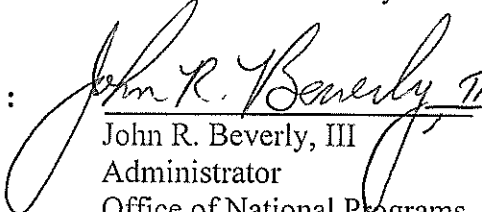
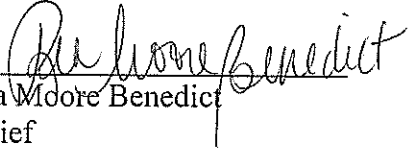


<b>EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210</b>	<b>CLASSIFICATION</b>
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**ADVISORY** : Older Worker Bulletin No. 04-05

**TO** : All Senior Community Service Employment Program Grantees

**FROM** :    
 John R. Beverly, III      Ria Moore Benedict  
 Administrator              Chief  
 Office of National Programs      Division of Older Worker Programs

**SUBJECT** : Income Definitions and Income Inclusions and Exclusions for Determining Senior Community Service Employment Program (SCSEP) Eligibility

**1. REFERENCES:** Section 516(2) of the Older Americans Act Amendments of 2000 (OAA Amendments), P.L. 106-501; 20 CFR Part 641; Older Worker Bulletin 04-02; U.S. Census Bureau's Current Population Survey

**2. BACKGROUND:** The Department reserved 20 CFR 641.507 of the SCSEP Final Rule, relating to the types of income that are included and excluded for participant eligibility determinations, in the SCSEP Proposed Rule. Older Worker (OW) Bulletin 95-5, which had governed income eligibility determinations, listed the inclusions and exclusions for determining an applicant's income without reference to any established standard.

As indicated in the Preamble to the Final Rule at section 641.507, the Department has decided to use the U.S. Census Bureau's Current Population Survey (CPS) as the standard for determining income inclusions and exclusions for the SCSEP. As referenced in OW Bulletin No. 04-02, the Federal Poverty Income Guidelines issued by the Department of Health and Human Services provide the basis for determining the levels of low income that determine eligibility for the SCSEP. That standard is 125 percent of poverty.

This OW Bulletin describes the required income inclusions and exclusions that grantees must use to determine if an individual is at or below 125 percent of poverty. In addition, this bulletin establishes the requirements for computing income and provides procedures for recertification of income eligibility.

**3. PROCEDURES:** With certain exceptions which will be delineated in this paragraph, the CPS official definition of “Income,” will now govern the determination of SCSEP applicant eligibility. The period for determining income is the actual preceding 12 months. (See Attachment II). The CPS income sources that will apply are as follows:

- Earnings
- Unemployment compensation
- Social Security
- Veterans’ payments
- Survivor benefits
- Pension or retirement income
- Interest
- Dividends
- Rents, royalties, and estates and trusts
- Educational assistance
- Alimony
- Financial assistance from outside of the household
- Other income

The Department will also exclude, for purposes of SCSEP applicant eligibility, the same income sources that the CPS does not count in its official definition of income:

- Capital gains people received (or losses they incur) from the sale of property, including stocks, bonds, a house, or a car (unless the person engaged in the business of selling such property, in which case the CPS counts the net proceeds as income from self-employment)
- Withdrawals of bank deposits
- Money borrowed
- Tax refunds
- Gifts
- Lump-sum inheritances or insurance payments

In addition, the Department has decided to exclude, for purposes of eligibility determination, certain income sources that the CPS official definition of “Income” includes. Those income sources include the following:

- Supplementary Security Income
- Public assistance payments
- Disability benefits (including veteran service-connected disability payments)
- Child support
- Worker’s Compensation
- First \$2,000 of certain per capita fund distributions to Indians

We based this decision in recognition of the fact that certain of these income sources rise out of some state of dependency—i.e. Supplementary Security Income, public assistance,

disability benefits. In addition, the Department excluded the child support payments because this income source is for the benefit of a dependent child and adult care provider. The Department has also excluded Workers' Compensation in order to encourage individuals drawing such benefits to return to work. Finally, pursuant to the Indian Claims Act, P.L. 93-134 and P. L. 97-458, Section 4, the first \$2,000 of certain per capita fund distributions which are made to Indians must be excluded for income eligibility determinations in a Federal program.

