



DEPARTMENT OF CHILDREN
AND FAMILIES
Secretary Eloise Anderson
201 East Washington Avenue, Room G200
P.O. Box 8916
Madison, WI 53708-8916
Telephone: 608-266-8684
Fax: 608-261-6972
www.dcf.wisconsin.gov

DEPARTMENT OF HEALTH SERVICES
Secretary Kitty Rhoades
1 West Wilson Street
P.O. Box 7850
Madison, WI 53707-7850
Telephone: (608) 266-9622
FAX: (608) 266-7882
www.dhfs.wisconsin.gov

**State of Wisconsin
Governor Scott Walker**

**TO: Income Maintenance Supervisors
Income Maintenance Lead Workers
Income Maintenance Staff
W-2 Agencies
Workforce Development Boards
Job Center Leads and Managers
Training Staff
Child Care Coordinators**

DECE/BELP OPERATIONS MEMO			
No:	16-13 AMENDED		
DATE:	5/2/2016		
CC	<input checked="" type="checkbox"/>	FS	<input type="checkbox"/>
W-2	<input type="checkbox"/>	BC+	<input type="checkbox"/>

FROM: Kath McGurk, Director
Bureau of Early Learning and Policy
Division of Early Care and Education
Department of Children and Families

SUBJECT: Wisconsin Shares Self-Employment Policy

CROSS REFERENCE: Wisconsin Statutes 49.155(1m)5(c)a and b; Wisconsin Shares Child Care Subsidy Policy Manual, Chapter 1 – Sections 1.2, 1.4.8.3.2, 1.5.5.4, 1.6.2.2, and 1.6.2.3; and Operations Memos 15-40, 15-41, and 15-42.

EFFECTIVE DATE: May 2, 2016

PURPOSE: To clarify self-employment policy and to provide a definition of self-employment income within the Wisconsin Shares program.

BACKGROUND: This Operations Memo provides clarification to existing self-employment policy. No new policy has been added.

DEFINITION: The definition of self-employment income in 1.2 has been updated to reflect the statutory language within Wis. Stat. 59.155(1m):

Self-Employment Income: The income the household receives from self-employment. Self-employment income is calculated as net earnings reported to the Internal Revenue Service plus depreciation expenses, personal business and entertainment expenses, personal transportation costs, purchases of capital equipment and payments on the principal of loans.

MOVED POLICY: The list of 10 conditions for determining if a parent is self-employed has been moved from Section 1.4.8.3.2 to Section 1.6.2.3. Seven of these 10 criteria must be met or the parent is not self-employed for Wisconsin Shares child care eligibility.

The following text has been added below the list:

If the parent does not meet at least seven of the 10 conditions above, it is not self-employment for child care eligibility purposes. If this is the case, agency workers could explore whether the activity is employment or not an approved activity at all. Workers should use the acceptable sources of verification for employment noted in this section.

CLARIFIED POLICY: Previously, only parents whose businesses have been operating for more than six months were required to file taxes. With this policy update, all parents who operate self-employment businesses are required to file taxes unless the business has not yet operated in a calendar year and subsequent tax season. This has been changed in 1.4.8.3.2, 1.6.2.2, and 1.6.2.3 and the language is now uniform across these sections.

Parents who operate self-employment businesses must file taxes with the IRS in order to participate in the Wisconsin Shares Program. Filed IRS tax documents for the most recent tax year must be provided for parents who wish to receive child care subsidy while self-employed.

Self-employed parents who have not filed taxes because the business has not yet operated in a calendar year and subsequent tax season must provide a Self-Employment Income Report form (SEIRF) (form DCF-F-DWSP2131 or form DHS F-00107) for the last 30 days.

SEIRFs may also be submitted for months when the previous year's filed IRS tax documents do not represent the current income for the business. Additionally, when a new business is six months old, a SEIRF must be provided so that an accurate authorization can be written. See 2.2.8 for information about authorizations for self-employment.

If IRS tax documents or SEIRFs appear questionable or need clarification, local agency staff must follow up with the parent and request additional verification, such as documentation of receipts, contracts, or expenses. See 1.6.5. Any additional verification requirements must be documented in CWW case comments.

Section 1.5.5.4 has been rewritten for clarity, but the policy has not changed:

Self-employment income for child care eligibility is defined in statute as the sum of net earnings reported to the Internal Revenue Service and depreciation expenses, personal business and entertainment expenses, personal transportation costs, purchases of capital equipment, and payments on the principal of loans.

The expenses noted above are invalid expenses for child care and are added to the net income field in CWW during child care eligibility determination.

CARES Worker Web will calculate the monthly self-employment income for the Child Care Assistance Group when the self-employment page is completed. CWW has a field to enter depreciation expenses. Add together **net earnings**, personal business and entertainment expenses, personal transportation costs, purchases of capital equipment, and payments on the principal of loans and enter it in the CC Only Invalid Expenses field.

Section 1.6.2.2 has been reorganized to group regular employment policy and self-employment policy. The last two paragraphs under the heading “Earned Income of all adults in the Assistance Group” have been moved and placed above the self-employment income information in the same section. This content did not change.

References to filing quarterly taxes have been removed from 1.6.2.2 and 1.6.2.3.

CONTACTS:

For Wisconsin Shares Child Care policy questions outside of Milwaukee County contact your Bureau of Regional Operations (BRO), Child Care Coordinators at http://dcf.wisconsin.gov/regional_operations/pdf/contact-list.pdf

For Child Care CARES/CWW, CSAW and CCPI Processing Questions statewide and policy questions in Milwaukee County contact the Child Care Help desk at: childcare@wisconsin.gov or (608) 264-1657.

*Program Categories – FS – FoodShare, MA – Medicaid, BC+ – BadgerCare Plus, SC – Senior Care, CTS – Caretaker Supplement, CC – Child Care, W-2 – Wisconsin Works, FSET – FoodShare Employment and Training, BC+ Core – BadgerCare Plus Core, CF – Children First, EA – Emergency Assistance, JAL – Job Access Loan, JC - Job Center Programs, RAP – Refugee Assistance Program, WIA – Workforce Investment Act, Other EP – Other Employment Programs.

DCF/DECE/BELP/HJF