



CDSS

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STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES

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EDMUND G. BROWN JR.
GOVERNOR

December 24, 2013

ALL COUNTY LETTER 13-102

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH PROGRAM SPECIALISTS

SUBJECT: VERIFICATION OF DEPENDENT CARE EXPENSES IN
CALFRESH

REFERENCES: SENATE BILL 672 (CHAPTER 568, STATUTES OF 2013),
WELFARE AND INSTITUTIONS CODE SECTION 18901.1;
MANUAL OF POLICIES AND PROCUDURES SECTION 63-
300.5(g); TITLE 7 CODES OF FEDERAL REGULATIONS 273.2(f)
(2) AND (3); FOOD CONSERVATION AND ENERGY ACT OF
2008 (FARM BILL) RELEASED IN ALL COUNTY LETTER 08-37
DATED AUGUST 1, 2008; PUBLIC LAW 110-246 SECTION 4103;
AND ALL COUNTY INFORMATION NOTICES I-45-11 DATED
OCTOBER 28, 2011 AND I-45-11E DATED JUNE 1, 2012

The purpose of this letter is to provide information and a new form to implement the recently enacted Welfare and Institutions Code Section 18901.1 (added by Senate Bill (SB) 672 (Chapter 568, Statutes of 2013)). Effective January 1, 2014, Welfare and Institutions code section 18901.1 mandates that County Welfare Departments (CWDs) consider dependent care expenses to be verified when the household submits a self-certified statement of monthly dependent care expenses.

CWDs should continue to use the general policies provided in this letter for verification information that is questionable when it applies to dependent care expenses and other optional verification as provided in Manual of Policies and Procedures (MPP) Section 63-300.5(g) and 7 CFR 273.2(f) (2).

REASON FOR THIS TRANSMITTAL

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

Dependent Care Expenses

Expenses are only deductible if the service is provided by someone outside of the household and the household makes an out-of-pocket payment for the service. For example, a dependent care deduction should not be allowed if another household member provides the care, or compensation for the care is provided in the form of an in-kind benefit, such as food.

A dependent care expense should be allowed as a deduction: (a) when dependent care is necessary for a household member to accept or continue working, (b) to comply with the CalFresh Employment and Training Program requirements or an equivalent effort to seek work by those not subject to the Employment and Training program, (c) or to attend training or pursue education which is preparatory to employment. The dependent care deduction is the actual cost for the care of a child or other dependent. A self-certification statement from the household is acceptable for verification of dependent care expenses. Once this verification has been provided, the CWD should not re-verify this expense unless (a) the provider has changed, (b) the amount has changed and the change could potentially affect the amount of the deduction or (c) the expense is questionable as defined in MPP Section 63-300.5(g). The dependent care deduction should not include any amount that is covered by a subsidy. Failure to provide verification of dependent care expenses should not cause a delay in eligibility or benefit level determination.

Example: A family of four consisting of Mom, two school age children, ages 11 and 9, and a four year old child. Mom is attending a vocational training school to become a medical assistant. Mom takes her four year old child to a licensed daycare center. The child care cost is a total of \$1,200 a month. Mom receives a \$1,000 subsidy that does not cover the entire child care cost; therefore, she ends up with a non-reimbursed share of cost for child care of \$200. The share of cost to the recipient for child care expenses is the difference between the reimbursement rate and the total child care cost ($\$1,200 - \$1,000 = \$200$) and the share of cost is deductible.

Prospective Budgeting of Dependent Care Expenses

Billed Expenses

A deduction should be allowed only in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. For example a dependent care expense which is due each month should be a deduction even if the household has not yet paid the expense. Amounts carried forward from past billing periods are not deductible, even if included with the most recent billing and actually paid by the household. In any event, a particular expense may only be deducted once.

Anticipating Expenses

The County should calculate a household's expenses based on the expenses the household expects to be billed for during the certification period. Anticipation of the expense should be based on the most recent month's bills, unless the household is reasonably certain a change will occur. The CWD should not average past out-of-pocket dependent care payments for the last several months as a method of anticipating dependent care costs for the certification period.