CPS Definitions and Explanations for all of the above-cited income inclusions and exclusions are detailed in Attachment I. The computation of income and recertification requirements are detailed in Attachment II.

4. **ACTION REQUIRED:** SCSEP grantees must advise all staff who make income eligibility determinations.

5. **EFFECTIVE DATE:** July 1, 2004 for all new participants entering the program. July 1, 2005 for all participants enrolled prior to July 1, 2004. (See Attachment II).

6. **RECISION:** Older Worker Bulletin 95-5. (See Attachment II).

7. **INQUIRIES:** Questions should be directed to your Federal Project Officer.

8. **ATTACHMENTS:**

CPS Income Definitions and Explanations  
Procedures for Computing Annual Family Income to Determine Income Eligibility

## ATTACHMENT I

### Current Population Survey (CPS)-Definitions and Explanations

#### Income, official definition of:

**(A) Earnings.** The Census Bureau classifies earnings from longest job (or self-employment) and other employment earnings into three types:

1. Money wage or salary income is the total income people receive for work performed as an employee during the income year. This category includes wages, salary, armed forces pay, commissions, tips, piece-rate payments, and cash bonuses earned, before deductions are made for items such as taxes, bonds, pensions, and union dues.
2. Net income from non-farm self-employment is the net money income (gross receipts minus expenses) from one's own business, professional enterprise, or partnership. Gross receipts include the value of all goods sold and services rendered. Expenses include items such as costs of goods purchased, rent, heat, power, depreciation charges, wages and salaries paid, and business taxes (not personal income taxes). In general, the Census Bureau considers inventory changes in determining net income from non-farm self-employment; replies based on income tax returns or other official records do reflect inventory changes. However, when respondents do not report values of inventory changes, interviewers will accept net income figures exclusive of inventory changes. The Census Bureau does not include the value of saleable merchandise consumed by the proprietors of retail stores as part of net income.
3. Net income from farm self-employment is the net money income (gross receipts minus operating expenses) from the operation of a farm by a person on their own account, as an owner, renter, or sharecropper. Gross receipts include the value of all products sold, payments from government farm programs, money received from the rental of farm equipment to others, rent received from farm property if payment is made based on a percent of crops produced, and incidental receipts from the sale of items such as wood, sand, and gravel. Operating expenses include items such as cost of feed, fertilizer, seed, and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent; interest on farm mortgages; farm building repairs; and farm taxes (not state and federal personal income taxes). The Census Bureau does not include the value of fuel, food, or other farm products used for family living as part of net income. In determining farm self-employment income, the Census Bureau considers inventory changes in determining net income only when they are accounted for in replies based on income tax returns or other official records which reflect inventory changes; otherwise, the Census Bureau does not take inventory changes into account.

**(B) Unemployment compensation.** Payments the respondent received from government unemployment agencies or private companies during periods of unemployment and any strike benefits the respondent received from union funds.

**(C) Workers' compensation.** Payments people receive periodically from public or private insurance companies for injuries received at work. **(Excluded for purposes of SCSEP income eligibility determinations.)**

**(D) Social security.** Includes social security pensions and survivors' benefits and permanent disability insurance payments made by the Social Security Administration prior to deductions for medical insurance. The Census Bureau does not include Medicare reimbursements for health services as social security benefits.

**(E) Supplemental security income.** Federal, state, and local welfare agency payments to low-income people who are 65 years old and over or people of any age who are blind or disabled. **(Excluded for purposes of SCSEP income eligibility determinations.)**

**(F) Public assistance or welfare payments.** Cash public assistance payments low-income people receive, such as aid to families with dependent children (AFDC, ADC), temporary assistance to needy families (TANF), general assistance, and emergency assistance. **(Excluded for purposes of SCSEP income eligibility determinations.)**

**(G) Veterans' payments.** Payments disabled members of the armed forces or survivors of deceased veterans receive periodically from the Department of Veterans Affairs for education and on-the-job training, and means-tested assistance to veterans.

