

04 CA Earned Income Deductions - Overview

Policy and procedures regarding CA earned income deductions are outlined as follows:

- [Cost of Employment Deduction \(COE\)](#)
- [30% Earned Income Deduction](#)
- [Dependent Care Expense Deduction](#)
- [EMPOWER Deduction](#)

WARNING

Do not allow the earned income deductions when the participant meets one of the following and does not verify good cause:

- Voluntarily [reduces work effort](#).
- [Voluntarily quits](#) a job or refuses a bona fide offer of employment.
- Fails to report all sources of earnings or a change in earned income within ten days of the day the participant learns of the change. In this situation, do not allow earned income deductions on the income when calculating an overpayment.