the service member returns to his/her home station. Payment received by the service member while serving at their home station must be counted as income, as the service member is no longer considered deployed. Local agency staff should inquire as to when the payment was received to determine if it is to be included or excluded from the income eligibility determination.
- For more guidance on Military Income refer to [Appendix 11](#) .

Subject: Determining Household Income

Military Leave and Earnings Statement (LES)

The following table determines which entitlements are counted as monthly income when a military family member presents the LES as proof of financial eligibility for the WIC Program:

INCLUDE AS INCOME	DO NOT INCLUDE
Base Pay/Basic Pay	BAH: Basic Allowance for Housing
CONUS COLA: Continental United States cost-of-living allowances	FSH: Family Separation Housing
BAS: Basic Allowance for Subsistence	OHA: Overseas Housing Allowance
Clothing: Allowance for Uniforms *	OCONUS COLA: Overseas Continental United States cost-of-living allowances
Bonuses:* (enlistments, reenlistments, or any kind of bonus received within the last 12 months)	FSSA: Family Subsistence Supplemental Allowance up to \$500 (over \$500 must be included)
Separate Rations or Combats	
Leave Rations	
FSA: Family Separation Allowance	
CSP: Career Sea Pay	
Flight Deck Pay	
Hazardous Duty Pay	
Sea Premium Pay	
SPEC Duty Pay	
DEIP: Deployment Extension Incentive Pay (ask when payment received to determine if it should be included)	

* Clothing and Bonuses are given annually.

Subject: Determining Household Income

To calculate annual income, apply the following formula:

1. Add all entitlements except BAH, FSH, OAH, OCONUS COLA and FSSA.
2. Multiply by twelve (12).
3. Then add in the one-time annual clothing or bonus allowance separately as annual income if it appears on the monthly LES. **If nothing is reported on the LES, inquire to see if one or the other has been received within the last 12 months and then add it in accordingly.**
4. Total equals annual gross income.

EXAMPLE 1

<u>ENLISTMENTS</u>		<u>CALCULATIONS</u>	
BASE PAY	\$1,500.00	\$1,500.00	BASE
BAH *	\$ 350.00	<u>\$ 250.00</u>	BAS
BAS	\$ 250.00	\$1,750.00	Monthly gross income
CLOTHING	\$ 200.00	x _____ 12 Months	
		\$21,000.00	
		+ <u>\$ 200.00</u>	CLOTHING
		\$21,200.00	Annual gross income

**BAH does not get included in calculation*

Subject: Determining Household Income

EXAMPLE 2

<u>ENLISTMENTS</u>		<u>CALCULATIONS</u>	
BASE PAY	\$1,500.00	\$1,500.00	BASE
BAH *	\$ 350.00	<u>\$ 250.00</u>	BAS
BAS	\$ 250.00	\$1,750.00	Monthly gross income
BONUS **	\$2,500.00	x <u>12</u> Months	
		\$21,000.00	
		<u>+ \$ 2,500.00</u>	BONUS
		\$23,500.00	Annual gross income

* BAH does not get included in calculation

** Add the bonus (reenlistment) the same way as the clothing allowance from example 1.

- **Using one LES may not always be the best indicator of the family’s actual annual income. To annualize income of military families use the current month LES and past month’s LES, up to a 12 month period, to determine if they qualify.**

Example 10: Minor Living with Parents or Another Family Unit

- If minor lives with his/her parents and is claimed by them as a dependent for income tax purposes, the income of the parents shall be used to determine income eligibility.
- If a minor lives in a household and receives any support for which he/she doesn't pay, such as shelter or food, the family size and income of all household members, including the minor, will be used to determine eligibility. Any income received by the teenager such as TAF payments would also need to be included in evaluating total income. Remember, if the minor is adjunctively eligible, the income information should be requested for statistical purposes only.

Example 11: Multiple Families

- If the family applying for benefits receives partial or total support, including but not limited to shelter or food, from another family living in the same dwelling, the combined income and family size of both families will be used to determine eligibility.
- If the family applying for benefits lives under the same roof with another family but receives no support from them, each family will be considered a separate economic unit. Only the income and family size of the family applying will be considered. This could occur if the family pays for an apartment within the home, or can establish itself as a second household.

Subject: Determining Household Income

Example 12: Self-Employment Income

- Self-employed persons may use last year's income as a base to project their current year's net income, unless their current monthly income provides a more accurate measure.
- Self-employed persons are credited with net income rather than gross income. Net income for self-employment is figured by subtracting business expenses from gross receipts.
- Gross receipts include the total value of goods sold or services rendered by the business. Deductible business expenses include cost of goods purchased, rent, heat, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes). Before accepting depreciation charges as operating expenses, documentation of such charges should be required. Federal or State income tax forms for the most recent tax year will provide the most reliable documentation of depreciation amounts.
- If the business encountered a loss, that amount **may not** be deducted from other income sources, e.g. wages.

Examples:

- If the business showed a net loss for the previous year and a spouse had a gross income, their wages must be reported separately.
 - The gross income of any household member must be entered into KWIC.
 - The net loss should have a note entered into KWIC stating a Tax Return was provided that had a net loss for the business.
- Do not enter zero income into KWIC for the net loss unless it is truly the only source of income for the family.
- If the business showed a profit, that amount still needs to be entered separately in KWIC from any gross income reported from another source(s) since one is a net profit and one is gross income.

Example 13: Students

- A student in boarding school or living in a college dorm or paid for by his or her parents is considered a member of the household in which he or she normally resides when not at school and paying own living expenses. Therefore, total household size and income are considered in eligibility determination.
- A student living alone or as a separate economic unit is considered a household of one. Therefore, only the student's income is considered for eligibility purposes.

Subject: Determining Household Income

- The earnings of a student who is a full-time or regular part-time employee must be listed on the application. However, occasional earnings, such as baby-sitting, should not be listed on the application.
- A foreign exchange student is considered a member of the household in which he/she resides. Therefore, the household size and total household income are considered in the eligibility determination.
- In order to obtain a Visa, a foreign student must have an adequate means of financial support. When foreign students are self-supporting, they must document that they have sufficient funds to cover all costs for the planned years of study, including living expenses. When a foreign student is dependent upon financial support from other persons, the sponsoring persons must sign an affidavit of support documenting their ability to support the alien student. An alien's means of financial support may change after the student enters the country. Students may be authorized to work part-time but their spouses and children are not allowed to work while in this country. Any questions about the income of a foreign student should be directed to the local Immigration and Naturalization Service Office or the college or university's foreign student affairs office.

Example 14: Temporary Loss of Income

- When an applicant states they are suffering a temporary loss of income due to a furlough, lay-off or strike, their income should be assessed based on their current income.
- When these applicants are determined income eligible and are at nutritional risk, they should be placed on the program for a full certification period. These situations should be rare and by nature usually are resolved within a normal certification period. Since they are short term, the client should be placed on monthly check pick-up, allowing staff to reassess income eligibility when the situation changes. Staff may discover the situation is resolved through news reports or when informed by the client.

Example 15: Zero Income Reported by Applicant (See CRT 06.02.02)

- Except in very rare cases (such as homeless applicants), zero income is not an acceptable statement of income.
- When zero income is reported, leading questions such as where are you getting food, where are you living, and who is paying the rent will give insight into how the applicant is supported.
- When an applicant shows no profit or loss for a year (e.g., self-employed), document clearly in this explanation of the individuals income and record zero income in the KWIC system and the proper form needs to be completed by the applicant.