

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 29, 1997

ALL COUNTY LETTER 97-66

TO: ALL COUNTY WELFARE DIRECTOR S
 ALL AFDC PROGRAM SPECIALISTS

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 FINANCIAL PROVISIONS - CALIFORNIA WORK
 OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) PROGRAM

REFERENCE: AB 1542, Chapter 270, Statutes of 1997
 AB 1260, Chapter 284, Statutes of 1997

The purpose of this letter is to provide counties with implementation instructions for the following CalWORKs program areas: 1) property/resource limits; 2) restricted accounts; 3) transfer of assets; 4) overpayment recoupment; and 5) voucher/vendor payments for sanctions. The changes contained in this letter are effective January 1, 1998. AB 1542 authorizes the California Department of Social Services (CDSS) to implement the statute initially through the All County Letter (ACL) process in order to meet the January 1, 1998 implementation date. The CDSS will adopt emergency regulations, where required, no later than July 1, 1998. The CDSS will issue additional ACLs to provide instructions for implementation of other provisions of AB 1542.

PROPERTY/RESOURCE LIMITS (WIC Section 11155)

Effective January 1, 1998, the rules governing property and resource limits have been modified to be the same as those currently in use in the Food Stamp program. Counties shall determine the value of personal property and automobiles in conformance with the methods currently used in the Food Stamp program. All existing regulations governing property and resources in Section 42-200 of the Eligibility and Assistance Standards (EAS) Manual will be repealed. Current Food Stamp regulations governing property and resources can be found at Sections 63-501, 63-506, and 63-507 of the Food Stamp Manual.

RESTRICTED ACCOUNTS (WIC Section 11155.2)

AB 1542 modifies the rules governing qualified withdrawals from restricted accounts. Effective January 1, 1998, funds withdrawn from restricted accounts may be used for any education or job training expenses for the account holder or his/her dependents. Formerly, funds withdrawn from restricted accounts could be used only for postsecondary education and training expenses for a child(ren). The law retained the rules that funds withdrawn from restricted accounts could be used for starting a business or purchasing a home.

TRANSFER OF ASSETS (WIC Section 11157.5)

AB 1542 prohibits recipients of aid from transferring assets in order to qualify for aid. There is no transfer of assets rule for applicants. Receipt of aid does not limit or restrict a recipient's right to sell, exchange, or change the form of property holdings provided the recipient receives fair market value for the property. However, a transfer of assets at less than fair market value results in a period of ineligibility. AB 1542 also provides that the period of ineligibility is calculated by dividing the difference between the fair market value of the asset and the amount received by the recipient in the transfer by the need standard for the family. The result is then rounded down to the next lower whole number to provide the number of months of ineligibility.

OVERPAYMENT RECOUPMENT (WIC Section 11004)

AB 1542 changes some of the rules governing recoupment of overpayments. Effective in the January 1998 payment month, CalWORKs overpayments shall be recouped at a rate of five percent of the maximum aid payment (MAP) for the assistance unit (AU) when overpayments are caused by agency error. The rate is ten percent of the MAP for the AU when overpayments are caused by any other reason. The income and resources of the AU are no longer considered when determining the correct amount for grant adjustment. The new law does allow overpayment adjustment in excess of these adjustment rates, but only at the recipient's request.

The rate of recoupment for overpayments that are in collection on January 1, 1998, must be changed in accordance with the new law. CDSS will be modifying EAS Manual Section 44-352.4 and adopting revised regulations for this rule no later than July 1, 1998. No other rules regarding overpayments and the collection of overpayments have changed. Grant adjustment will continue to be the very last step in the grant computation process. This means that all sanctions and penalties, except for those for Cal-Learn, are applied prior to a grant adjustment for the recoupment of an overpayment.

VOUCHER/VENDOR PAYMENTS (WIC Sections 11251.3, 11274, and 11453.2)

AB 1542 requires the issuance of mandatory voucher or vendor payments for at least rent and utility payments to any AU in which any parent or caretaker relative is sanctioned for at least three consecutive months. A "sanction" occurs when the adult is taken out of the AU. This provision means that the sanction must be known in advance to be of at least three months in duration. Sanctions imposed on a "month by month" basis, (e.g. related to immunization or school attendance), do not fall under this provision. However, this provision would apply when a recipient is sanctioned for the second or third time for not complying with program requirements associated with their Welfare to Work Plan. The voucher/vendor payments shall continue until the parent/caretaker relative is no longer subject to the sanction.

There are also mandatory voucher/vendor payments for families in which the adult is ineligible because of a drug-related felony conviction (AB 1260, WIC Section 11252.3). Information regarding the treatment of drug felons is provided in ACL 97-65, Implementation of Certain Eligibility Provisions.

Information regarding sanctions for non-compliance with a Welfare to Work Plan is provided in the CalWORKs Welfare to Work ACL. Additionally, a chart presenting the various sanctions and penalties with the vendor/voucher payment requirements will be provided in the near future via All County Information Notice.

NOTICES OF ACTION

Notice of Action (NOA) messages have been revised and developed to conform with the changes in program policy outlined in this ACL (Attachment 1).

For all NOA's, CWDs should cite the appropriate county directives, instructions or procedures when applicable.

INFORMING REQUIREMENT

Attachment 2 provides suggested informing language that has been developed by CDSS for each of the subject areas discussed in this ACL. Counties may reformat or reword the language to meet their county's needs.

TRANSLATIONS

Counties should call the Forms Management Bureau for camera-ready copies of any form, NA form, NOA messages or informing language in any language. However, counties that have provided Language Services Bureau with a county contact and the specific languages needed in their county (Spanish, Chinese, Cambodian, and Vietnamese) will automatically be sent those languages as soon as the document (form/NA form/NOA messages/informing language) is translated.

Sincerely,

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Attachments