	INDIANA DEPARTMENT OF CHILD SERVICES CHILD WELFARE POLICY	
	Chapter 15: Eligibility	**Effective Date:** October 1, 2018
	Section 7: Income Requirements	**Version:** 2

STATEMENTS OF PURPOSE

The Indiana Department of Child Services (DCS) will review the income available to a child's assistance group in the month of removal to determine if the child is Title IV-E eligible. In order to be eligible, the child's assistance group must meet the Aid to Families with Dependent Children (AFDC) program income requirements in effect in July, 1996 during the removal month. The total income available to the assistance group includes the countable earned and unearned income based on the month it was received, not the month it was earned. The total monthly income for all members of the assistance group is compared against the 185% and 100% standards of need. If the assistance group's income does not exceed either standard of need, the AFDC income requirement is met. See separate policy, 15.5 Assistance Group for information on determining who is included in a child's assistance group.

Calculating Income

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

1. Multiply the weekly income by 4.3 if the income is received weekly;
2. Multiply the bi-weekly income by 2.5 if the income is received bi-weekly; or
3. Multiply the semi-monthly income by two (2) if the income is received semi-weekly.

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

Deeming Income

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

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

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

Children placed with a parent residing in a licensed residential family-based treatment facility for substance abuse may be eligible for Title IV-E regardless of whether the AFDC criteria related to income are met. See separate policy 15.1 Title IV-E Foster Care (Overview) for additional information.

Code References
1. 42 USC 672(a)(2): Removal and foster care placement requirements
2. 42 USC 672(a)(3): AFDC eligibility requirement
3. 42 USC 672(j): Children placed with a parent residing in a licensed residential family-based treatment facility for substance abuse
4. 42 USC 671: State plan for foster care and adoption assistance
5. 45 CFR 1356.21(l): Living with a specified relative
6. 45 CFR 233.10: General provisions regarding coverage and eligibility
7. 45 CFR 233.20: Need and amount of assistance

PROCEDURE

The Family Case Manager (FCM) will:
1. Document and verify the earned and unearned income received during the month of removal for all persons living in the removal household;
2. Upload the supporting documentation to the Management Gateway for Indiana's Kids (MaGIK) within 30 calendar days; and
3. Contact the DCS Central Eligibility Unit (CEU) (centralized.eligibility@dcs.in.gov) immediately for additional instructions during the child's episode in out-of-home care if information is discovered regarding income.

The FCM Supervisor will:
1. Assist the FCM with any of the above steps; and
2. Ensure all required documentation has been verified and documented in MaGIK.

The DCS CEU will:
1. Review the eligibility information in MaGIK; and
2. Make an eligibility determination.

PRACTICE GUIDANCE

Standard of Need

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

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

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

1. Removal petition documenting persons living in the removal home at the time of removal and their relationship to the child;
2. Paycheck stubs or statements;
3. W-2 forms;
4. Assessment Narrative in MaGIK;
5. Employer statements;
6. Indiana Client Eligibility System (ICES) screens (gathered by CEU);
7. Bank statements;
8. Tax documents;
9. Statements from reliable persons cognizant of the facts; and
10. Title IV-E and Title IV-A/EA Information (SF 55435).

FORMS AND TOOLS

Title IV-E and Title IV-A/EA Information (SF 55435)

RELATED INFORMATION

Earned Income

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

1. Wages, salaries, and tips;
2. Commissions;
3. Bonuses;
4. Sick pay;
5. Vacation pay;
6. Severance pay;
7. Jury duty pay;
8. Rental income from property;
9. In-kind earnings – the dollar value of the work performed as established by the employer; and
10. Wages from self-employment (i.e., farming, babysitting, and house cleaning).

Unearned Income

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

1. Investment income, such as dividends or interest from stocks, bonds, or savings accounts;
2. Alimony;
3. Child support;
4. Disability benefits;
5. Retirement, Survivors, and Disability Insurance (RSDI) benefits;
6. Retirement benefits;
7. Pensions;
8. Veteran's benefits;
9. Unemployment insurance/benefits;

10. Deemed income;
11. Worker's compensation; and
12. Cash contributions or gifts (e.g., cash from relatives, churches, friends or charitable organizations).

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

1. Earned income of a dependent child who is a full-time student or a part-time student and part-time employee;
2. Supplemental Security Income (SSI);
3. Need-based assistance (e.g., Temporary Assistance for Needy Families [TANF] and Food Stamps);
4. Foster Care payments;
5. Adoption Subsidy payments (AAP or SAS);
6. Guardianship Assistance Payments (GAP) or State Guardianship Assistance Payments (SGAP);
7. Cash contributions made by non-assistance group members toward shared living expenses (e.g., payment for share of the electric bill);
8. Earned income of any child received from participation in employment programs established under the Workforce Investment Act (previously the Job Training Partnership Act);
9. Loans or grants to undergraduate students administered by the U.S. Commissioner of Education;
10. Section 8 and Housing and Urban Development (HUD) subsidies;
11. Earned income tax credits or income tax refunds;
12. In-kind contributions or assistance (unearned non-monetary benefits in the form of goods or services); and
13. Lump sum payments for a settlement or judgment that is used for the purpose it was paid, compensation for lost or stolen property, inheritance used for burial expenses of the deceased benefactor, federal or state income tax refund, refunded security deposits, back pay of SSI, property or funds resulting from a dissolution of marriage.

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

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

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

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