



State of New Jersey

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Governor

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
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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 21-039208 Y.N.

AGENCY DKT. NO. R1879161 (THE CHILDREN'S HOME SOCIETY OF NJ)

On or about February 19, 2021, the Bureau of Administrative Review and Appeals ("BARA") received Petitioner's request for an Administrative Review. The Respondent Agency ("Agency") denied Petitioner's application New Jersey Cares for Kids/Child Care Assistance Program ("NJCK/CCAP") child care subsidy.

As Assistant Commissioner, Division of Family Development ("DFD"), Department of Human Services, I have reviewed this matter and I hereby 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). In order to be eligible for subsidized child care services at initial determination, an applicant's maximum annual gross income must not exceed 200% of the Federal Poverty Level ("FPL") Guidelines. *Ibid.*; see also DFD Instruction ("DFDI") No. 21-03-02.

In the child care program, income is defined as the current gross income earned by all members of the family unit. See Child Care Operations Manual, III, General Provisions, Section (c), "Definitions," p. 10. It includes all earned and unearned income, and includes wages from salaries, overtime, tips, bonuses, commissions, winnings, and any other income required for federal and state tax reporting purposes. *Ibid.*

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.* 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.

On April 8, 2021, BARA sent letters to Petitioner and the Agency requesting additional information necessary to conduct an Administrative Review. Both parties responded, providing the documentation which comprises the record for this Administrative Review.

A review of the documentation establishes that Petitioner and the co-applicant spouse, completed an application for a NJCK/CCAP subsidy on February 1, 2021, indicating that they had a family size of four. In support of their application, Petitioner and co-applicant provided, among other items, copies of their 2019 Federal Income Tax return, including a Schedule C form, since Petitioner is self-employed. Petitioner and co-applicant also included a letter from Petitioner's spouse's employer, indicating her monthly salary, and that she works only eleven months of a year. After reviewing Petitioner's submissions, the Agency determined that Petitioner's adjusted annual income from self-employment totaled \$31,999.45 ($\$65,305 \times .51 = \$33,305.55$; $\$65,305 - \$33,305.55 = \$31,999.45$); that Petitioner's spouse's annual income from employment totaled \$28,600 ($\$2,600 \times 11$ months); and that Petitioner and co-applicant received \$772 in dividend income. Petitioner and co-applicant's total annual gross income was \$61,371.45 ($\$31,999.45 + \$28,600 + \772). At the time of Petitioner and co-applicant's application for the NJCK subsidy, the maximum allowable annual gross family income at initial determination, for a family of 4, was \$52,400. See 2020-2021 Income Eligibility Schedules, effective March 1, 2020. Based upon its calculation, the Agency determined that Petitioner and co-applicant's total annual gross income exceeded the maximum allowable level to be eligible for the subsidy, and denied Petitioner and co-applicant's application, by notice dated February 12, 2021.

I have reviewed the record, and based on the documentation presented, and for the reasons as outlined above, I find that the Agency's decision to deny Petitioner's application was proper and must be affirmed. Petitioner is without prejudice to reapply for a child care subsidy should circumstances warrant.

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

Officially approved final version.

JUL - 6 2021

Natasha Johnson
Assistant Commissioner

