



CDSS

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



EDMUND G. BROWN JR.
GOVERNOR

April 6, 2011

ALL COUNTY LETTER NO. 11-29

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL CalFRESH COORDINATORS
ALL COUNTY REFUGEE COORDINATORS
ALL COUNTY CONSORTIUM PROJECT MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs): EIGHT PERCENT REDUCTION TO THE MAXIMUM AID PAYMENT (MAP) LEVELS, COST OF LIVING ADJUSTMENT (COLA) INCREASE TO THE MINIMUM BASIC STANDARD OF ADEQUATE CARE (MBSAC) LEVELS AND CHANGES TO THE EARNED INCOME DISREGARD (EID) CALCULATION

REFERENCE: WELFARE & INSTITUTIONS (W&I) CODE SECTIONS 11450.02, 11451.5, 11452, and 11453; SENATE BILL (SB) 72 (CHAPTER 8, STATUTES OF 2011); ACL 11-33

The purpose of this All County Letter (ACL) is to inform the County Welfare Departments (CWDs) of changes to the CalWORKs program pursuant to SB 72 (Chapter 8, Statutes of 2011), which was signed by the Governor on March 24, 2011. This letter includes instructions to be used in the implementation of two provisions of SB 72: the eight percent MAP reduction and change to the EID. SB 72 directs the California Department of Social Services (CDSS) to implement the statute initially through ACL, followed by emergency regulations. These CalWORKs reforms go into effect on July 1, 2011.

CDSS will distribute a statewide mailer to all CalWORKs recipients in May 2011, containing information regarding these changes. CWDs can use this mailer as an additional tool to inform adults of these new rules at intake and at annual redetermination.

REASON FOR THIS TRANSMITTAL

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

Additionally, this letter includes the MBSAC levels that are effective July 1, 2011. This will allow the automation consortia to reprogram these grant level changes concurrently.

Separate letters will be issued containing instructions on the other provisions of SB 72, which are as follows:

- a new 48-month time limit for aided adults
- additional grant reductions for certain child-only cases
- the suspension of the Cal-Learn Program
- changes to CalWORKs mental health and substance abuse funding
- changes to the AB 98 (Chapter 589, Statutes of 2007) subsidized employment program
- the extension of the CalWORKs Short-Term exemptions for cases with young children and cases with good cause for lack of supportive services

The CalWORKs Long-Term Reforms, which were due to be implemented on July 1, 2011, have also been repealed as a result of SB 72.

Please see attached summary of all the SB 72 provisions.

CalWORKs GRANT REDUCTION

SB 72 requires an eight percent reduction to the CalWORKs MAP levels. The new CalWORKs Payment Standards Chart is attached to this letter. The grant reduction is to be applied to all cases (both Region 1 and 2 and exempt and non-exempt cases) effective July 1, 2011. Counties are to treat the grant reduction as a mandatory county-initiated mid-quarter action.

A copy of the eight percent MAP reduction informing notice that will be mailed to all recipients in May is attached to this letter. The notice provides information about the changes in cash aid levels and acts as an advance notice to clients. CDSS strongly encourages CWDs to also provide a copy of this informing notice to all new CalWORKs applicants applying for aid in May or June 2011, as they will not be included in the statewide mailing, but will also experience this same grant reduction effective July 1, 2011.

MBSAC INCREASE

The CalWORKs MBSAC levels are not subject to the eight percent grant reduction and will be increased effective July 1, 2011. W&I Code Section 11453 provides that the CalWORKs MBSAC levels shall be adjusted annually to reflect any increases or

decreases in the cost of living. This year's COLA increases the MBSAC and Income-In-Kind levels by 1.92 percent. The new MBSAC levels are to be used in determining applicant financial eligibility for families that apply for CalWORKs on or after July 1, 2011.

Please see the updated CalWORKs MBSAC and Income In-Kind Payment Standards Chart, attached.

INCOME DISREGARDS

Under current rules, the Net Nonexempt Income (NNI) is calculated by disregarding the first \$225 of Disability-Based Unearned Income (DBI) and/or any earned income and 50 percent of any remaining earned income. If the assistance unit (AU) has earned income only, \$225 and 50 percent of the earned income is disregarded when calculating the aid payment.

SB 72 changes the income disregards for earned income. The new income disregard structure retains the \$225 disregard for DBI, but limits the earned income disregard to any remainder of the \$225 disregard or \$112, whichever is less.

If the DBI does not exceed \$225, all of the DBI plus any amount of non-exempt earned income is disregarded not to exceed the lesser of \$112 or the difference between the DBI and \$225, plus 50 percent of any remaining earned income.

