



**CHILDCARE AND PARENT SERVICES (CAPS)
Georgia's Subsidy Program**

CAPS Policy – Income Calculations	No.: CAPS/00-8	Effective Date: 10/01/2016
		Revised: 10/01/2019
		Revision Effective: 10/01/2019

LEGAL AUTHORITY: Federal Register: 45 Code of Federal Regulation (CFR) 98 and 99

Cross Reference/See Also: CAPS Family Unit Policy (CAPS/00-5), CAPS Eligibility Requirements Policy (CAPS/00-6)

Note: Definitions of words or phrases in bold are located in [Definitions and Acronyms](#). Only the first occurrence of the defined words or phrases are bolded.

8 INCOME CALCULATIONS

8.1 Purpose

Child care services are provided to families who meet eligibility criteria which include income guidelines. The purpose of this policy is to provide guidelines for (1) determining the types of applicable and non-applicable income, (2) obtaining validation of income, and (3) calculating household **wages** to ensure families meet the income requirements to participate in the **Childcare and Parent Services (CAPS)** program.

8.2 Scope

This policy applies to all employees of the **Department of Early Care and Learning (DECAL)** all parties responsible for the administration of the CAPS program, **parents**, and child care **providers** who receive subsidies administered by DECAL on behalf of parents.

8.3 Gross Income

The family's **gross applicable income** must meet income guidelines to participate in the CAPS program.

- 8.3.1 When a family is initially approved for CAPS services, the **gross applicable income** of the **family unit** must be equal to or less than 50% of the current **State Median Income (SMI)** at the time of application.
- 8.3.2 During the eligibility period, if the family's **gross applicable income** increases but remains at or below the maximum allowable federal limit of 85% SMI, the family will remain in the program with no impact to eligibility or family fee until redetermination.
- 8.3.3 At redetermination, if a family's gross applicable income increases but remains at or below the maximum allowable federal limit of 85% SMI, the family will continue to be eligible for the program. The family fee will be calculated at redetermination based on the family's most recent gross applicable income.
- 8.3.4 If at any point during the eligibility period the family's **gross applicable income** exceeds 85% of the current SMI for a period of four or more consecutive weeks, the family is no longer eligible for CAPS. The family must be notified at least 14 calendar days prior to case closure, which is referred to as the **adverse action period**. Since this is a change in policy that affects entire populations, the closure of the CAPS case is not appealable. Refer to the CAPS Maximum Income Limits Chart ([Appendix A](#)).
- 8.3.5 Failure to provide verification of income for a family unit may result in a delay in processing or **denial** of the **application**.

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8.4 Applicable Income

8.4.1 Income received by all adults in the family unit that is counted towards the maximum allowable income limit includes, but is not limited to:

- **Wages or Salary** – gross income of all the adults (those 18 years of age and older) in the family unit. Refer to the [CAPS Family Unit Policy \(CAPS/00-5\)](#) for more information about the family unit.
- Base pay for military personnel
- **Net income from self-employment**
- **Unemployment Compensation**
- **Worker’s Compensation**
- **Alimony** (regular and ongoing payments)
- Court-Ordered and Direct **Child support** Payments (when regular and ongoing payments are received)
- **Veteran’s benefits**
- **Military allotments**
- **Capital gains**
- **Rental income** (regular and ongoing payments)
- **Dividends** (regular and ongoing payments)
- **Retirement/Pension**
- Commission
- Cash Bonuses
- **Regular or lump sum lottery payments**

Note: Gross income includes all income prior to any deductions, including but not limited to, taxes, insurance, retirement, pensions, garnishments, Social Security payments, etc.

8.4.2 **Temporary Assistance for Needy Families (TANF)** cash assistance, disability/survivors and SSI benefits received by the Social Security Administration, adoption supplements, Low Income Housing and Energy Assistance Program (LIHEAP), Census Bureau income, in-kind donations, tax refunds, cash gifts, Disaster Relief Assistance and relative care subsidy are not considered when determining eligibility. Documentation and verification of the actual amounts, however, may be maintained in the case record for reporting purposes.

8.4.3 Income from a child 17 years of age or younger is excluded.

8.5 Disallowed Expenses for Self-Employment

8.5.1 The following expenses should not be considered when determining eligibility for the CAPS program for parents who are self-employed:

- Monies set aside for pensions and profit sharing plans
- Federal, state and local income taxes paid for employees
- Depreciation and depletion
- Net losses from previous years
- Mileage rate on vehicles and other travels costs
- Premiums paid for health/medical insurance
- Payments on the principal of the purchase price of income producing real estate and capital assets, equipment, machinery, and other durable goods
- Personal expenses paid out of business accounts

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8.6 Earned Income Verification

