Employment Activities Number: 212

Approved: ***Signature on file*** Date: 11/12/03 (R12/13)

PURPOSE

The purpose of this policy is to provide the Initial Services Workers (ISW) and Case Managers (CM) with guidelines for use when determining whether the employment type is an allowable WTW activity, and how the activity is to be recorded in CalWIN.

The California Work Opportunities and Responsibility to Kids (CalWORKs) Welfare-to-Work (WTW) program offers a variety of activities to satisfy the work participation requirements, including Unsubsidized Employment, Work Study, Subsidized Employment, and Self-Employment.

EMPLOYMENT

Employment activities include Unsubsidized Employment, Subsidized Employment, On-the-Job Training, Paid Work Experience, Work Study, and Self-Employment. These are allowable WTW activities, provided they meet certain requirements.

UNSUBSIDIZED EMPLOYMENT

Unsubsidized Employment is work that is compensated by the employer at least at the state minimum wage. The employer does not receive any governmental subsidy.

Work performed in exchange for in-kind items may be approved as full-time Unsubsidized Employment as long as it meets the required hours of participation through the state minimum wage-based computation.

Providing child care is considered valid Unsubsidized Employment when the participant is earning at least the state minimum wage. The minimum wage requirement only applies to license-exempt individuals who provide care in their home or in the home of the parent.

The hourly state minimum wage is $8.00 per hour, effective 1/1/08.

SUBSIDIZED EMPLOYMENT

Subsidized Employment is a paid, four-month training activity, available through the OC Earns program. Participants gain valuable employment skills and experience that leads to meaningful, unsubsidized employment. (Refer to Policy 213 - OC Earns Program (Subsidized Employment Program - SEP) for more information)

PAID WORK EXPERIENCE

Paid Work Experience (WEX) is a twelve (12) week, post-assessment, planned, structured training activity in the public or private sector under close supervision of the activity provider. Paid WEX provides basic job skills, enhances existing job skills in a position related to the participant's experience, or provides a needed community service that shall lead to unsubsidized employment.

(Refer to Policy 274 Orange County Workforce Investment Board and Policy 276 Santa Ana Workforce Investment Board for more information)

WORK STUDY

Work Study is paid employment, arranged through colleges, to help students learn job skills while they are going to school. Work Study is available to qualified students at local community colleges and universities. It is used primarily to supplement vocational education and training activities, especially for participants in Self-Initiated Program (SIP).

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SELF-EMPLOYMENT Self-Employment is work that does not involve an employer, produces income at least at the federal minimum wage, and may include independent work on commission.

The federal minimum wage is $7.25 per hour, effective 7/24/09.

The ISW/CM shall perform a minimum wage-based computation to determine if the participant's self-employment is an appropriate WTW activity.

• If the client meets the weekly minimum participation requirement, the ISW/CM will treat the Self-Employment activity in the same manner as Unsubsidized Employment. (Refer to Example 1 and Example 2 under Computation of Self-Employment section below)

• If the client does not meet the weekly minimum participation requirement and has never been to an Assessment, he/she will be sent to Assessment and be evaluated for concurrent WTW activities that are consistent with the Assessment, in addition to the Self-Employment, to meet the minimum hours of participation requirements. If client already attended Assessment, the ISW/CM will evaluate concurrent activities that are consistent with the Assessment, in addition to the Self-Employment, to meet the minimum hours of participation requirements. (Refer to Example 3 under Computation of Self-Employment section below).

• If the client's Self-Employment does not produce income or the income produced is considered unreasonable compared to the total actual worked hours, the Self-Employment may not be an appropriate WTW activity and may not be approved. The ISW/CM must work with client to mutually agree on alternative WTW activities that meets the CalWORKs participation requirements. (Refer to Example 4 under Computation of Self-Employment section below)

For additional information on how to determine whether earnings should be considered income from self-employment or regular earned income, refer to Guidelines for Determining Self-Employment Activities and Participation Hours.

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COMPUTATION OF SELF-EMPLOYMENT

The ISW/CM shall perform the following computation to determine if the client's self-employment is an allowable WTW activity:

• Based on the client's choice, deduct either the standard 40% of gross self-employment income, or actual costs of producing self-employment income, from total gross earned income to arrive at the net gross self-employment income amount.

• Divide the net gross income amount by the federal minimum wage to determine the WTW participation hours.

Note: The self-employment deduction (whether it is the standard 40% or the actual costs of business expenses) used in the self-employment computation to determine if self-employment is an appropriate WTW activity must be consistent with the deduction allowed in the CalWORKs grant computation.

Self-employment may be approved as a WTW activity without any concurrent activities if the resulting hours are at least 20/30/35 weekly average.

Example 1:

Client has a landscaping business and earns $1,450 per month. He has chosen to claim actual verified expenses and provides receipts totaling $200.

Step 1: $1,450 - $200 = $1,250 net gross income per month
Step 2: $1,250 ÷ $7.25 = 172.41 hours per month
Step 3: 172.41 hours ÷ 4.33 = 39.81 hours per week

Note: 4.33 is the average number of weeks per month.