If the household just started with a provider and has not yet paid for dependent care, the CWD should calculate the household's expenses based on the out-of-pocket payments the household expects to pay during the certification period. Anticipation of the expense should be based on the most recent month's out-of-pocket expenses, unless the household is reasonably certain a change will occur.

Fluctuating Expenses

Some recipients may have child care expenses that vary from month to month. Current CalFresh rules allow households to elect to have expenses which are billed less often than monthly averaged forward over the interval between scheduled billings. If there is no scheduled interval, households can elect to have expenses which are billed less often than monthly averaged forward over the period the expense is intended to cover or over the remaining months of the certification period.

Note: Expenses paid on a weekly or bi-weekly basis shall be converted to a monthly deductible expense by multiplying the weekly or bi-weekly expense by 4.33 or 2.167 as appropriate if income is also multiplied by these conversion factors. Document the rationale of the determination of the anticipated expense deduction in the case file.

Verifying Questionable Information

To be considered questionable, the information on the application must be inconsistent with statements made by the applicant and/or inconsistent with other information received by the CWD. When determining if information is questionable, the CWD must base the decision on the household's individual circumstances. For example, a household's report of no income while still meeting its financial obligations could justify the need for additional verification. These circumstances may not, in and of themselves, be grounds for a denial. The CWD must explore with the household how it is managing its finances, whether the household receives excluded income or has resources and how long the household has managed under these circumstances. Once a county determines an item is questionable, then it must be verified (MPP Section 63-300.5(g)).

Where verification is required to resolve questionable information, the CWD must document why the information was considered questionable, or at a minimum indicate where in the case file the inconsistency exists, and what documentation was used to resolve the questionable information. The CWD must also document the reason why an alternate source of verification, such as a collateral contact or home visit, was needed, and the reason a collateral contact was rejected and an alternate requested (MPP Section 63-300.5(j)).

Affidavit Form

The new "recommended" Dependent Care Cost Affidavit form (CF 10) has been created for the household to complete to certify under penalty of perjury that the household makes out-of-pocket payments for dependent care costs. The household should indicate (1) the total amount that is billed for dependent care, (2) how much the household pays out-of-pocket and, (3) the amount of any subsidies.

CAMERA READY COPIES AND TRANSLATIONS

For camera-ready copies in English, contact the Forms Management Unit at fmudss@dss.ca.gov. If your office has internet access you may obtain these forms from the CDSS webpage at:

http://www.cdss.ca.gov/cdssweb/FormsandPu_271.htm.

When all translations are completed per MPP Section 21-115.2, including Spanish forms, they are posted on an on-going basis on the CDSS webpage. Copies of the translated forms can be obtained at:

http://www.dss.cahwnet.gov/cdssweb/FormsandPu_274.htm.

For questions on translated materials, please contact Language Services at (916) 651-8876. Until translations are available, recipients who have elected to receive materials in languages other than English should be sent the English version of the form or notice along with the *GEN 1365 – Notice of Language Services* and a local contact number.

CWDs shall ensure that effective bilingual services are provided. This requirement may be met through utilization of paid interpreters, qualified bilingual employees, and qualified employees of other agencies or community resources. These services shall be provided free of charge to the applicant/recipient. In the event that CDSS does not provide translations of a form it is the county's responsibility to provide the translation if an applicant or recipient requests it. More information regarding translations can be found in MPP Section 21-115.

This ACL and other CDSS Notices and Letters are available on the internet at:

<http://www.dss.cahwnet.gov/lettersnotices/default.htm>.

If you have any questions regarding this notice, please contact your CalFresh county consultant or call the CalFresh Policy Bureau at (916) 654-1896.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

Attachment

DEPENDENT CARE COST AFFIDAVIT

I, _____, residing at _____
(PRINT NAME) (ADDRESS)

pay _____ for dependent care.
(NAME OF AGENCY, INSTITUTION, INDIVIDUAL PROVIDER)

I am currently receiving assistance from _____ to help me pay for my dependent care costs.
(DEPENDENT CARE SUBSIDY PROGRAM)

My household's total billed dependent care cost is \$_____ per month.

I pay \$_____ out-of-pocket for dependent care per month.

I declare under penalty of perjury under the laws of the State of California that the information provided in this affidavit is true, correct, and complete to the best of my knowledge.

SIGNATURE

DATE

(Fill out completely before signing.)