3400.0170 INCOME ELIGIBILITY FOR CHILD CARE ASSISTANCE.

Subpart 1. **Proof of income eligibility.** An applicant requesting child care assistance must provide proof of income eligibility. For the purpose of determining income eligibility, gross annual income is the gross income of the family for the current month multiplied by 12, the gross income for the 12-month period immediately preceding the date of application, or the gross income calculated by the method that provides the most accurate assessment of gross annual income available to the family. A CCAP agency must use the method that provides the most accurate assessment of gross annual income currently available to the family. An applicant must verify counted income as described in subpart 4 with documentary evidence. If an applicant does not submit sufficient evidence of counted income to a CCAP agency, the CCAP agency must offer the applicant the opportunity to sign an informational release to permit the CCAP agency to verify whether the applicant qualifies for child care assistance.

Subp. 1a. **Income limits.** Income limits vary for applicants and participants under Minnesota Statutes, section 119B.09, subdivision 1.

A. To be income eligible at application, a family's gross annual income after allowable deductions under subpart 6a must be at or below:

(1) 47 percent of the state median income, adjusted for family size, for basic sliding fee child care assistance or student parents;

(2) 67 percent of the state median income, adjusted for family size, for MFIP or DWP child care assistance; or

(3) 47 percent of the state median income, adjusted for family size, for transition year child care assistance if a family does not receive MFIP and DWP child care assistance. If a family's MFIP or DWP grant is closing and the family receives MFIP or DWP child care assistance, a CCAP agency must consider the family a participant and the family is subject to the income limits in items B and C.

B. To be income eligible at redetermination, a family's gross annual income after allowable deductions must be at or below 67 percent of the state median income, adjusted for family size. This limit applies to all participants.

C. To maintain income eligibility during the 12-month eligibility period, a family's gross annual income after allowable deductions must be at or below 85 percent of the state median income, adjusted for family size. This limit applies to all participants.

D. A CCAP agency must consider a family a participant when the family receives child care assistance and becomes temporarily ineligible under part 3400.0040, subpart 17, subject to the income limits in items B and C. A CCAP agency must consider a family a basic sliding fee applicant when the family on the basic sliding fee waiting list reaches the top of the waiting list and is temporarily ineligible under part 3400.0040, subpart 17, subject to the income limit in item A, subitem (1).

E. A family that is suspended under part 3400.0040, subpart 18, is considered a participant and is subject to the income limits in items B and C during the suspension and after the suspension ends.

F. If a family becomes ineligible while receiving child care assistance, a CCAP agency must terminate the family's child care assistance. If a formerly ineligible family applies for child care assistance, a CCAP agency must consider the family an applicant and the family is subject to the income limits in item A.

Subp. 2. [Repealed, 26 SR 253]

Subp. 3. **Evaluation of income.** A CCAP agency must determine the income that a family receives or that is available to a family according to subparts 4 to 11.

Subp. 4. **Determination of gross annual income.** The income standard for determining eligibility for child care assistance is a family's gross annual income. A family's gross annual income is the sum of each family member's income sources under Minnesota Statutes, sections 119B.011, subdivision 15, and 256P.01, subdivisions 3 and 8, including earned income, self-employment income, unearned income, and lump sum payments. A CCAP agency must offset negative self-employment income from one business against self-employment income from a different business, resulting in a reduction in annual income from self-employment. Lump sum payments that a family receives prior to participating in the child care assistance program are not included in the family's total gross annual income. If a participant's eligibility ends after receiving a lump sum and the participant reapplies for child care assistance, a CCAP agency must count the lump sum for 12 months from the date of the lump sum receipt. A CCAP agency must calculate earned income, self-employment income, unearned income, and lump sum payments separately.

Subp. 4a. **Individuals with exempt income.** Certain individuals in a family participating in the child care assistance program are exempt from having a CCAP agency count some or all of their income.

A. Individuals under Minnesota Statutes, section 256P.06, subdivision 2, paragraph (a), are exempt from having a CCAP agency count their earned income.

B. A designated new spouse under Minnesota Statutes, section 256P.06, subdivision 2, paragraph (c), is exempt from having the designated new spouse's earned and unearned income counted when the designated new spouse's family income before exemption does not exceed 67 percent of the state median income and the family verifies the marriage date. If a family meets these requirements, the designated new spouse's earned and unearned income no longer counts for two service periods after a CCAP agency receives verification of the marriage date and continues not to count for up to 26 service periods.

Subp. 5. [Repealed, L 2015 c 71 art 5 s 34]

Subp. 6. [Repealed, L 2015 c 71 art 5 s 34]

Subp. 6a. **Deductions from gross annual income.** When a family verifies items at the time of application or redetermination, or during the 12-month eligibility period, a CCAP agency must deduct the following items from a family's gross annual income:

A. child or spousal support paid to or on behalf of a person or persons who live outside of the household;

B. money used to pay for health, dental, and vision insurance premiums for family members that are not reimbursed by medical assistance; and

C. expenditures necessary to secure payment of unearned income.

Subp. 7. **Earned income from self-employment.** In determining a family's gross annual income for purposes of eligibility under this part, a CCAP agency must determine earned income from self-employment according to Minnesota Statutes, section 256P.05, subdivision 2. If a family provides verification for and meets income and authorized activity eligibility requirements under both income determination methods but does not choose a method, the CCAP agency must use the method that results in the lowest copayment to the family.

A. A family must provide verification of self-employment income for either income determination method and provide expenses for the taxable income method.

B. At the time of application, or redetermination, or during the 12-month eligibility period, a CCAP agency must allow a family to submit a self-attestation verifying income if financial documentation is unavailable or insufficient to accurately predict self-employment income.

C. A family may change the method of self-employment income determination when the current income calculation does not provide the most accurate assessment of annual ongoing income available to the family. The family must meet verification requirements of the chosen method.

D. Self-employment business records must be kept separate from the family's personal records.

E. If the person's business is a partnership or a corporation and that person is drawing a salary, the salary must be treated as earned income.

Subp. 8. [Repealed by amendment, 47 SR 391]

Subp. 9. [Repealed by amendment, 47 SR 391]

Subp. 10. **Determination of farm income.** Farm income must be determined for a one-year period. Farm income is determined according to Minnesota Statutes, section 256P.05, subdivision 2. Gross income includes items such as sales, rents, subsidies, farm-related insurance payments, soil conservation payments, production derived from livestock, and income from the sale of home-produced foods.

Subp. 11. **Determination of rental income.**

A. Income from rental property is considered self-employment earnings when the owner spends an average of 20 or more hours per week on maintenance or management of the property.

B. When an owner does not spend an average of 20 or more hours per week on maintenance or management of the property, income from rental property is considered unearned income.

C. Rental income is determined according to Minnesota Statutes, section 256P.05, subdivision 2.

Subp. 12. [Repealed, L 2015 c 71 art 5 s 34]

Subp. 13. [Repealed, L 2015 c 71 art 5 s 34]

Statutory Authority: *MS s 119B.02; 119B.04; 119B.06; 256.01; 256H.01 to 256H.19*

History: *14 SR 519; 18 SR 1144; 26 SR 253; 33 SR 695; L 2003 1Sp14 art 1 s 106; L 2015 c 71 art 5 s 34; L 2017 1Sp5 art 10 s 7; 47 SR 391*

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