**(H) Survivor benefits.** Payments people receive from survivors' or widows' pensions, estates, trusts, annuities, or any other types of survivor benefits. Respondents can report payments from ten different sources: private companies or unions; federal government (Civil Service); military; state or local governments; railroad retirement; workers' compensation; Black lung payments; estates and trusts; annuities or paid-up insurance policies; and other survivor payments.

**(I) Disability benefits.** Payments people receive as a result of a health problem or disability (other than those from social security). Respondents can report payments from ten sources: workers' compensation; companies or unions; federal government (Civil Service); military; state or local governments; railroad retirement; accident or disability insurance; Black lung payments; state temporary sickness; or other disability payments. **(Excluded for purposes of SCSEP income eligibility determinations.)**

**(J) Pension or retirement income.** Payments people receive from eight sources: companies or unions; federal government (Civil Service); military; state or local governments; railroad retirement; annuities or paid-up insurance policies; individual retirement accounts (IRAs), Keogh, or 401(k) payments; or other retirement income.

**(K) Interest income.** Payments people receive (or have credited to accounts) from bonds, treasury notes, IRAs, certificates of deposit, interest-bearing savings and checking accounts, and all other investments that pay interest.

**(L) Dividends.** Income people receive from stock holdings and mutual fund shares. The CPS does not include capital gains from the sale of stock holdings as income.

**(M) Rents, royalties, and estates and trusts.** Net income people receive from the rental of a house, store, or other property, receipts from boarders or lodgers, net royalty income, and periodic payments from estate or trust funds.

**(N) Educational assistance.** Pell Grants; other government educational assistance; any scholarships or grants; or financial assistance students receive from employers, friends, or relatives not residing in the student's household.

**(O) Alimony.** All periodic payments people receive from ex-spouses. Alimony excludes one-time property settlements.

**(P) Child support.** All periodic payments a parent receives from an absent parent for the support of children, even if these payments are made through a state or local government office. **(Excluded for purposes of SCSEP income eligibility determinations.)**

**(Q) Financial assistance from outside of the household.** Periodic payments people receive from non-household members. This type of assistance excludes gifts or sporadic assistance.

**(R) Other income.** All other payments people receive regularly that are not included elsewhere on the questionnaire. Some examples are state programs such as foster child payments, military family allotments, and income received from foreign government pensions.

**(S) Government transfers.** Payments people receive from the following sources: (1) unemployment compensation, (2) state workers' compensation, (3) social security, (4) Supplemental Security Income (SSI), (5) public assistance, (6) veterans' benefits, (7) government survivor benefits, (8) government disability benefits, (9) government pensions, and (10) government educational assistance. **(Numbers 2, 4, 5, and 8 are excluded for SCSEP income eligibility determinations.)**

## ATTACHMENT II

### PROCEDURES FOR COMPUTING ANNUAL FAMILY INCOME

1. Computation. Annual family income must be determined by computing the actual includable income for the 12 months preceding application or certification for continued enrollment.

2. Definitions of Family and Annual Family Income. The Current Population Survey definitions apply.

a. Family

A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

In addition, consistent with 20 CFR 641.500, a person with a disability may be treated as a "family of one" for income eligibility determination purposes.

b. Annual Family Income

Annual family income for current family members refers to the sum of the amounts received from the income inclusions delineated in Attachment I.

3. Documentation. Grantees must ask applicants and enrolled participants for written documentation of income sources when conducting income eligibility or recertification procedures. In remote locations where such proof may not be easily duplicated, grantees must set up a file documenting their discussions with applicants and enrolled participants relating to the verification of income eligibility. Such documentation must include: (1) the name of the individual conducting the review and the project name and location; (2) the date the documentation was provided; (3) the type of documentation provided; and (4) specific information from the documentation provided, such as amount shown, dates, etc.

4. Re-certification. Grantees must re-certify participant eligibility at least once in a 12 month period. The Department strongly urges grantees to conduct re-certifications in February and March to align with the publication of the Federal Income Guidelines.

**For PY 2004 only**, participants who are subject to recertification of income eligibility will be assessed consistent with the prior procedures delineated in Older Worker Bulletin 95-5. Beginning in PY 2005, income eligibility determinations for continued program participation will be assessed by the criteria delineated herein. Grantees must notify affected participants of this change in policy in writing so that they have adequate notice and may plan accordingly. Written notice should be provided as soon as possible.