

90-400.05. UNEARNED INCOME

A. General

Unearned income is all benefits, contributions, allowances, loans and grants, interests and other income or cash not received from employment. Unearned income is applied directly against the GR budget. Refusal or failure of the applicant to apply for and/or accept unconditionally available income shall result in ineligibility. The applicant shall also present verification of application and/or receipt or denial of that income to maintain eligibility. (See [GRPG 90-400.6](#) through [12](#) for more detailed descriptions of other types of unearned income not covered in this section.)

B. Worker's Com- pensation Benefits

All applicants previously injured on the job shall be required to apply for Worker's Compensation Benefits. All claims are filed through the applicant's former employer. This is not to be confused with SDI, although SDI benefits may be paid when a Worker's Compensation claim is in dispute. Information and final verification regarding claims and payment under Worker's Compensation may be secured from the State Industrial Accident Commission Office having jurisdiction. Form 11-5A, Assignment of Interest, shall be completed and sent to ORR. Refer to [GRPG 90-400.14](#).

C. Federal Civil Service Retirement and Survivor's Benefits

Under the following conditions, benefits may be available to survivors, unmarried widows, or widowers of Federal Employees or retirees who died before February 29, 1948:

- The employee or retiree must have worked for the U.S., including Military Service, or District of Columbia government for at least ten years.
 - At the time of death, he must have been employed in a position covered by Civil Service Retirement, or have been retired and receiving Civil Service annuity.
 - The claimant must have been married to the deceased at the time of his death and for at least five years prior.
 - The claimant must not be receiving any other Civil Service annuity based on the government service of the deceased.
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90-400.05. UNEARNED INCOME, Continued

Federal Civil Service Retirement and Survivor's Benefits
(continued)

Apparently eligible survivors shall be required to apply for benefits. If eligible, benefits are payable beginning the first day of the month in which the completed application is received by the Civil Service Commission. The monthly gross amount will count towards the GR budget.

Retirement and Survivor's Benefit information is available from the United States Office of Personnel Management. The San Diego office is located at 880 Front Street. Phone number is (619) 293-6165.

D. Funds of Ex-Inmates

Information regarding income of ex-inmates may be obtained by writing the penal institution. Such income must be verified. A sworn statement is acceptable pending written verification. If the inmate was in a prison road camp in California, write to the Department of Public Works, Division of Highways, Prison Road Camps, P.O. Box 1499, Sacramento, CA 94234

If the funds are ...	Then ...
earnings from prior months,	they are Personal Property.
earned in the month of application,	they are considered and budgeted as earned income.
an outright grant, whether received in the month of application or prior,	they are Personal Property.
a combination of earnings in prior months, current month, and/or a grant,	a determination will be made as to the source of each sub-amount, and each sub-amount will be treated appropriately as above.

E. Funds of Released Committed Patients

Each hospital operated by the State Department of Mental Hygiene, such as Patton, Norwalk, or Camarillo State Hospitals, has a patient's personal deposit trust fund for each patient who has money. Such funds must be verified. A sworn statement is acceptable pending written verification. Information regarding income may be obtained by writing the hospital.

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90-400.05. UNEARNED INCOME, Continued

Funds of Released Committed Patients
(continued)

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an outright grant, whether received in the month of application or prior,	they are Personal Property.
a combination of earnings in prior months, current month, and/or a grant,	a determination will be made as to the source of each sub-amount, and each sub-amount will be treated appropriately as above.

F. Tax Refunds

Tax refunds shall be considered income during the month received. Any portion of the refund retained by the recipient in the month following receipt is considered personal property.

G. Sponsored Alien's Countable Income

Income of the sponsor must be explored and evaluated. The sponsor's total net income from the tax year in which the sponsorship agreement was signed shall be compared with the total net income reported on the CW 22 to evaluate the change in the sponsor's needs.

H. Determining Deemed Income

If the sponsor's needs have increased, the worker shall determine the amount of the sponsor's income that is available to the sponsored alien. The sponsor is expected to contribute no less than the housing and utility portion of the sponsored alien's GR grant. To determine the sponsored alien's deemed income, the CaWORKs County Use Only section of the CW 22 shall be completed. The L line amount on the CW 22 shall be compared to the housing and utility portion of the sponsored alien's GR grant. Sponsors who have sponsored other aliens not on the GR case may require a second deeming computation, when all the sponsored aliens have been sponsored within a three-year period from the alien's date of entry.

