

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 30, 1992

ALL COUNTY LETTER 92-72

TO: ALL COUNTY WELFARE DIRECTORS

<u>Reason for this Transmittal</u>	
<input type="checkbox"/>	State Law Change
<input checked="" type="checkbox"/>	Federal Law Change
<input type="checkbox"/>	Court Order or Settlement Agreement
<input type="checkbox"/>	Clarification Requested by One or More Counties
<input type="checkbox"/>	Initiated by SDSS

SUBJECT: MONTHLY REPORTING/RETROSPECTIVE BUDGETING TECHNICAL AMENDMENTS AND HANDLING OF LICENSED VEHICLES (RDB#0592-18)

REFERENCE: Manual Sections (M.S.) 63-014, 63-501.5, 63-503.2, 63-503.7, 63-504.3, 63-504.5, 63-505.3 and 63-505.4

This letter is to provide information and implementation instructions to the County Welfare Departments (CWDs) on certain provisions of the 1990 Farm Bill and clarifying directions from FNS on the handling of licensed vehicles. As you may recall, these Farm Bill provisions were not finalized by the Food and Nutrition Service until December 1991. While developing the State regulations, we were urged by several Counties and the CWDA Food Stamp Committee to adopt the Federal option to require reporting and verification of shelter costs and utilities only when a household moves. We did so and this has necessitated a critical revision of the CA 7 and SAWS 7 reporting forms. Both the CWDA Food Stamp Committee and the AFDC and Food Stamps Forms Subcommittee were instrumental in completing this time consuming revision. While the Federal regulations provide for a July 1, 1992 implementation date, we are requesting an August 1, 1992 implementation date, with one month of restoration.

Handling of Licensed Vehicles (M.S. 63-501.521(e))

This regulation is being amended to clarify the allowance of a vehicle resource exclusion based on either a permanent or temporary disability. Unless the physical disability is evident (i.e., broken leg), the CWD shall require verification from a physician certifying the individual is either permanently or temporarily disabled before the exclusion can be allowed.

Averaging Income (M.S. 63-503.212 (b) and 63-503.232 (b))

These regulations have been revised to specify that nonexcluded scholarships, deferred educational loans and grants and contract income that are averaged shall not be budgeted prospectively in the beginning months of a household subject to retrospective budgeting. Additionally, the averaged income shall not be counted in more months than the number of months in the period for which it is averaged.

Example:

A student who applies for Food Stamps in September has an educational grant of \$900 after all the applicable deductions have been allowed. The grant would be averaged over the 9 month school year (September-May) so each month \$100 would be counted as income. Under these new provisions the \$100 would be budgeted retrospectively for the 9 issuance months of November-July. The \$100 would not be budgeted prospectively in September and October, the two beginning months.

Income Only in the Month Received (M.S. 63-503.212(c), 63-503.232(c) and 503.242(b))

These regulations have been revised to provide that stable earned income, as well as unearned income, received in the form of a single monthly payment shall be counted for the month the payment is intended to cover. These provisions have been expanded to include the treatment of this type of income to all monthly reporting/retrospective budgeting (MRRB) households, not just those MRRB households receiving assistance payments or social security payments.

Discontinued Income (M.S. 63-503.232(d)(1) and (2))

M.S. 63-503.232(d)(1) has been revised to disregard terminated income in either or both of the household's beginning months when that income was prospectively budgeted in the household's beginning month(s) and the beginning month becomes the budget month.

Example:

The household's beginning months are January and February. The household has earned income which is prospectively budgeted in January and February. The household reports in January the income will stop at the end of February and the household will receive their last check from the source on February 28. In this situation the CWD will not retrospectively budget the January or February income from the terminated source in March and April.

If the household did not report the loss of income until late in February or March and the March allotment has been budgeted and issued using the January income, a supplement (to disregard the January income) need not be issued. The CWD would disregard the February income when computing the April allotment.

M.S. 63-503.232(d)(2) has been revised to disregard terminated income retrospectively only when the household's AFDC, GA/GR, RCA or ECA grant increases in the issuance month as a result of the terminated income. If the AFDC, GA/GR, RCA or ECA grant is unaffected, reduced or terminated then this discontinued income provision will not apply. Therefore, after the beginning months, in order to disregard income that was terminated in the budget month for households receiving AFDC, GA/GR, RCA or ECA payments, (1) the household must report the termination of the income; (2) the CWD must have sufficient time to process the change and effect the allotment; and, (3) the AFDC, GA/GR, RCA or ECA payment must increase in the issuance month to reflect the termination of the income.

Averaging Expenses (M.S. 63-503.252(c))

This regulation has been added to require that when expenses are averaged for a retrospectively budgeted household, the expenses are not deducted for more months than they are intended to cover and the total deduction may not exceed the total expense. Additionally, if the household reports a change in the expense after it has been averaged the expense shall be recalculated at the time of the reported change.