If the DBI exceeds \$225, only the first \$225 of the DBI and 50 percent of any earned income is disregarded. Any remaining DBI and remaining earned income is treated as part of the family's NNI.

Please see the attached scenarios of how to calculate the grant amount using the new earned income disregards.

The new EID will be used to calculate eligibility and grant amounts beginning with any income reported in July 2011 or any income to be used for a recipient's July/August/September Quarterly Reporting (QR) payment quarter. The income may be reported by the client as part of their QR 7 or Income Reporting Threshold (IRT) requirement. For example, an AU submits their QR 7 in June and it includes earned income. When the CWD calculates the grant for the July/August/September payment quarter, the CWD will use the new EID. However, if the AU's quarter is June/July/August, the grant amount is not due to be recalculated until receipt of the July QR 7 in August. In this instance, the new EID will not be used until August for the September/October/November QR payment quarter, unless the AU reports income over the IRT in July or August.

The informing notice explaining the change to the EID is also attached. CWDs can use this notice to provide information to their applicants and recipients.

REFUGEE CASH ASSISTANCE (RCA), ENTRANT CASH ASSISTANCE (ECA), AND TRAFFICKING AND CRIME VICTIMS ASSISTANCE PROGRAM (TCVAP)

This eight percent MAP reduction and new EID calculation as described in this letter shall also apply to RCA, ECA, and TCVAP (TCVAP cash assistance and TCVAP CalWORKs) applicants and recipients, since cash aid payments under these programs are based on CalWORKs amounts.

CalFresh PROGRAM

Since the eight percent reduction to the MAP is not considered a failure to comply with a program requirement or another "means tested" program, the household's CalFresh benefits shall be recalculated and increased if appropriate, as a result of the reduction in the cash grant.

FORMS AND NOTICES OF ACTION (NOAs)

This letter includes several NOAs which will be used to provide notice to recipients affected by the eight percent MAP reduction or the new EID. In addition, the NA 200 has been revised to calculate the cash aid amount under the new EID structure and includes the other CalWORKs reforms addressed in separate ACLs including the removal of the Cal-Learn penalty deduction, and the addition of the child-only incremental grant reductions to the calculation. Counties must use the revised NA 200 (4/11) form beginning June, 2011. Additional NA forms and NOAs affected by these budget calculations will be provided under separate cover.

CAMERA READY COPIES AND TRANSLATIONS

For a camera-ready copy 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.dss.cahwnet.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 our web site. 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, clients who have elected to receive Spanish, Russian, Vietnamese, and written Chinese materials should be sent the GEN 1365 interpretation informing notice with a local contact number.

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CONTACTS

If you have any questions or need additional information regarding this ACL, please contact your CalWORKs County Consultant at (916) 654-1322. For questions regarding the CalFresh Program, please contact your CalFresh Branch Policy Consultant at (916) 651-8047. For questions regarding RCA, ECA, and TCVAP, please contact Ms. Janet Sandlin, Refugee Programs Bureau Policy Manager, at (916) 654-4356.

Sincerely,

Original Document Signed By:

CHARR LEE METSKER
Deputy Director
Welfare to Work Division

Attachments

ATTACHMENTS

- Summary of SB 72 Provisions
- CalWORKs Payment Standards Chart
- CalWORKs MBSAC and Income In-Kind Payment Standards Chart
- 8% MAP Reduction Informing Notice
- Earned Income Disregard Changes Informing Notice
- Earned Income Disregard Examples
- Revised NA 200 (4/11)
- NOA Messages:

NOA #	Title	Action	Description
TM44-111A	Income Disregards	Change	Six month temporary NOA to change grant amount due to EID only
TM44-111B	Income Disregards	Discontinue	Six month temporary NOA to discontinue when the AU's income is higher than MAP due to EID only
TM44-315D	Law Change to MAP Levels	Change	Temporary NOA for July 2011 due to grant cut only
TM44-315E	Law Change to MAP Levels and Income Disregards	Discontinue	Temporary NOA for July 2011 only to discontinue when the AU's income is higher than MAP due to grant cut and application of EID
TM44-315F	Law Change to MAP Levels and Income Disregards	Change	Temporary NOA for July 2011 only due to grant cut and EID

SUMMARY OF CalWORKs CHANGES EFFECTIVE JULY 1, 2011

Eight Percent Maximum Aid Payment (MAP) Reduction

All CalWORKs MAP levels will be reduced by eight percent. This reduction will affect Regions 1 and 2 and exempt and non-exempt MAP levels.

