

63-221 Income Tests and Gross Income

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63-221.1 Gross and Net Income Definition

A. GROSS INCOME

Gross income is the combined earned and unearned income from any source that is not excluded.

1. To determine the total gross income for CalFresh, add the gross monthly earned income and the total monthly unearned income of all household members, and deduct any income exclusions (63-221.5).
2. Legally obligated child support payments to non-household members are considered “income exclusion.” Subtract the payment first from the unearned income, and then from the earned income. Compare the total to the maximum gross monthly income limits and determine Modified Categorical Eligibility (MCE). See [63-224.15](#), and [63-254.2-3](#).

B. NET INCOME

Net income is the total gross income minus deductions. [See 63-254, Calculating Net Income and Benefit Levels.](#)

CalFresh income deductions:

1. Standard Deduction ([63-231.1](#))
2. Earned Income Deduction ([63-231.2](#))
3. Excess Medical Deduction ([63-232](#))

4. Dependent Care Deduction ([63-233](#))
5. Homeless Shelter Deduction ([63-234](#))
6. Excess Shelter Deduction ([63-235](#))

C. For self-employed households, determine the total self-employment income by adding all gross self-employment income and capital gains and subtracting the self-employment income expenses (actual expenses or the 40 percent standard deduction). See [63-241](#).

63-221.2
Gross and Net
Income Tests

A. To be eligible to CalFresh and to qualify for benefits, households must pass the following income tests:

1. Households that include an elderly or disabled (E/D) member must pass the Net Income Eligibility Standards (Net Income Test), which is 100% of the Federal Poverty Level (FPL).
2. Households with no E/D member must meet both the Gross Income Eligibility Standards (Gross Income Test), which is 130% of FPL and the Net Income Test.

B. Categorically Eligible (CE) households as defined in [63-120.2-6](#) and Modified Categorical Eligible (MCE) households as defined in [63-120.7-12](#) are not required to pass either the gross or the net income test.

C. GROSS INCOME DETERMINATION

1. Count all earned and unearned income that is not exempt ([63-222](#) and [63-223](#)).

Count only the prorated share of SSN disqualified, ABAWD disqualified and ineligible noncitizens' income. ACIN I-16-03

2. Subtract the legally obligated child support payment from the total gross monthly income before applying the Gross Income Test ([63-224.15.D](#)).

The gross and net income eligibility standards are based on the federal income poverty levels established as provided in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

Apply the CalFresh income tests and determine eligibility prospectively using the income that the household is reasonable certain to receive for the certification period:

A. APPLICATION

1. **Public Assistance CalFresh (PACF) applicants:** If the companion Public Assistance (CalWORKs or General Relief) case is eligible for cash aid after applying the applicant financial eligibility test, the CalFresh household is considered CE and no income tests are necessary for CalFresh purposes. If there is no eligibility for Public Assistance benefits, determine Non-Assistance CalFresh eligibility.
2. **Non-Assistance CalFresh (NACF) applicants:** A NACF household that is not MCE must pass the Gross Income Test (unless the household includes an E/D member).
 - a. To determine if the non-MCE CalFresh household is financially eligible, determine total gross monthly income reasonably expected to be received for the certification period and compare it to the Gross Income Eligibility Standards (130% of FPL) and the Net Income Eligibility Standards (100% of the FPL) for the household size.
 - b. Non-MCE households that include an E/D member must pass only the Net Income Test (100% of FPL).
 - c. MCE households as defined in [63-120.7-12](#) are not required to pass the gross and net income tests.

Refer to:

- [63-254](#), Calculating Net Income and Benefit Level and
- [63-281](#), Determination of Eligibility.

B. ONGOING CASES

Determine continuing eligibility for Semi-Annual Reporting (SAR) and Change Reporting (CR) household using prospective budgeting and reasonably anticipated income over the length of the certification period or remaining months of the certification period.

Apply the gross and net income tests and redetermine eligibility during the certification period when:

1. A SAR household:

- a. Submits the SAR 7,
- b. Makes a mandatory report, or
- c. Voluntarily reports a change that results in:

- i. Increase benefits or
- ii. Decrease in benefits when the reported change is considered VUR.

2. **A CR household** reports a mandatory income change. See [63-260](#).

63-221.4
Changes in
Household
Eligibility Test

When a **SAR or CR** household's circumstances change and the household changes to a different income eligibility test, apply the new eligibility test at the next recertification or whenever the household's benefits are redetermined, whichever is first. See **63-254.5**.

63-221.5
Excluded Income

Do not count the following income **when determining total gross income**:

A. Money withheld from an assistance payment, earned income or other income source, or money received from any income source to voluntarily or involuntarily repay a prior overpayment **from the same income source**.

Refer to **63-224.16** for examples.

B. Child Support payments received by CalWORKs recipients directly from a non-household member that must be transferred to the District Attorney's office or other County agency to maintain CalWORKs eligibility. Exclude the income when the household member assigns child support rights to the County (signs the CW 2.1).

Refer to: [63-223.6, Child and Spousal Support Payments](#) for child support payments that are not excluded.

63-221.6
Income of Work
Sanctioned/
Disqualified and
Intentional
Program
Violators (IPV)

Count all earned and unearned income of:

A. Individuals excluded from CalFresh for committing Intentional Program Violations, **and**

B. Individuals sanctioned/disqualified for failure to comply with work requirements.

Refer to:

- [63-238](#), Sharing Expenses with Excluded Members and
 - [63-244](#), Treatment of Income of Excluded & Non-Household Members.
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63-221.7
Income of
Ineligible
Noncitizens and
SSN Disqualified

Count the **prorated portion** of earned or unearned income of:

- A. Individuals excluded from households for failing to comply with the SSN requirements, and
- B. Individuals excluded from households for being an ineligible noncitizen.

Refer to:

- [63-238](#), Sharing Expenses with Excluded Members and
- [63-244](#), Treatment of Income of Excluded & Non-Household Members.

63-221.8
Income of
Excluded
Members Fitting
Two Exclusion
Categories

Use the more stringent category to count the income and/or resources when an excluded household member fits two types of exclusion categories:

EXCLUDED HOUSEHOLD MEMBER	INCOME	RESOURCES	DEDUCTIONS
If an ineligible noncitizen is also:			
Ineligible Student	Prorate	Count All	Prorate
IPV	Count All	Count All	Count All
Fleeing Felon/Parole Violator	Count All	Count All	Count All
Drug Felon	Count All	Count All	Count All
Work Sanctioned	Count All	Count All	Count All
If an ineligible student is also:			
IPV	Count All	Count All	Count All
Fleeing Felon/Parole Violator	Count All	Count All	Count All
Drug Felon	Count All	Count All	Count All
Work Sanctioned (<i>before being a student</i>)	Count All	Count All	Count All
If an SSN disqualified is also:			
Ineligible Student	Prorate	Count All	Prorate
Ineligible ABAWD	Prorate	Count All	Prorate
IPV	Count All	Count All	Count All
Fleeing Felon/Parole Violator	Count All	Count All	Count All
Drug Felon	Count All	Count All	Count All

If the ineligible ABAWD is also:			
IPV	Count All	Count All	Count All
Fleeing Felon/Parole Violator	Count All	Count All	Count All
Drug Felon	Count All	Count All	Count All
Work Sanctioned	Count All	Count All	Count All
<p>EXAMPLE</p> <p>If an ineligible noncitizen is also an ineligible student, prorate his/her income, count the prorated deductions and count all of his/her resources.</p> <p>If the ineligible noncitizen is also a fleeing felon, count all of his/her income, resources, and allow the entire deductions (if he/she is contributing).</p>			
