



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

REASON FOR THIS TRANSMITTAL

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

January 29, 2014

ALL COUNTY LETTER NO. 14-08

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

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) PROGRAM: NEW CATEGORY OF DISABILITY-BASED UNEARNED INCOME (DBI) - VETERAN'S DISABILITY COMPENSATION (VDC) BENEFITS

REFERENCE: ASSEMBLY BILL (AB) 1094 (CHAPTER 554, STATUTES OF 2013); WELFARE AND INSTITUTIONS (W&I) CODE SECTION 11451.5; ALL COUNTY LETTER (ACL) NO. 13-42

The purpose of this ACL is to provide County Welfare Departments (CWDs) with implementation instructions and information on the expansion of the definition of DBI to include VDC benefits in the CalWORKs program. This ACL also discusses how to apply the DBI disregard when calculating the CalWORKs grant for recipients who receive VDC benefits.

EXPANSION OF DBI DEFINITION

Pursuant to the passage of AB 1094, VDC benefits are now included in the definition of DBI effective January 1, 2014. Previously, DBI had been limited to disability insurance benefits, private disability insurance benefits, temporary workers' compensation benefits, and social security disability benefits. Recipients in a CalWORKs Assistance Unit (AU) who receive DBI are entitled up to \$225 in the form of an "income disregard" when CWDs determine the AU's ongoing eligibility and grant amount.

As a result of the expanded definition of the DBI, some AUs' grant amounts will increase if receiving VDC benefits. If the DBI does not exceed \$225, all of the DBI must be disregarded, and any unused amount of the \$225 plus 50 percent of any remaining earned income is also disregarded. Once all disregards are applied, any remaining income is treated as part of the AU's Net Non-Exempt Income (NNI). If the DBI exceeds \$225, only the first \$225 of the DBI is

disregarded along with 50 percent of any earned income. Any remaining DBI and earned income is treated as part of the AU's NNI.

As stated earlier in this letter, the allowance of the \$225 disregard for VDC became effective January 1, 2014. CWDs must ensure that all cases in which any AU member receives VDC benefits have their grant amounts recalculated to allow the \$225 disregard. CWDs must implement the new disregard immediately. Policy changes should be automated into the consortia systems by the effective date of the new law or a process must be put in place to meet the requirements of the policy change until necessary automation changes are completed.

If CWDs are not able to apply the \$225 disregard to cases with VDC benefits immediately, CWDs must retroactively apply the disregard where applicable by recalculating the grant the next time the CWD takes action on the case (e.g. processing a SAR 7, annual redetermination, voluntary report from the AU, etc.) or when it becomes known to the CWD and issuing a supplement for the underpayment, in accordance with Manual of Policies and Procedures (MPP) Section 44-340. CWDs must also rescind any discontinuances if the sole cause of the discontinuance was ineligibility due to receipt of VDC benefits, and the case would have remained eligible had the disregard been applied beginning January 1, 2014. Any cash aid the AU would have been eligible for had the AU not been discontinued due to the disregard not being applied must be repaid to the AU.

TYPES OF VDC BENEFITS INCLUDED

The Veteran's Administration (VA) has many types of VDC benefits. The main benefit type is Disability Compensation. There are some additional, special categories of supplemental VDC payments that veterans and their spouses, children, or parents may be entitled to receive depending on several different factors. Some of these additional types of VDC benefits include but are not limited to Special Monthly Compensation and Individual Unemployability benefits. In addition to the VDC benefits paid to veterans injured as a result of their active duty status, there is another benefit type called the Title 38 U.S.C. 1151 Claim. This compensation is paid to veterans who were injured while receiving care from the VA or while in VA rehabilitation programs. Following is an example of the latter type of VDC benefit.

A veteran pursuing training under the VA's Chapter 31 Vocational Rehabilitation and Employment program was receiving on-the-job training as a car mechanic. During training, a jack slipped from a car, crushing the veteran's left foot. Disability compensation may be paid for the foot injury because the injury occurred while the veteran was pursuing training under a VA Vocational Rehabilitation and Employment program.

Regardless of the type of VDC benefit being paid or to whom it's being paid, CWDs must apply the \$225 disregard if the payment is based on the veteran's disability.

VDC EARNED INCOME DISREGARD (EID) EXAMPLES

The following scenarios provide examples regarding how to calculate the grant amount using the new EID for VDC income.

Scenario 1 – DBI greater than \$225:

A nonexempt AU of four (two adults and two children) has gross earned income of \$500 per month. An adult in the AU receives \$300 per month in VDC benefits. The family lives in Region 1.

\$300.00	DBI
<u>-225.00</u>	<u>DBI Disregard</u>
\$75.00	Nonexempt Disability Income
\$500.00	Earned Income
<u>-250.00</u>	<u>50 percent EID</u>
\$250.00	Nonexempt Earned Income
\$250.00	Nonexempt Earned Income
<u>+75.00</u>	<u>Nonexempt Disability Income</u>
\$325.00	NNI*
\$762.00	Maximum Aid Payment (MAP) for four - Nonexempt (Region 1)**
<u>-325.00</u>	<u>NNI*</u>
\$437.00	Grant Amount

Scenario 2 – DBI less than \$225:

A nonexempt AU of four (two adults and two children) has gross earned income of \$500 per month. An adult in the AU receives \$200 per month in VDC benefits. The family lives in Region 1.

\$200.00	DBI
<u>-225.00</u>	<u>DBI Disregard</u>
-\$25.00	Unused DBI Disregard
\$500.00	Earned Income
<u>-25.00</u>	<u>Unused DBI Disregard</u>
\$475.00	Subtotal
\$475.00	Subtotal
<u>-237.00</u>	<u>50 percent EID</u>
\$237.00	NNI*
\$762.00	MAP for four - Nonexempt (Region 1)**
<u>-237.00</u>	<u>NNI*</u>
\$525.00	Grant Amount

*If NNI is not a whole dollar, it is rounded to the next lower dollar (MPP Section 44-315.34).

**Based on the current MAP level effective until February 28, 2014. The MAP will increase by five percent on March 1, 2014. ACL 14-05 with instructions was issued on January 13, 2014.

IMPACT ON CalFresh

The new disregard, when applied to cases that receive VDC, may increase the AU's cash aid, which may consequently result in a decrease to the AU's CalFresh allotment. CWDs must provide these AUs with a timely and adequate notice before decreasing the CalFresh allotment.

CONTACTS

If you have any questions or need additional information regarding this ACL, please contact your CalWORKs County Consultant or call the CalWORKs Eligibility Bureau mainline at (916) 654-1322. If you have any questions regarding how this change affects CalFresh benefits, please call the CalFresh Policy Bureau at (916) 654-1896.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

C: CWDA
CSAC