



TO: **W-2 Agencies
Training Staff**

FROM: Patara Horn, Director
Bureau of Working Families
Division of Family and Economic Security
Department of Children and Families

BWF OPERATIONS MEMO					
No:	22-18				
DATE:	09/21/2022				
W-2	<input checked="" type="checkbox"/>	EA	<input checked="" type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input checked="" type="checkbox"/>				
RAP	<input type="checkbox"/>	TMJ	<input type="checkbox"/>	TJ	<input type="checkbox"/>
Other EP	<input type="checkbox"/>				

SUBJECT: *Updates to Wisconsin Works Self-Employment Policy*

CROSS REFERENCE: [W-2 Manual Release 16-01 Cover Sheet](#)
[W-2 Manual Release 18-01 Cover Sheet](#)
[Operations Memo 19-J4: Corporation Income No Longer Budgeted as Self-Employment Income:](#)
[Operations Memo 19-J7: System Enhancements to Support Self-Employment Policy and Process](#)
[W-2 Manual Section 3.2.8.2 Farm & Self-Employment Income](#)

EFFECTIVE DATE: Immediately

PURPOSE

The purpose of this memo is to announce several updates to self-employment policy in the Wisconsin Works (W-2) Manual, to remove conflicting language, and add policy language to clarify several changes made from prior Operations Memos (OMs) and W-2 Manual releases.

BACKGROUND

There have been several important policy changes related to self-employment income which need to be incorporated into the [W-2 Manual Section 3.2.8.2](#). The updates to this section are extensive and provide clearer instruction on self-employment business criteria, as well as guidance to several other areas of self-employment policy such as corporation income, significant business changes, and counting self-employment hours.

POLICY

[W-2 Manual release 16-01](#) added policy to align with a Department of Children and Families (DCF) [Self-Employment Income Report Form \(SEIRF\)](#). This DCF form was obsolete in 2018 by [W-2 Manual release 18-01](#) and the policy language regarding self-employment hours is now conflicting with the current version of the SEIRF. Language is being updated to align with the current Department of Health Services (DHS) SEIRF.

[OM 19-J4](#) added policy guidance regarding corporation income. This language is inconsistent with the counting income policy in section 3.2.8 and is being updated to account for all W-2 group members.

[OM 19-J7](#) instructs workers to answer fields in CARES Worker Web (CWW) “per program policy” without the associated W-2 policy present in the W-2 Manual. This missing program policy is related to guidance in situations such as what constitutes a “significant change” in circumstances, standardizing SEIRF instruction language, and CWW process help.

All policy updates are from W-2 Manual section 3.2.8.2 Farm & Self-Employment Income. In addition to the policy updates listed below, additional definitions of self-employment income and types of businesses were added.

W-2 Self-Employment policy updates and clarifications are summarized below. The relevant policy manual section is attached to this memo and will be incorporated into the W-2 Manual. Policy that was removed is struck through and policy that was added is highlighted.

INCOME FROM A CORPORATION

Current Policy

Income from a corporation owned by the participant shall be considered earned income and not self-employment income.

New Policy

Any wages or salary that an individual receives from a corporation owned by any W-2 group member (not just the applicant) shall be considered wages from employment and not self-employment income.

DETERMINING SELF-EMPLOYMENT HOURS

Current Policy

The number of self-employment hours reported as worked per month is limited to the net business income divided by federal minimum wage.

New Policy

The previous policy was outdated, and the incorrect sentence was removed from policy. The current version of the [SEIRF](#) provides the current instructions for determining the number of hours worked.

“Number of hours individual worked for business during month of operation: For each month, write in the number of hours you worked for your business during that month.”

SIGNIFICANT CHANGE IN BUSINESS CRITERIA

Current Policy

There is currently no policy guidance regarding making a determination if a significant change in a business occurred.

New Policy

Financial and Employment Planners must ensure the change is actually a significant change, and not just a normal fluctuation in the business, seasonal employment, or a circumstance that does not affect income over time. Examples of a significant change in circumstances include, but are not limited to:

1. The owner started a business.
2. The owner sold a part or all of his or her business.
3. The owner is ill or injured and will be unable to operate the business.
4. A substantial cost increase is causing less profit for each unit sold.
5. Sales are consistently below previous levels beyond normal sales fluctuations.
6. The business is consistently earning above previous levels beyond normal fluctuations.

CALCULATING SELF-EMPLOYMENT INCOME

Current Policy

There is currently no W-2 policy guidance related to using SEIRFs for calculating self-employment income.

New Policy

Calculate self-employment income based on anticipated gross earnings using the SEIRF when:

1. The business was not in operation for at least one full month in the prior tax year;
2. The business has not been in operation for six or more months at the time of the application; or
3. There was a significant change in circumstances and the taxes no longer represent the current earnings.

CARES and/or CARES WORKER WEB (CWW)

For the purposes of W-2 financial eligibility, expenses are not subtracted from the gross receipts. However, any expenses reported on the SEIRF must still be entered on the **CWW Self-Employment page** as other programs within DCF and DHS may utilize this information for eligibility determination.

TRAINING

The Partner Training Team will update any relevant trainings based on this OM.

AGENCY ACTION

W-2 agencies must familiarize staff with the updated policies as described in this memo and update any relevant local agency procedures.

ATTACHMENTS

[Policy Attachment](#)

CONTACTS

For W-2 Policy Questions: [BWF Policy Question SharePoint](#)

For W-2, CARES and WWP Functionality Questions: BWF Work Programs Help Desk
BWFworkprogramsHD@wisconsin.gov

DCF/DFES/BWF/AB