

# Early Learning Coalition of Florida's Heartland, Inc.

**Policy Snapshot:** This policy will serve as guidance for determining income for School Readiness who are self-employed.

<b>Subject:</b> Verification of Income and Hours of Employment for Self-Employed for School Readiness Applicants		<b>Policy/Procedure # SR-3</b>
<b>Page:</b> 1 of 2	<b>Adoption Date:</b> 04.02.08	
<b>Approved by:</b> ELCFH Board	<b>Title:</b> Andrew Bible, Chair	
<b>Distribution:</b> All Eligibility Management Policy/Procedure manuals	<b>Authority References:</b> Associate Director Client Services	
		<b>Cross Reference:</b> FL Chapter 6044B-4.028

**Purpose:** The purpose is to establish a standardized policy and procedure for determining eligibility for School Readiness clients who are self-employed.

**Contact:** Anne Bouhebent, Executive Director

**Procedure Statement:** Income must be verified and documented for eligibility and parent fee assessment purposes.

**Self employment Income:**

Appropriate documentation of hours worked and income must be provided to determine eligibility.

**Self-Employment as New Business**

<b>Self Employment Verification</b>	<b>At least one form of documentation in each row is required</b>	<b>Supplemental Verification (cannot be used in lieu of required documentation )</b>
Proof of Business	Business license or Federal Id Number	
Proof of Income	Business ledgers or estimated tax statement from an accountant, that include scheduled hours worked	Written statements from customers
Hours Worked	Notarized self statement of hours worked per week	

It is understandable that a person spends time up front with working but very little income when starting a new business. However, at the end of 3 months, if they are not yet earning minimum wage with their business, they will need a purpose of care reason to continue receiving child care.

**Self Employment as Existing Business (have gone through one tax cycle)**

<b>Self Employment Verification</b>	<b>At least one form of documentation in each row is required</b>	<b>Supplemental Verification (can not be used in lieu of required documentation )</b>
Proof of Business	Current Business Tax Return as a Federal ID <b>and/or</b> Schedule C on personal tax return	
Proof of Income	Current Business Tax Return unless income has recently changed. In that case, use business ledger or estimated tax statement from accountant.	Written statements from customers.
Hours Worked	Notarized self statement of hours worked per week	

**Verification of income is required**

We would not be able to provide services if any of the conditions exist:

- If applicant states they have no way to document hours and income if they are self employed
- If applicant is unable to produce required documentation from their employer regarding employment.

How to determine income:

- ❑ For a Tax Return, use the gross income. *The rule does specify “gross” and does not give any allowances for reductions in gross income for the “cost of doing business.”*
- ❑ For a business ledger, use gross earnings, even if costs of doing business are also listed.

If a parent has asked for a tax extension, they must provide a letter from IRS granting the extension. In this situation, we would use past income tax for eligibility determination and schedule next re-determination at time extension ends.

**Re-determination timeframe**

Re-determination or update notices are sent out randomly. It is important that the applicant will follow the notice instructions. If ELCFH does not receive the information requested by the date and time indicated, your provider will be notified that services are terminated on that date.