8.6.1 CAPS staff will verify earned income (wages) with one or more of the following:

- Pay stubs or receipts for the most recent four weeks of earnings
- Most recent 1099 form
- Most recent W-2 Forms
- Employer’s wage records
- Quarterly income tax payment receipts to the IRS (for cash paying jobs or self-employment only)
- Annual income tax returns when presented in the January-March quarter (for cash paying jobs or self-employment only)
- Letter/statement from employer
 - The letter/statement should be signed and dated on an employer letterhead and include contact information for the employer (phone number, title and relationship to employee), expected/current hire date, number of hours the employee is scheduled/works, and hourly rate of pay (and/or gross salary).
- Documentation from other state eligibility programs, if verification of income is within past six (6) months.
- CAPS [Employment Verification \(Appendix F\)](#) or itemized statement completed by the employer
- Military Leave Earning Statement (LES) – this is the only acceptable form of verification for a member of the military
- CAPS [Self-employment Report \(Appendix CC\)](#)
- Business ledgers
- Business receipts
- Previous year tax form if submitting before April 15
- Current tax form if submitting after April 15
- **Note:** The above list is not an all-inclusive list and families have the right to submit other forms of verification/documentation that must be credible to determine income eligibility. Income can also be verified using other eligibility program system sources whenever possible.

8.7 Unearned Income Verification

8.7.1 CAPS staff will verify unearned income with one or more of the following:

- Check stubs
- Award letters
- **Social Security** records
- Worker’s compensation records
- Union records
- Unemployment insurance claim records
- Documentation from other state eligibility programs
- Child support system information
- Court documents

Note: The above list is not an all-inclusive list and families have the right to submit other credible forms of verification/documentation to determine income eligibility. Income can also be verified using other eligibility program system sources whenever possible.

8.8 Calculations

8.8.1 Income will be calculated using the average amount received over the 12-month eligibility period.

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8.8.2 CAPS will review all income (earned and unearned) of **adults** in the family unit received within the most recent four weeks prior to determination. If income is received on a quarterly or annual basis, CAPS will review the most recent statement of earnings.

8.8.3 Income received in a manner other than a monthly basis must be converted to a monthly income. The following guide will be used:

How Often Paid	Calculation
Weekly	Multiply by 4.3333
Bi-weekly (every other week)	Multiply by 2.1666
Semi-monthly (twice a month)	Multiply the amount by 2

8.8.4 The monthly amount will then be converted to an annual amount by multiplying the monthly income by 12. Once calculated, the family's **gross applicable income** is compared to the maximum allowable income chart ([Appendix A](#)).

8.8.5 The family meets the CAPS income eligibility requirements if the **gross applicable income** does not exceed the **maximum income** for the size of the family unit. If the family's **gross applicable income** exceeds the **maximum limit**, the application may be denied.

8.8.6 The following table describes the differences between **regular** and **irregular income**:

Type	Description	Calculating Income
Regular	A consistent pattern of pay for six consecutive months of earnings.	<p>A. CAPS will review the most current four weeks of pay to determine if pattern of pay is consistent. If consistent, the average of the current four weeks can be used to determine regular income. If inconsistent, CAPS will review pay for the previous six months to determine consistency.</p> <p>B. If the most recent pay periods are not a representation of the parent's normal earnings, an average pay calculation may be used to determine gross income. CAPS staff may use up to six months of pay to determine average pay.</p>
Irregular	Periodic fluctuations where earnings may not reflect an accurate projected annual income when determining eligibility based upon the previous four weeks of income.	<p>A. When the parent's income varies too much for the employer to accurately project, CAPS staff should calculate the average of all the pay stubs from the past six months. This average would be used for the parent's earnings.</p> <p>B. To obtain the average pay, add all earnings for the past six months and divide by the total number of weeks for which pay was earned to obtain average weekly pay.</p> <p>C. The monthly amount will then be converted to an annual amount by multiplying the monthly income by 12.</p> <p>D. Once calculated, the family's gross income is compared to the maximum allowable income chart (Appendix A).</p> <p>E. The family meets the CAPS income eligibility requirements if the income is less than or equal to the maximum income for the size of the family unit. If the family's income exceeds the maximum limit, the application may be denied</p>

8.9 Declaration of Assets

8.9.1 As part of a family's enrollment into the CAPS program, the parent must self-certify that the family unit assets do not exceed \$1,000,000. When it has been identified that a family's assets exceed \$1,000,000, the case must be closed.

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Children in the custody of the Georgia Division of Family and Children Services (DFCS) are exempt from certifying that family assets do not exceed \$1,000,000.

- 8.9.2 The certification must be maintained in the case record as a part of the application process. A copy of the Family Asset Form 602 can be found in Appendix Z.
- 8.9.3 If a family fails to complete the certification, the application will be denied. CAPS reserves the right to verify the validity of the self-certification of assets by the parent at any time through any legal means necessary.

POLICY REVISION HISTORY

Date	Description of Change
03/26/2018	Removed reference to Graduated Phase-out and income limits in section 8.3.
07/02/2018	Revised to note that children in DFCS custody are exempt from certifying that assets do not exceed \$1,000,000.
10/01/2019	Revised language to note that CAPS will provide 14 days' notice of adverse actions.