Reporting and Verification of Housing and Utility Costs (M.S. 63-504.341(c) and (e) M.S. 63-505.31 and .32 and M.S. 63-505.4(e) and (f)

These regulations have been revised to provide that a MRRB household only needs to report and verify housing costs and utility costs when they are first allowed or when the household moves. These households will no longer be required to report and verify housing or utility costs when there is a fluctuation in those costs. The CWD will no longer be required to take action when there is questionable information which is inaccurate, incomplete, outdated or inconsistent.

The CA 7 and the SAWS 7 have been revised to delete the sections that request information concerning changes in the households housing and utility costs when there has not been a move. In an All Food Stamp Coordinators letter released July 9, 1992, copies of the CA 7 and SAWS 7 were enclosed for duplication

and immediate use. However, CWDs may continue to use the current CA 7 or SAWS 7 or contact the Forms Management Unit at (916) 657-1907 for a camera ready copy of the revised English and Spanish CA 7 or SAWS 7 until stock is available from the warehouse.

Budgeting the Income of a New Household Member Who Had Been Previously Providing Income to the Household (M.S. 63-504.353(a))

This regulation revises the current method of budgeting when adding an individual to the household who has previously been providing income to the household. Except for certain excluded household members, an individual who is being added to the household and has been providing income to that household (and that income has been retrospectively budgeted) shall have all of his/her income prospectively budgeted when that individual is added to the household. The income that was being retrospectively budgeted will be disregarded.

Example:

An ineligible student mother has \$600 income. She has been contributing \$400 to the Food Stamp household. The mother's \$400 contribution has been retrospectively budgeted each month. When the mother becomes eligible and is added to the household, the \$400 will no longer be retrospectively budgeted. The entire \$600 will be prospectively budgeted for the first two months the mother is added to the household.

This regulation also revises the budgeting method for adding an individual who was previously excluded from the household because of an Intentional Program Violation or failure to comply with workfare or work requirements, was ineligible for failure to comply with social security number requirements or was an ineligible alien. When adding an excluded individual that previously provided income to the household, the CWD shall retrospectively budget all of that individual's income.

Example:

An ineligible alien mother has \$600 income. Her two children are in the Food Stamp household. The CWD has been deeming \$400 to the Food Stamp household and retrospectively budgeting that income. When the mother becomes eligible to participate she will be added retrospectively and all of her income (\$600) will be retrospectively budgeted.

Implementation of Mass Changes (M.S. 63-504.39)

This regulation has been revised to provide that when there is a mass change (i.e., adjustments to the thrifty food plan, the standard deduction, shelter and dependent care deductions, and the maximum income eligibility standards), the change shall be made prospectively, in the same month for all households regardless of what the household's budgeting method is.

Changes in Reporting/Budgeting Status (M.S. 63-504.5)

These new regulations contain procedures for handling households in transition between different reporting and budgeting systems.

When a household becomes subject to MRRB (M.S. 63-504.51), the CWD shall provide the household with information concerning the monthly report and verification requirements, a toll free telephone number the household may call for assistance and a copy of the monthly report. During the first two months the household is subject to monthly reporting the CWD will continue to determine the household's allotment prospectively. However, the household will be required to submit monthly reports for those months as well as subsequent months.

When a household becomes exempt from MRRB (M.S. 63-504.52), the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that the household is no longer subject to retrospective budgeting or required to continue to submit a monthly report. The CWD will begin determining the household's allotment prospectively in the first month the household is no longer subject to MRRB.

Certified Monthly Reporting Households Applying for Aid in a New County (M.S. 63-503.7)

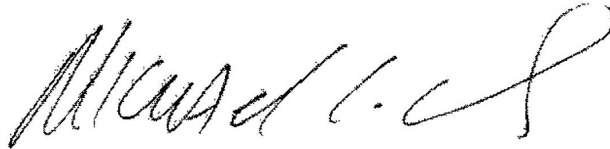
The manual section, Certified Monthly Reporting Households Applying for Aid in a New County, has been moved from M.S. 63-504.5 to M.S. 63-503.7. There has been no change to these regulations except the regulation citation.

Implementation (M.S. 63-014)

All of the amended and adopted provisions described in this letter shall be implemented prospectively for all Food Stamp households beginning August 1, 1992. CWDs must also restore benefits back to July 1, 1992. A determination of a household's entitlement to a restoration of benefits must be made either upon

request of the household or when the CWD becomes aware that the household was entitled to additional benefits or a household was denied benefits.

If you have any questions concerning these regulations, please contact the Food Stamp Program Bureau at (916) 654-1896. If you would like a camera ready copy of the revised CA 7 or SAWS 7, please contact the Forms Management Unit at (916) 657-1907.

A handwritten signature in black ink, appearing to read "Michael C. Genest". The signature is fluid and cursive, with a large, sweeping flourish at the end.

MICHAEL C. GENEST
Deputy Director
Welfare Programs Division