CalWORKs 48-Month Time Limit

The CalWORKs time limit for adults is reduced from 60 months to 48 months. All months on aid received in California since January 1, 1998 will count unless the adult has/had a time limit exemption. The federal Temporary Assistance for Needy Families (TANF) 60-month time clock does not change. All current time clock exemptions, domestic abuse waivers, and extenders, continue to apply. Children of time-expired adults will continue to receive aid in the Safety Net program, if otherwise eligible.

Incremental Grant Reductions (IGRs) for Certain Child-Only Cases

Grants for certain Child-Only cases will be reduced by five, 10, and 15 percent at months 61, 73 and 85, respectively. All months in which the aided member of the Assistance Unit (AU) who has received CalWORKs the longest since January 1, 1998 will count towards these time limits. The cases subject to IGRs are: Safety Net families and AUs with a non-needy caretaker relative or a caretaker relative who is an undocumented non-citizen, drug or fleeing felon, or is in sanction status. Child-Only cases in which the parent(s) or caretaker relatives are unaided due to their SSI/SSP status are not subject to these IGRs.

Changes to the Earned Income Disregard

The \$225 disregard for Disability-Based Unearned Income (DBI) has not changed. However, the disregard for non-exempt earned income is changed. If the DBI does not exceed \$225, the disregard for the non-exempt earned income will be the lesser of the remainder of the DBI or \$112. After that calculation is made, 50 percent of the remaining non-exempt earned income is disregarded.

Changes to the Cal-Learn Program

The Cal-Learn Program is suspended for a one-year period. Counties are required to transition pregnant and parenting teens currently participating in Cal-Learn into the Welfare-to-Work (WTW) program. Under WTW, the teen's primary requirement is to attend school, make satisfactory progress, and graduate or obtain a high school diploma or its equivalent. These teens are entitled to receive bonus payments for satisfactory attendance, progress and high school graduation. Pregnant and parenting teens who fail to comply with their new WTW requirements are subject to WTW sanctions, rather than the sanctions imposed under Cal-Learn.

Changes to Mental Health and Substance Abuse Funding

Counties shall continue to have the option to redirect funding, both from and to, the CalWORKs mental health and substance abuse allocations and from and to other CalWORKs employment services. This funding change will become inoperative on July 1, 2012.

SUMMARY OF CalWORKs CHANGES EFFECTIVE JULY 1, 2011

Changes to the Subsidized Employment Program

The state's maximum contribution (outside of the Single Allocation) toward wage subsidies under the AB 98 subsidized employment program has been increased to 100 percent of the computed grant for the participant's AU in the month prior to participation in subsidized employment. The population that is eligible for AB 98 has been expanded to include individuals in the Safety Net program and to individuals in WTW sanction status. Counties may also continue AB 98 subsidized employment for the duration of the placement to participants who become ineligible for CalWORKs due to the subsidized employment income. The duration of the subsidized position placement can also be extended for up to 12 months, if determined by the county to be beneficial to the employer and the participant. However, entry into subsidized employment positions is limited to individuals who are not otherwise employed at the time of entry into the subsidized employment position.

Extension and Expansion of the CalWORKs Short-Term Changes and Reengagement Strategies Workgroup

The CalWORKs Short-Term changes (STC), also known as the young children exemptions have been extended and will remain in effect until July 1, 2012. The 48-month time clock exemption for good cause for Lack of Supportive Services is also extended through July 1, 2012.

An expansion of the young children exemption has been created for counties that have made a finding that, in order to implement its portion of the reduction to the CalWORKs program single allocation, it is necessary to extend the WTW participation exemption for clients with young children between 24 and 35 months of age. This exemption will expire on July 1, 2012. However, counties may rescind this extended age exemption at any time, with the proper noticing, if they determine that it is no longer necessary. Counties are reminded that they must have written criteria for the insufficient funding exemptions.

The reengagement strategies workgroup will be convened by CDSS no later than January 1, 2012.

CalWORKs Long-Term Reforms (LTRs)

The LTRs that were created by ABX4 8 in 2009 have been repealed as a result of SB 72.

CalWORKs Child Care Changes, Senate Bill 70

Effective July 1, 2011, all license-exempt provider payment rates will be reduced from 80 to 60 percent of the Regional Market Rate payment ceilings established for family child care homes; eligibility for subsidized child care services will be limited to children who are 10 years of age or younger, with specific exceptions; families who are otherwise eligible for subsidized child care will continue to be eligible until their income reaches 70 percent of the State Median Income; and the existing family fee schedule is being increased by 10 percent, but shall not exceed 10 percent of the family's monthly income.