



State of New Jersey

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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 21-041346 J.D.

AGENCY DKT. NO. R1866319 (COMMUNITY CHILD CARE SOLUTIONS)

On July 13, 2021, the Bureau of Administrative Review and Appeals ("BARA") received Petitioner's request for an Administrative Review. Petitioner appeals the June 25, 2021, decision of the Respondent Agency ("Agency"), terminating her New Jersey Cares for Kids/Child Care Assistance Program ("NJCK/CCAP") child care subsidy, at redetermination, because Petitioner failed to demonstrate full-time work activity.

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

It is well-established that parents receiving subsidized child care services are in need of child care services in order to remain employed, accept full-time employment or to attend full-time educational and/or work/training programs. See N.J.A.C. 10:15-5.2(b), -5.3(a). Full-time employment, for child care eligibility during a redetermination, means employment that totals 25 or more hours per week, for the applicant. See Child Care Operations Manual, III, General Provisions, (c) "Definitions"; see also N.J.A.C. 10:15-1.2, and DFD Instruction ("DFDI") 10-01-04.

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 16-12-01. In instances where the applicant is self-employed, the applicant must file a Schedule C with their IRS 1040 Income Tax form, 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. When broken down, the income/profit reflected on line 7 of the Schedule C, 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.

On July 27, 2021, BARA sent letters to Petitioner and the Agency, requesting additional information necessary to complete an Administrative Review. Petitioner provided documentation with her July 13, 2021, request for an Administrative Review. Petitioner provided additional documentation on August 5, 2021, in response to BARA's request for same. Thereafter, on August 16, 2021, in response to BARA's request, the Agency provided documents. Petitioner's documents, provided on July 13, 2021, and August 5, 2021, and the Agency's documents, provided on August 16, 2021, comprise the record for this Administrative Review.

Here, the documents establish that on June 24, 2021, Petitioner completed an application for a redetermination of eligibility for the NJCK/CCAP subsidy. Petitioner had indicated in her redetermination application that she was self-employed. In support of Petitioner's application, she provided copies of her Federal income tax returns, including a Schedule C form. After completing the required calculations for a self-employed applicant using the submitted Schedule C form, the Agency determined that that the number of hours Petitioner worked fell below the required 25 hours or more per week to be eligible for the child care subsidy, at redetermination. See N.J.A.C. 10:15-1.2, and DFDI 10-01-04. Accordingly, by notification dated June 25, 2021, the Agency terminated Petitioner's child care subsidy.

Based upon the above, the Agency calculated Petitioner's self-employment income by utilizing the gross receipts listed on line 7 of the Schedule C, or \$15,360. The Agency then took the gross income, and multiplied that amount by the standard deduction, $\$15,360 \times .51 = \$7,833.60$. The Agency subtracted this deduction from Petitioner's gross self-employment income to calculate her adjusted, yearly income, $\$15,360 - \$7,833.60 = \$7,526.40$.

Next, Petitioner's adjusted annual income was divided by 52 weeks so the Agency could calculate her adjusted weekly income, $\$7526.40 / 52 = \144.74 . This amount was then divided by the minimum amount of hours required for a redetermination application, or 25, $(\$144.74 / 25)$ to equal \$5.79 per her hour. This amount is below the Federal minimum wage of \$7.25, and as such, the Agency determined, at the time of Petitioner's redetermination of eligibility for the child care subsidy, she did not work at least 25 hours per week through her self-employment to qualify for the child care subsidy. See DFDI 16-12-01.

In her letter of appeal to BARA, Petitioner included a July 2, 2021, letter from her manager at her place of employment, which the Agency did not consider in its redetermination and June 25, 2021, decision of her eligibility for the NJCK/CCAP child care subsidy. However, as the document was not submitted to the Agency prior to its decision to terminate Petitioner's child care subsidy, it is beyond the scope of this Administrative Review, and cannot be considered. Petitioner is without prejudice to submit that letter to the Agency for its consideration.

Based upon the facts in the record, I hereby AFFIRM the Agency's decision to terminate Petitioner's child care subsidy, on redetermination, as Petitioner did not meet the minimum 25 hours per week requirement.



If Petitioner is currently working 25 or more hours a week and still requires child care, she may reapply for the child care subsidy with a new application. Petitioner is advised that she must meet all financial and other eligibility criteria.

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

Officially approved final version.

AUG 26 2021

Natasha Johnson
Assistant Commissioner

