WIC WORDS

Certification Update

WHAT IS INCOME AVERAGING:

Income Averaging is a method to determine income eligibility by averaging uneven income amounts over a period of time. Income may be averaged for up to a 12 month period. However, income documentation may not always be available for that many months. In such special situations, staff may use a smaller number of months to determine income.

WHEN WOULD YOU USE INCOME AVERAGING:

Income is averaged when a worker's income varies:

- During maternity leave to care for baby
- When a worker's income varies from month to month
- When people are scheduled to work sporadically
- For self employed workers

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Topics In This Issue:

USDA RECOMMENDS AVERAGING INCOME IN THE FOLLOWING SITUATIONS:

TEMPORARY LEAVE OF ABSENCE:

Persons who have taken a temporary leave of absence for any reason should have their income averaged using the income earned during the last 6 months.

MATERNITY LEAVE:

Women sometimes receive less income while on leave to care for their new baby. In those situations, use income averaging. Income for women on maternity leave is assessed by averaging all income earned during the previous 6 months. This includes any vacation, sick, or short term disability payments received during the period of time they have been on leave.

STUDENTS:

Students income may vary greatly. They might work part-time or not at all during the school year. They may work full-time during school & summer breaks. They may have a work study job. (Remember, work study is exempted as a source of income. It is considered the same as a Pell grant and is not counted as income for WIC.)

Students should have their income averaged for the last 6-12 months whichever is more reflective of their income.

CHILD SUPPORT:

Child support received must be reported as income by the family who receives the support. It may not be subtracted from the income of the person paying the support.

Child support payments that are *sporadic or where the amounts are unpredictable* should be averaged over a 6-12 month period.

Routine payments, both in timing and amount would be treated the same as any other source of income.

SELF EMPLOYED

Self employed persons may include:

- Farmers/Ranchers
- Small business owners
- Persons selling Avon, Mary Kay, Candles, Home Décor, Pampered Chef, Tastefully Simple, Jewelry, or any other like items.
- Persons providing daycare in their home
- Persons delivering newspapers, either route, carrier drop off or dispenser filler.
- Persons providing Lawn care (mowing), or snow removal
- Persons doing home repairs

Self-employed persons use net rather than gross income when determining eligibility. Net income is determined by subtracting the self-employed individual's operating expenses from his/her gross receipts. Averaging the net income over the previous 12 months is recommended.

The best indicator of net income for WIC purposes is the previous year's tax documents. These documents will have the net income calculated. For persons who do not have a tax statement using bank statements or documentation from their accountant may be the best way to determine net income.

ONE TIME PAYMENTS:

Workers sometime receive additional money once a year, such as a Christmas bonus, additional clothing allowance, re-enlistment or hiring incentive. Although this money counts as income, we would average the amount over a 12 month period rather than counting the full amount during the pay period it was received.

OVERTIME - (Sporadic or Infrequent):

Many hourly paid workers might receive overtime pay for additional hours worked, so income varies from month to month. For these workers, average total income (including the overtime pay) for 12 months.

SEASONAL INCOME :

Persons who work in occupations which have fluctuations in income depending on weather or crops will have periods during the year when their income will vary dramatically. Examples include construction workers, concrete/asphalt workers, persons working for seed companies, harvesters, lawn care, and truckers.

Due to the fluctuations in income for clients in these occupations their income should be averaged for 12 months.

CENSUS WORKERS:

Most census jobs are short term and therefore the income for these families should be averaged for the previous 12 months to be more reflective of the family's income.

EXCEPTIONS:

Strikers – do not income average for workers on strike. Use their current income, which might be "0" or could include "strikers pay".

Postpartum women who have *quit* their job after birth of baby – do not income average. Use current income.

Consistent pay each period – do not need to income average for workers who earn the same pay each time period. Use current income.

If women are returning to work after maternity leave, use the following steps to average income:

1) Determine previous and current income --
    - how many weeks they have been on leave?
    - are they receiving any income while on leave?
    - how long have they worked at their current job?
2) Subtract the number of weeks on leave from 26 (# of weeks in 6 months). This will give you the number of weeks in the last 6 months they received their “normal” income.
3) Add the income for each of the weeks on leave. If they are not receiving any payments or have not received anticipated short-term disability use zero income for those weeks.
4) Divide the total by 26.
5) Multiply by 4.3 to get the average monthly income for the past 6 months.