

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



February 3, 1997

ALL COUNTY LETTER 97-05

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: IMPLEMENTATION OF REGULATION PACKAGE #0196-02 PERTAINING TO THE EXEMPTION OF BONA FIDE LOANS, AND OTHER STATUTORY EXEMPTIONS IN THE AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM (AFDC)

REFERENCE: ADMINISTRATION FOR CHILDREN AND FAMILIES ACTION TRANSMITTAL, ACF-AT-94-4

The purpose of this letter is to provide you with copies of proposed regulations which implement changes in the AFDC Program. The changes pertain to the treatment of bona fide loans and World War II restitution payments made under public law. These regulations went to Public Hearing on October 23, 1996, and are effective April 1, 1997.

SUMMARY OF REGULATIONS**Bona Fide Loans**

The new regulations provide for the exemption of all bona fide loans from consideration as income and resources (property) regardless of the source or intended purpose of the loan. All loans that have a written agreement with a clearly defined obligation to repay the funds are defined as bona fide loans and will not be counted in the AFDC eligibility or payment determination. Prior to this change, loans were exempt only if they were: (1) unavailable to meet current needs, (2) payments made under Title IV of the Higher Education Act, or (3) nongovernmental loans which met the Noia court case exemption criteria. Since the new policy expands on the existing policy which already provides for the exemption of various types of loans, we have amended the pertinent regulations, added a definition of a bona fide loan, and included handbook examples for clarity where appropriate.

Payments Mandatorily Exempt under Federal Law

Other changes include implementing Public Law 103-286 which exempts from consideration as income or resources restitution payments made to victims of Nazi persecution. Additionally, we changed the regulations to reflect Public Law 100-383 provisions that exempt restitution payments made to Aleutians relocated by the United States government during World War II. Our current regulations only address the exemption for United States citizens and permanent resident aliens of Japanese ancestry.

NOTICES OF ACTION (NOA)/FORMS

We have not identified a need to amend or develop any NOA or form regarding these changes at this time.

CONTACTS

If you have questions regarding these regulation changes, contact Julie Lopes for income questions at (916) 654-1786 and Henry Puga for property questions at (916) 654-1068. The CALNET prefix for these telephone numbers is 454.

Sincerely,



BRUCE WAGSTAFF
Deputy Director
Welfare Programs Division

Attachment