

HEALTH AND SOCIAL SERVICES

HSS 201

(12) **FARM AND SELF-EMPLOYMENT.** Farm and self-employment income to be counted in AFDC calculations shall be determined by adding the following items back into the net earnings: depreciation, personal business and entertainment expenses, personal transportation, purchases of capital equipment, and payments on the principal of loans. The total shall be divided by 12 to get monthly earnings. If no return has been filed, the person shall complete a 1040 form of the internal revenue service to determine net earnings or loss, or to anticipate, in the case of relatively new businesses, net earnings as required by the internal revenue service. If the latest income tax return does not accurately reflect actual circumstances because a substantial increase or decrease in business has occurred, the agency shall calculate the self-employment income based on anticipated earnings. Agencies shall determine if it is necessary to use anticipated earnings on a case-by-case basis and shall document the reasons for the determination in the case record.

(13) **EARNED INCOME TAX CREDIT.** Earned income tax credit shall be budgeted as follows: When a person is expected to be eligible for the earned income tax credit, which can be claimed at the time of filing a federal income tax return with payments arranged for in advance, the monthly amount of the credit shall be counted whether or not the person chooses to receive the advance payments unless and until the person informs the local agency that the employer has refused to make advance payments, except that if the person is actually receiving the earned income tax credit the amount received shall be counted as earned income.

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Note: A credit of up to \$500 a year is available through the federal income tax system for taxpayers who have annual incomes under \$10,000 and children living with them. A taxpayer may receive advance payment of the earned income credit, on request and if the employer agrees. It is then reflected in the eligible taxpayer's paycheck. To compute the monthly amount of the credit to be budgeted for assistance purposes, see the internal revenue service (IRS) form W-5 and the monthly payroll period tables in the accompanying "Tables for Wage Bracket Method of Advance EIC Payments." The W-5 form and tables are available from any IRS office and can be reviewed in the offices of any county or tribal income maintenance agency.

(14) **INCOME OF YOUTH.** The earned income of a person who is less than 18 years old or who is a dependent 18-year old as defined in s. HSS 201.24 shall be treated as follows: If the person is a part-time student and employed less than 30 hours a week or is a full-time student, the person's earned income shall be exempt when the amount of the grant is determined. However, the person's earned income shall be counted when determining eligibility, unless the person was an AFDC recipient in any one of the 4 preceding months in which case the earned income shall also be exempt for this determination.

(15) **DEDUCTIONS.** The following deductions shall be made from income:

(a) **Allocation.** 1. Where the parents are included in the AFDC group and the child in-common is determined ineligible, an amount up to the average of the differences between the area I standards set by s. 49.19 (11) (a), Stats., for family sizes 3 and 2, 4 and 3, 5 and 4, and 6 and 5, shall be allocated to the child to bring the child's income up to this amount. This income shall be deducted from the group's income before determining eligibility and amount of grant.

2. If there is a court order requiring a person in the AFDC group to pay support to a person who is not in the AFDC group, this income shall be

deemed unavailable to the AFDC group and shall be deducted from the group's income before determining eligibility and amount of grant.

(b) *Deductions from earned income.* 1. If a person is employed 30 hours or more a week, \$75 shall be deducted from the earned income. If a person is employed less than 30 hours a week, the lesser of 18 percent of the person's gross income or \$74 shall be deducted from earned income.

2. When employment cannot be maintained without dependent care for a child or incapacitated adult in the AFDC group, the following deduction shall be applied: If employed 30 hours or more a week, the dependent care costs actually paid, but not more than \$160 for each dependent each month, shall be deducted from the person's earned income. If employed less than 30 hours a week, the dependent care costs actually paid, but no more than \$120 for each dependent each month, shall be deducted from the person's earned income.

3. An amount equal to \$30 plus $\frac{1}{3}$ of the earned income not already disregarded in subds. 1. and 2. shall be deducted from the person's earned income unless one of the following conditions applies:

a. The person has received the \$30 plus $\frac{1}{3}$ deduction for 4 consecutive months and, since then, this person has not been off AFDC for 12 consecutive months;

b. In the last 12 months this person has been excluded from the AFDC group for the sole purpose of avoiding the \$30 plus $\frac{1}{3}$ deduction for 4 consecutive months; or

c. The source of the earned income is public service employment established by the WIN program.

(16) **INCOME TESTS.** The following income tests shall be made:

(a) *Test for 150 percent of assistance standard.* The AFDC group shall be ineligible in any month in which the group's income, not counting AFDC payments, exceeds 150 percent of the assistance standard for that size group. The exemptions specified in sub. (14) do not apply to this determination. If the income exceeds 150 percent of the assistance standard, the primary person, the primary person's spouse, and any children for whom they are both legally responsible shall not be eligible. The financial eligibility of other children in the AFDC group shall be determined under s. HSS 201.31.

(b) *Determination of eligibility.* Eligibility shall be determined by measuring the income, after applicable disregards, against the appropriate assistance standard for the AFDC group size. If a person has not received AFDC in one of the four prior months, the \$30 plus $\frac{1}{3}$ deduction to earned income specified in sub. (15) (b)3. and the exemption of student earnings in the determination of eligibility as specified in sub. (14) are not applied. If the income exceeds the assistance standard, the primary person, the primary person's spouse, and any children for whom they are both legally responsible shall not be eligible. The financial eligibility of other children in the AFDC group shall be determined under s. HSS 201.31.

History: Cr. Register, April, 1983, No. 328, eff. 5-1-83.

HSS 201.29 Eligibility date. (1) Except for maternity care cases the beginning eligibility date shall be the date of receipt of a signed and com-Register, April, 1983, No. 328