

**County of San Diego, Health and Human Services Agency (HHSA)
CalFresh Program Guide**

Unearned Income

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Background:

Unearned income is any income coming from gains or benefits and not classified as earned income or excluded income.

Policy:

63-223-1 Assistance Payments:

Count as unearned income:

- A.** Assistance payments from CalWORKs, General Relief (GR), Refugee Cash Assistance, Entrant Cash Assistance, or other assistance programs based on need. Assistance payments are considered unearned income even if provided in the form of a vendor payment (provided to a third party on behalf of the household), unless the vendor payment is specifically exempt.
- B.** Assistance payments from programs, which require, as a condition of eligibility, the actual performance of work without compensation other than the assistance payments themselves, except for special allowances excluded under [63-224.8C](#). Include also monies withheld from CalWORKs and GR grants or other federal, state, or local **means-tested** programs due to the household's failure to comply with that program's requirements.

"Means-tested" means that the household's financial circumstances are considered in determining eligibility and/or benefit level, and these means-tested programs make publicly funded payments to the household.

63-223.2 Payments and Benefits:

Count as unearned income:

- A.** Adoption Assistance Program (AAP) payments are treated as unearned income with the exception that any portion of the adoption payment that is earmarked for an excludable reimbursement (e.g., medical or dependent care expenses) will be excluded from consideration as income, as determined on a case by- case basis. Payments through the AAP are assigned to the adoptive parents not to the child. AAP payments are considered incentive payments
- B.** Alimony (spousal support)
- C.** Annuities
- D.** Child Support (Refer to [63-221.5](#) for exceptions)
- E.** California Training Benefits (CTB) (ACIN I-52-06)
- F.** Deemed income from a sponsor who has signed an I-864 and/or I- 864A, paid to a sponsored noncitizen (Refer to Sections [63-157](#) and [63-246](#))
- G.** Disability Insurance Benefits

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H. Dividends from Stocks and Bonds

I. Foster care Payments or ARC (for children or adults who are members of the CalFresh household) (Refer to [63-224.14](#))

J. Interest from Bank Accounts

K. Lottery Winnings (Payments made in installments are considered unearned income in each month they are awarded) (ACIN I-58-08)

L. Paid Family Leave (PFL) (ACIN I-16-05)

M. Pensions

N. Retirement Benefits

O. Resident Opportunity and Self Sufficiency (Ross) Grants Payments (ACIN I-91-06)

P. Social Security Benefits

Q. State Disability Insurance (SDI) (refer to [63-223.4](#) for SDI deductions or offsets)

R. Strikers' Benefits (however, the portion received as compensation for picketing is earned income) (Refer to [63-222.2](#))

S. Unemployment Insurance Benefits (UIB) (refer to [63-223.4](#) for UIB deductions or offsets)

T. Veterans' Administration (VA) and Aid and Attendance (AA) Benefits (ACIN I-18-07)

U. Veterans' Educational Assistance (over the period the benefit is expected to cover to the extent it is not used to pay educational expenses) (ACIN I-54-09E)

V. Worker's Compensation

63-223.3 Unemployment/Disability Benefit Deductions:

Some household members receiving Unemployment (UIB) or State Disability Insurance (SDI) benefits have their benefits garnished or reduced to pay overpayments, penalties, child support, etc.

Refer to the [UIB-SDI Reductions Determination Table](#) to determine which amount, gross or net amount, must be counted in the CalFresh budget.

63-223.4 Rental Property Income:

Count as unearned income, the gross income minus the costs of doing business derived from rental property in which a household member is not actively engaged in the management of the property at least an average of 20 hours a week.

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Refer to [63-222.2](#) to determine rental property income when the household member is actively engaged in the management of the property.

63-223.5 Child and Spousal Support Payments:

- A. The \$50 child support disregard received by CalWORKs recipients, and
- B. Child support or alimony payments made directly to the household from non-household members including child support payments made to an MFG child directly from an absent parent and kept by the household, or received directly from the Local Child Support Agency.
- C. **EXEMPTION:** Exclude child support payments received by CalWORKs recipients directly from a non-household member, which must be transferred to the District Attorney's office or other county agency to maintain CalWORKs eligibility regardless of whether or not the payments are actually turned over to the District Attorney's office. See [63-221.5](#).

63-223.6 Scholarship and Grants:

Count as unearned income non-excluded scholarships, educational grants, fellowships, deferred payment loans for education, or veterans' educational benefits, that are not excluded by federal statute or through application of allowable exclusions. Refer to [63-225.7](#) for excluded educational assistance.

- A. Educational assistance, including grants, loans, scholarships, fellowships, stipends, and veteran's education benefits are issued every two or three months, once each semester, once a year, or monthly. Refer to [63-224.6, Educational Assistance](#).

If the student receives the income:

- 1. Monthly, budget the income for the month the income is intended to cover.
 - 2. Less frequently than monthly, average the income over the period that it is intended to cover.
- B.** Exclude educational expenses that are "earmarked" by the lender to be used for educational expenses. Educational expenses include but are not limited to:
- 1. Tuition
 - 2. Mandatory fees
 - 3. Books and supplies
 - 4. Transportation
 - 5. School-related dependent care
 - 6. Miscellaneous personal expenses (other than living expenses such as rent or mortgage, personal clothing, or food eaten at home)

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C. To determine net monthly educational income:

1. Subtract the educational expenses from the educational assistance and count the remainder as income to the household; and
2. Prorate over the period the educational assistance is intended to cover.