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90-400.05. UNEARNED INCOME, Continued

I. Income from Real Property

- To compute the monthly net income received from an apartment or house which is either part of the Income Property or separately taxed property, complete form 07-88 HHS (Real Property Rental – Income/Utilization).
- The net monthly income to the GR budget from rental of room and board shall be 10% of the monthly gross payment received from such rental (as distinguished from shared housing).
- The monthly net income to the GR budget from rental of a room or rooms (without board or meals) from part of house property, shall be computed as follows:

Step	Action
1	Complete the rental proration factor by dividing the number of rental rooms by the total number of rooms.
2	Compute the rental cost by multiplying the total monthly expenses (paid by the applicant) by the rental proration factor.
3	Include a monthly laundry and linen expense (if provided by the applicant) of \$2 for 1 or 2 persons and \$3 for 3 or more persons.
4	Include principal interest payments, utilities, taxes, assessments, insurance, and repairs.
5	Compute the net income by subtracting the rental costs from the gross rental income.

- To compute possible excess housing, add the rental cost to the applicant's Basic Need Rate (exclusive of special needs) and subtract from the total monthly income. Any excess indicates that the applicant has excess housing.
- The monthly net income to the GR budget from the rental of separately taxed property shall be computed by subtracting the total monthly expenses (paid by the applicant) from the gross monthly rental income.

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90-400.05. UNEARNED INCOME, Continued

J. Income In-Kind

Income in-kind exists when a basic need item for the applicant is earned or voluntarily contributed by a person or organization for a full calendar month for the full value of the need item. The exception to this is for Section 8 Housing Subsidies which pay the entire amount of the housing. This subsidy is exempt income ([GRPG 90-400.13.J](#)). In-kind income cannot be assumed solely because the applicant does not pay toward a need item nor shall partial in-kind amounts be counted.

Applicants/recipients having in-kind income deducted from the GR budget shall be advised of the right to submit evidence of the actual costs of need items, if they do not agree with the use of in-kind values. Acceptable evidence to substantiate actual cost may include:

Item	Verification
Housing	Rent receipt, mortgage payment book, or canceled check for rent or house payment.
Utilities	Utility bills or canceled check.
Food	Sworn statement completed by the provider of the food specifying the dollar value.
Other (transportation, personal needs, and clothing)	Sworn statement completed by the provider specifying the dollar value.

The in-kind income will be the actual cost or in-kind value, whichever is less and will be counted in the budget as income, based on the Income-in-Kind Chart ([GRPG 90-500 Appendix A](#)).

GRPG Letter #72 (9/13)

K. Medical Assistance In-Kind Deduction

Senate Bill 681 gave counties the authority to deduct up to \$40 for in-kind medical assistance provided/available to GR applicants/recipients. Therefore, all GR cases will have an automatic \$40 deduction for in-kind medical assistance as shown in the table, below.

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Medical Assistance In-Kind Deduction (continued)

If the GR recipient has medical coverage through ...	Then ...
<ul style="list-style-type: none"> • Medi-Cal • Medicare • VA Medical • Covered California • Private insurance 	Do not count the \$40 Medical Assistance In-Kind Deduction against the GR grant.
<ul style="list-style-type: none"> • CMS • Refuses to apply for coverage 	Count the \$40 Medical Assistance In-Kind Deduction against the GR grant.

GRPG Letter 78 (10/14)

L. Obsolete

Saved for future use.

M. Compensation for Converted Property

Converted property includes previously owned real or personal property which was stolen, destroyed, or damaged and for which there is now a civil action or insurance settlement. Net income to the applicant from such payments is the gross amount of payment minus the total expenses (cost of conversion): Original value of converted property less attorney’s fees, litigation expenses, medical expenses, and other necessary and required expenses, including repayment of GR.

N. Lump Sum Payments

Lump sum payments include any payment other than earnings, tax refunds, or student income which is received from a non-recurring source. Examples of such payments include retroactive payments for Social Security, SDI, UIB, and loans (other than student loans).

Lump sum payments of less than the determined maximum basic need rate for the number of people receiving GR shall be treated as income in the month received and as property in the following month.

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Lump Sum Payments (continued)

Lump sum payments of more than the determined maximum basic need rate for the number of people receiving GR shall be prorated to determine a period of ineligibility. This period of ineligibility shall be computed by dividing the lump sum by the maximum basic need rate. The result is the number of months of GR ineligibility during which the recipient is expected to meet ongoing basic needs from the lump sum. The recipient shall be clearly informed of this period of ineligibility and that the lump sum shall be treated as prorated income during this period.

CalWORKs family groups, previously discontinued because of receipt of a lump sum payment with a resulting period of ineligibility because of proration of income, shall also be ineligible for GR for the balance of the CalWORKs discontinuance period.