The client's self-employment is an approvable WTW activity without any concurrent activities because he meets the required participation hours.

Example 2:

Client is a self-employed manicurist and reports monthly income of $1,850. She has chosen the 40% standard expense deduction.

Step 1: $1,850 x 40% = $740 expenses per month
Step 2: $1,850 - $740 = $1,110 net gross income per month
Step 3: $1,110 ÷ 7.25 = 153.10 hours per week
Step 4 153.10 hours ÷ 4.33 = 35.35 hours per week.

The client's self-employment is an approvable WTW activity without any concurrent activities because she meets the required participation hours.

Example 3:

Client is a self-employed hair dresser (rents a work station from a salon and schedules her own customers) and reported monthly income of $1,200. She has chosen the 40% standard expense deduction.

Step 1: $1,200 x 40% = $480 expenses per month
Step 2: $1,200 - $480 = $720 net gross income per month
Step 3: $720 ÷ 7.25 = 99.31 hours per week
Step 4 99.31 hours ÷ 4.33 = 22.94 hours per week.

Client does not have a child under 6 years old; she is required to participate 30 hours per week. Since the earnings from self-employment do not meet the minimum required participation hours, she must be evaluated for concurrent activities in addition to the self-employment activity.

Example 4:

Client has a swimming pool cleaner business and earns $800 per month. He has chosen to claim actual verified expenses and provides receipts totaling $350. He reported to work five to six days per week with an average of 8 hours per day.

Step 1: $800 - $350 = $450 net gross income per month
Step 2: $450 ÷ $7.25 = 62.06 hours per month
Step 3: 62.06 hours ÷ 4.33 = 14.33 hours per week

Client does not have a child under 6 years old; he is required to participate 30 hours per week. The self-employment computation shows a total of 14 self-employment hours per week that can be counted towards the required 30 hours per week but this self-employment may not be an appropriate WTW activity as client reported that he spent more than 40 hours per week to earn the reported income. Client will be referred to Assessment and be evaluated for alternative WTW activities that are consistent with Assessment.

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INCOME FLUCTUATION

Due to the fluctuating nature of self-employment income, the client is allowed to remain in his/her self-employment activity when participation hours fall below the minimum requirement, for a maximum period of two consecutive months. However, the client must be evaluated for concurrent WTW activities in addition to the self-employment activity.

If the client's self-employment income and expenses fluctuate from month-to-month, they shall be averaged over a 12-month period, or over the period of time the business has been in operation, if less than a year. The averaged income shall be used in the computation for the purpose of determining self-employment as an allowable activity.

Example :

Client has had a mobile auto detailing service for 3 months and earns between $600 and $800 monthly. He claims $80 - $100 per month in expenses. Verification of income ($1,950) and actual expenses ($265) for the past 3 months was provided.

Step 1: $1,950 ÷ 3 = $650 averaged gross income per month
Step 2: $265 ÷ 3 = $88.33 averaged expenses per month
Step 3: $650 - $88.33 = $561.67, rounded down to $561 net gross income per month
Step 4: $561 ÷ $7.25 = 77.37 hours per month
Step 5: 77.37 hours ÷ 4.33 = 17.87 hours per week.

Since the client does not meet the participation requirement, he must be evaluated for concurrent WTW activities in addition to the self-employment activity or for alternate WTW activities that are consistent with Assessment if the self-employment is not an appropriate activity.

Note: Monthly net income will be rounded down to the nearest dollar (drop the cents) for consistency with CalWORKs budgeting.

COMPLIANCE

Compliance with Employment and/or Self-Employment activities

Failure to accept employment, continue employment, or failure to continue employment/self-employment at the same level of earnings without good cause, will result in initiation of the noncompliance process.

Note: For the purpose of implementing the hourly participation requirements effective January 1, 2013 based on the WTW 24-Month Time Clock rules, currently employed participants will not be subject to sanction for receiving reduced earnings as a result of reducing employment hours, as long as the new hourly participation requirements are met. After modifying employment hours under this **one-time** transition period and the new WTW plan is signed, clients will again be subject to a WTW sanction if a voluntary reduction in hours leads to reduced earnings.

Compliance with Subsidized Employment activities

Individuals assigned to subsidized employment who fail to attend or complete their assignments without good cause will be referred for noncompliance. (Refer to Policy 240 – Good Cause/Compliance/Sanction for more information)

PARTICIPATION HOURS

Beginning January 1, 2013, the weekly hours of participation have been aligned with federal hourly requirements as follows:

• Single parents with a child under 6 years of age must participate in approved activities at least 20 hours per week.
• Single parents with no children under 6 years of age must participate in approved activities at least 30 hours per week.
• In a two-parent family, one or both adults must participate for a combined total of at least 35 hours per week.

(Refer to Policy 202 – Work Participation Hours and Activities for more information)

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WTW PLAN

Effective January 1, 2013, all employed WTW mandatory participants are required to sign a WTW plan following the comprehensive discussion.

Employed participants whose hours in Unsubsidized Employment meet the minimum hours of participation requirements prior to Assessment may choose to:

• Opt out of an Assessment and sign a WTW plan.

