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DMS, DECE, and DFES Operations Memo 19-J4

To: Income Maintenance Supervisors  
Income Maintenance Lead Workers  
Income Maintenance Staff  
Workforce Development Boards  
W-2 Agencies  
Training Staff  
Child Care Eligibility and  
Authorization Supervisors and Workers  
Child Care Coordinators  
W-2 Agencies

From: Rebecca McAtee, Bureau Director  
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**Affected Programs:**

- BadgerCare Plus
- Caretaker Supplement
- Children First
- Emergency Assistance
- FoodShare
- FoodShare Employment and Training
- Job Access Loan
- Job Center Programs
- Medicaid
- Other Employment Programs
- Refugee Assistance Program
- SeniorCare
- Wisconsin Shares Child Care
- Wisconsin Works
- Workforce Innovation and Opportunity Act

**Corporation Income No Longer Budgeted as Self-Employment Income**

**CROSS REFERENCE**

- FoodShare Wisconsin Handbook, [Section 4.3.3 Farming and Other Self Employment Income](#)
- BadgerCare Plus Eligibility Handbook, [Section 16.4.3 Self-Employment Income](#)
- Medicaid Eligibility Handbook, [Section 15.6 Self-Employment Income](#)
- Wisconsin Works (W-2) Manual, [Section 3.2.8.2 Farm & Self-Employment Income](#)
- Wisconsin Shares Child Care Policy and Process Handbook, [Section 1.4.5.4 Self-Employment Income](#)
- Process Help, [Section 16.2 Self-Employment Income](#)

## **PURPOSE**

This operations memo announces a change in policy for how corporation income and expenses are budgeted for FoodShare, BadgerCare Plus, Medicaid, Wisconsin Shares Child Care Subsidy Program, and Wisconsin Works (W-2) eligibility.

## **EFFECTIVE DATE**

May 1, 2019

## **BACKGROUND**

Currently, if applicants or participating individuals own a corporation, the corporation's income and expenses are counted as the applicant or participating individual's self-employment income and expenses for the purposes of determining eligibility for FoodShare, Wisconsin Shares Child Care, Wisconsin Works (W-2), Caretaker Supplement, and health care programs. Since the income and resources of a corporation belong to the corporation and the corporation is a separate legal entity, the corporation's income should not be attributed to the corporation's owner.

## **POLICY**

Effective May 1, 2019, when an applicant or individual reports that he or she is self-employed and that the business ownership type is corporation, the corporation's income and expenses should not be budgeted as self-employment income and expenses for the individual.

However, any wages or salary that the individual receives from the corporation should continue to be budgeted as earned income (employment). If the individual receives regular dividends or other types of passive income (as defined by the IRS) from the corporation, that income should continue to be budgeted as unearned income if specified by policy for a given program.

Currently, the Wisconsin Works (W-2) Manual is silent on corporation income. The W-2 Manual will be updated to clarify the treatment of corporation income as described in this memo. New policy for W-2 will count corporation income as earned income. W-2 Manual section 3.2.8.2 will be updated to make this clarification between self-employment income and corporation income. The updated [W-2 manual section 3.2.8.2](#) is attached with all policy changes incorporated. Policy that has been added is underlined.

## **CARES**

Workers should no longer select the CC - C Corporation option within the Business Ownership Type drop-down list on the Self Employment page. In the near future, the CC - C Corporation business ownership type code will be removed from the Self Employment page.

Workers should continue to record the individual's earnings, dividends, or other personal income on the Employment or Unearned Income pages.

**Self Employment** Cancel  Reset

**Effective Period**

\* Begin Month: MM / YYYY End Month: MM / YYYY Last Updated:

Delete Reason:

**Additional Information**

\* Individual:  Sequence:

Business Name:  Business Tax ID:

\* Business Type:  \* Business Ownership Type:

Business Start Month: MM / YYYY Significant Change Month:

Most Recent Business Taxes Filed Year:

\* Self-Managed?

Monthly Hours:  Verification:

\* Monthly End Month:

CC - C Corporation  
OT - Other  
PP - Partnership  
SC - S Corporation  
SP - Sole Proprietor

Do not select C Corporation

Figure 1 Self Employment Page

## W-2 AGENCY ACTION

W-2 agencies must familiarize staff with the policy and CARES Worker Web (CWW) system changes and update any relevant standard operating procedures.

## ATTACHMENT

[Updated W-2 Manual Section 3.3.8.2](#)

## CONTACTS

BEPS CARES Information and Problem Resolution Center

For Wisconsin Shares Child Care policy questions outside of Milwaukee County: Bureau of Regional Operations (BRO), Child Care Coordinators at [broccpolicyhelpdesk@wisconsin.gov](mailto:broccpolicyhelpdesk@wisconsin.gov)

For Child Care CARES/CWW and CSAW processing questions statewide and policy questions in Milwaukee County: Child Care Subsidy and Technical Assistance line at [childcare@wisconsin.gov](mailto:childcare@wisconsin.gov) or 608-422-7200

For W-2 Policy Questions in the Balance of State: Bureau of Regional Operations, W-2 Regional Coordinators

For W-2 Policy Questions in Milwaukee: Milwaukee Operations Section Regional Administrators

For W-2 CARES Processing Questions: W-2 Help Desk

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DCF/DECE/BELP/KS  
DCF/DFES/BWF/GS