Example:

A student receives a \$1,500 private scholarship on October 10, 2015. The school year begins on September 7, 2015 and will end on June 3, 2016. The expenses are:

- \$200 for tuition
- \$300 for books and
- \$500 for dependent care

Step	Action
1	Obtain verification of student income and expenses
2	Determine the number of months the educational assistance and educational expenses are intended to cover: There are 10 months in the school year, September through June
3	Subtract the educational expenses from the educational assistance: \$1,500 scholarship <u>-\$1,000</u> exempt expenses \$500 net student income
4	Divide the net student income (step 3) by the number of months the educational assistance and educational expenses are intended to cover: \$500 divided by 10 months=\$50 month will be counted in the CalFresh budget for 10 months, September through June.

D. Veterans Retraining Assistance Program (VRAP) benefits are excluded because they are earmarked by the VA to be used for educational or training purposes. To exclude, verify that the recipient is enrolled in a qualifying institution that provides secondary, post-secondary education or the equivalent of a postsecondary diploma, or a vocational education program.

63-223.7 Payments Considered Gain or Benefit:

- A.** Payments from government-sponsored programs.
- B.** Dividends.
- C.** Interest.
- D.** Royalties.

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- E.** All other direct money payment from any source, which can be construed to be a gain or benefit are counted as unearned income.

63-223.8 Trust Income:

Monies withdrawn from the trust and dividends, which are or could be received by a household from an excluded trust fund.

Such trust withdrawals is considered income in the month received, unless excluded.

Count as income (in the month they become available to the household) dividends, which the household has the option of either receive as income or reinvest in the trust, unless excluded.

63-223.9 Reimbursements:

Count as unearned income, reimbursements that exceed total expenses or which are intended to cover living expenses, such as food, rent, and clothing. Refer to [Section 63-224.8](#).

63-223.10 Legally Obligated Payments Diverted to a Third Party:

- A.** Count as unearned income, money legally obligated and otherwise directly payable to the household, which are diverted by the provider of the payment to a third party for a household expense. These monies are not excluded as a vendor payment because the payment is taken from money that is legally obligated to the household. (Refer to [63-224.3, Vendor Payments](#))
- B.** Exclude court-ordered support payments specified by a court order or other legally binding agreement to go directly to a third party rather than the household because they are not otherwise payable to the household.
- C.** Exclude support payments not required by a court order or other legally binding agreement (including payments in excess of the amount specified in a court order or written agreement) that are paid to a third party on the household's behalf.

Examples:

1. A household receives court-ordered monthly support payments in the amount of \$400. Later, \$200 is diverted by the provider and paid directly to a creditor for a household expense. The entire payment is counted as income.
2. A court awards support payments in the amount of \$400 a month and in addition orders \$200 to be paid directly to a bank for repayment of a loan. The \$400 payment is counted as income and the \$200 payment is excluded income.

ACIN I-34-04

NOTE:

The distinction is whether the person or organization making the payment on behalf of a household is using funds that otherwise would have to be paid to the household.

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Payments made to landlords or mortgages by the Department of Housing and Urban Development (HUD) are excluded from income as a vendor payment. Such payments include housing and/or utility payments.

Refer to [63-604](#), for additional questions and answers related to legally obligated payments diverted to a third party and vendor payments.

63-223.11 Reception and Placement Income/VOLAG Funds:

Reception and Placement (R&P) Income/Voluntary Agency (VOLAG) funds may be considered resources, excluded income, unearned income or excluded charitable contributions depending on how they are disbursed or who provides them.

- A. Count as resources, funds given to non-CE/MCE households as a one-time lump sum payment, as indicated in [63-224.11](#), [63-202.4](#), and [63-202.5](#).
- B. Exclude funds disbursed as vendor payments for rent, clothing, etc. See [63-224.3](#). Do not allow as a deduction expenses paid as vendor payments.
- C. Count as monthly income, funds given directly to the household in several payments ([63-223.2](#)) that could be anticipated according to Semi-Annual Reporting (SAR) regulations ([63-282](#)).
- D. Exclude contributions from persons or organizations that must be used for a specified purpose if the household provides proof they expended the funds as specified by the donor (Simplified Treatment of Income: [63-224.16 H](#)).
- E. Exclude up to \$300 per calendar quarter, funds from charitable contributions. See [63-224.4](#). Count as unearned income, funds exceeding \$300 per quarter.

63-224.12 Payments Received during the Same Mailing Cycle:

When there are one-time variations in the normal receipt date, count the payment for the month for which it is intended.

Example: Mailing cycles for monthly payments like social security benefits, or public assistance such as CalWORKs, GR, RCA/ECA can occasionally cause households to receive two checks in a month.

References:

[CalWORKS/CalFresh Letter No.358 Approved Relative Caregiver \(ARC\) Program](#)

Sunset Date:

This policy will be reviewed for continuance on or by 11/30/2018

Release Date:

11/05/2015