• Be sent to Assessment if he/she wishes to participate in additional WTW activities and sign a WTW plan.

Note: If the individual chooses to participate in more than the minimum hours, the WTW plan should reflect the actual participation hours. The Additional Comments field of the WTW 2 should clearly indicate that participating in additional hours is strictly voluntary. CalWIN Case Comments should also reflect the reason(s) the participant chose to participate in additional hours.

Employed participants whose hours in Unsubsidized Employment are less than the required minimum hours of participation will:

• If already attended an Assessment, be evaluated for concurrent WTW activities that are consistent with the Assessment, in addition to the Unsubsidized Employment, to meet the minimum hours of participation requirements and sign a WTW plan.

• Be sent to Assessment and be evaluated for concurrent WTW activities that are consistent with the Assessment, in addition to the Unsubsidized Employment, to meet the minimum hours of participation requirements and sign a WTW plan.

Individuals who fail or refuse to sign a WTW plan without good cause will be subject to the Non-Compliance process and possible financial sanctions. Refer to Policy 240 – Good Cause/Compliance/Sanction for additional information)

Note: WTW participants who are on aid as of December 31, 2012, who do not have WTW plans due to their employment status are required to have a comprehensive discussion advising them of their expanded options under the WTW 24-Month Time Clock rules. The WTW plan signature will be obtained at the next regularly scheduled appointment if a comprehensive discussion is conducted by. If the participant has an existing plan that meets or exceeds the new participation requirements, the worker will send a new WTW plan containing the same activities and participation hours to the participant and ask him/her to sign the WTW plan and return it. The participant has 30 days from the date of the letter to contact the ISW/CM to change the WTW plan. Since the participant is meeting participation requirements, he/she would not be sanctioned for failure to return the new WTW plan will be obtained at the next regularly scheduled appointment.

(Refer to Policy 211 – Welfare-to-Work Plan for more information)

During implementation of the WTW 24-Month Time Clock, the WTW participant is allowed a one-time opportunity to reduce his/her employment hours thus potentially reducing his/her earnings in order to develop a new WTW plan in accordance with SB 1041, as long as the new hourly participation requirements were met. After this one-time opportunity to reduce his/her earnings, the participant may still request to change activities within his/her WTW plan if it is consistent with his/her Assessment.

Note: A determination to grant the participant's request to change activities must be made on a case-by-case basis.

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CALWIN ENTRIES

The ISW will:

1. Add employment details in Data Collection if it is a new employment.
2. Complete CalWIN entries for the WTW plan and employment activity if it is a new employment.
(Refer to Welfare-to-Work Plan/Adding Activities With/Without Plan Resource Guide)
3. Update Attendance and Activity Status by the 10th business day of the following month, or according to the requirements of the activity, to reflect the client's actual hours of employment. Refer to Worker Tool F063-41-WT33 for documentation and reporting requirements of CalWORKs WTW activities.
Note: If the activity ends, complete the Actual End Date field on the CalWIN Maintain Participant Activity screen.
1. Update case comments

The CM will:

1. Complete CalWIN entries for the WTW plan and employment activity.(Refer to Welfare-to-Work Plan/Adding Activities With/Without Plan Resource Guide)
2. Complete the Employment Services Communication Document (F063-41-211) with new employment information and forward it to the OSW.
3. Update Attendance and Activity Status by the 10th business day of the following month, or according to the requirements of the activity, to reflect the client's actual hours of employment. Refer to Worker Tool F063-41-WT33 for documentation and reporting requirements of CalWORKs WTW activities.
Note: If the activity ends, complete the Actual End Date field on the CalWIN Maintain Participant Activity screen.
4. Update case comments.

The OSW will:

1. Add employment details in Data Collection.
2. Update case comments.

SUPPORTIVE SERVICES

The ISW/CM will evaluate the client's need for any supportive services necessary to participate in his/her assigned WTW activity.

REFERENCES

EAS Manual Sections 42-701, 42-711.552, 42-711.646, 42-721.2,and 42-750
ACL 99-65 Welfare-to-Work Participation Requirements
ACL12-67 New CalWORKs Welfare-to-Work 24-Month Time Clock
ACL 12-69 Alignment of CalWORKs Hourly Work Participation Requirements to Federal TANF Requirements
ACL 13-15 Questions and Answers for the CalWORKs Welfare-to-Work 24-Month Time Clock
Policy 202 – Work Participation Hours and Activities
Policy 211 – Welfare-to-Work Plan
Policy 213 – OC Earns Program (Subsidized Employment Program – SEP)
Policy 240 – Good Cause/Compliance/Sanction
Policy 274 – Orange County Workforce Investment Board
Policy 275 – Anaheim Workforce Investment Board
Policy 276 – Santa Ana Workforce Investment Board
Welfare-to-Work Plan/Adding Activities With/Without Plan Resource Guide

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ATTACHMENTS

CalWORKs WTW Activities, Documentation, and Reporting Requirements F063-41-WT33
Employment Services Communication Document F063-41-211

Guidelines for Determining Self-Employment Activities and Participation Hours

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