



State of New Jersey

PHILIP D. MURPHY
Governor

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
PO BOX 716
TRENTON, NJ 08625-0716

SARAH ADELMAN
Acting Commissioner

SHEILA Y. OLIVER
Lt. Governor

NATASHA JOHNSON
Assistant Commissioner

The following Decision is distributed for your information. This Decision has been made in consideration of the specific facts of this case. This Decision is not to be interpreted as establishing any new mandatory policy or procedure otherwise officially promulgated.

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

FINAL DECISION

OAL DKT. NO. HPW 21-037840 D.D.

AGENCY DKT. NO. R1875065 (BERGEN COUNTY OFFICE FOR CHILDREN)

On or about December 22, 2020, the Bureau of Administrative Review and Appeals ("BARA") received Petitioner's request for an Administrative Review. The Respondent Agency ("Agency") denied Petitioner's application for New Jersey Cares for Kids/Child Care Assistance Program ("NJCK/CCAP") child care subsidy because Petitioner's self-employment did not meet the minimum required hours as per the program requirements.

As Assistant Commissioner, Division of Family Development ("DFD"), Department of Human Services, I have reviewed this matter and AFFIRM the Agency's action.

It is well-established that parents receiving subsidized child care services are in need of child care services in order to remain employed or accept full-time employment, or to attend full-time educational and/or work/training programs. See N.J.A.C. 10:15-5.2(a), -5.3(a). Full-time employment, for child care eligibility, means employment that totals 30 or more hours per week. See Child Care Operations Manual, III, General Provisions, Section (c), "Definitions;" see also N.J.A.C. 10:15-1.2 and DFD Instruction ("DFDI") No. 9-6-7.

For child care purposes, self-employment income is earned income, received directly from one's own business, trade, or profession, instead of receiving a specified wage from an employer. See DFDI No. 16-12-01. In instances where the applicant is self-employed, the applicant must file a Schedule C with their 1040, and the Agency is required to utilize a standard deduction of 51%, in order to calculate the applicant's income and hours worked each week. Ibid.

On January 28, 2021, BARA sent letters to Petitioner and the Agency, requesting additional information necessary to complete an Administrative Review. Both parties responded accordingly. The documents provided by Petitioner and the Agency comprise the record for this Administrative Review.

A review of the documentation establishes that Petitioner applied for a NJCK/CCAP subsidy on September 17, 2020. Among the documents submitted to the Agency, Petitioner, because she is self-employed, provided a copy of her tax returns, which included a Schedule C form. After completing the



required calculations for a self-employed applicant, the Agency denied Petitioner's application on the basis that Petitioner's self-employment hours were below the required 30 hours per week.

To be eligible for child care, the self-employment income must have been reported to the Internal Revenue Service ("IRS"). Ibid. When broken down, the income/profit reflected on line 7 of the IRS Schedule C (Form 1040), must be equal to, or greater than, the hourly Federal minimum wage. Ibid. Income and wages are calculated as follows:

- a. A standard calculation deduction method is used by multiplying the gross income (noted on line 7 of IRS Schedule C (Form 1040)), by 51 percent to determine the amount of the deduction.
- b. Next, the gross income (noted on line 7 of IRS Schedule C (Form 1040)), is reduced by the amount of the deduction as calculated above to come up with the adjusted annual income.
- c. Further, the adjusted annual income, as determined in (b), is divided by 52 weeks, to determine the adjusted weekly income amount.
- d. Then, the adjusted weekly income amount will be divided by the minimum required hours to determine the hourly wage.
- e. Finally, the adjusted hour wage is compared to the Federal minimum wage to determine the number of hours worked per week. The Federal minimum wage can be found on the Federal Department of Labor website.

Based upon the above, Petitioner's self-employment income, utilizing the gross income listed on line 7 of the Schedule C form, totals \$15,600. Next, the gross income is multiplied by the 51% standard deduction, $\$15,600 \times .51 = \$7,956$. This deduction is subtracted from \$15,600 to calculate Petitioner's adjusted annual income, $\$15,600 - \$7,956 = \$7,644$.

Next, Petitioner's adjusted annual income of \$7,644 is divided by 52 weeks to calculate Petitioner's adjusted weekly income, $\$7,644/52 = \147 . This amount is then divided by the minimum amount of hours required at an initial application, or 30, to equal \$4.90 per her hour. Since \$4.90 does not equal, or exceed, the Federal minimum wage of \$7.25, Petitioner is not eligible for subsidy. Further, after the proper self-employment calculations are applied, Petitioner works only 20.28 hours per week ($\$147 / \7.25), which is below the 30 hours per week required for eligibility for the subsidy.

Based on the foregoing, I find that Petitioner is ineligible for a child care subsidy. As such, I hereby AFFIRM the Agency's denial of Petitioner's application for a child care subsidy.

By way of comment, Petitioner included documents with her response to BARA's January 28, 2021, request for same. Specifically, Petitioner included copies of her 2020 IRS Income Tax Return, including a 2020 Schedule C (Form 1040). I am not permitted to consider documents which were not submitted to the local Agency for its review and evaluation.

By way of further comment, Petitioner is without prejudice to reapply for a child care subsidy should her circumstances change.

Accordingly, the Agency's decision in this matter is hereby AFFIRMED.

JUL - 6 2021

Officially approved final version.

Natasha Johnson
Assistant Commissioner

