

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



June 18, 2004

ALL COUNTY LETTER NO. 04-15

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL WELFARE TO WORK COORDINATORS

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: TREATMENT OF EDUCATIONAL AWARDS/SCHOLARSHIPS UNDER CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) AND WELFARE TO WORK EXEMPTIONS FOR TEENS

REFERENCE: MPP 44-111, MPP 42-712, AND MPP 42-719; SENATE BILL (SB) 1264, CHAPTER 439, STATUTES OF 2002; WELFARE AND INSTITUTIONS CODE SECTIONS 11320.3 AND 11157; CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS) MANUAL LETTER NO. EAS-04-02

The purpose of this All County Letter is to inform counties of the final disposition of regulatory changes in the CalWORKs program authorized by Senate Bill 1264 (Chapter 439, Statutes of 2002). These regulations were adopted on an emergency basis effective January 1, 2004 and were considered at the Department's public hearing held on January 14, 2004. The emergency regulations were issued in CDSS Manual Letter No. EAS 04-02 on March 8, 2004. On June 2, 2004, the Office of Administrative Law approved the Certificate of Compliance for the final regulations, which made no changes to the emergency regulations.

Manual of Policies and Procedures (MPP) Sections 44-111.41 and 44-111.411 now exempt from consideration as income any awards or scholarships provided by a public or private entity, to or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational or extracurricular competition. In exempting awards/scholarships earned or won by a CalWORKs dependent child, these regulations will ensure that such monetary awards will not be counted as income against the family's CalWORKs grant.

In addition, MPP Section 42-712.422 provides an exemption from CalWORKs welfare-to-work participation requirements to 16-and-17 year olds who have obtained a high school diploma, or its equivalent, and are enrolled or planning to enroll in a post-secondary educational, vocational, or technical school training program. These new regulations will allow this group of children to pursue their education and training without being subject to the weekly work participation requirements and the 18-24 month time limit imposed on adult recipients. This change also provides incentives for these high school graduates to pursue post-secondary education and training that could assist them in obtaining skills for higher paying jobs and not continue to be dependent on cash assistance as they become adults.

If you have any questions regarding the consideration of awards or scholarship as income, please contact Jackie Shelley at (916) 654-1061. For questions regarding the new CalWORKs welfare-to-work participation exemption criteria for 16-17 year olds, you may contact May Otow at (916) 654-1394.

Sincerely,

***Original signed by
Bruce Wagstaff on 6/18/04***

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Attachment

c: CWDA
CSAC

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



March 8, 2004

Regulation Package #0603-14

CDSS MANUAL LETTER NO. EAS-04-02

TO: HOLDERS OF THE EAS MANUAL

Regulation Package #0603-14**Effective 1/1/04****Sections 42-712, 42-719, and 44-111**

This manual letter has been posted on the Office of Regulations Development website at <http://www.dss.cahwnet.gov/ord/Eligibilit 617.htm>.

Senate Bill 1264 (Chapter 439, Statutes of 2002) amended Section 11157 of the Welfare and Institutions Code to exempt from consideration as income, for purposes of the California Work Opportunity and Responsibility to Kids (CalWORKs) program, any awards or scholarships provided by a public or private entity to, or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational or extracurricular competition.

This bill also amended Section 11320.3 of the Welfare and Institutions Code, to expand the exemptions from the CalWORKs welfare-to-work requirements to include a person who is 16 or 17 years of age, has obtained a high school diploma or its equivalent, and is enrolled or is planning to enroll in a postsecondary education, vocational, or technical school training program. The bill also established a time period by which verification of enrollment must be provided to, or obtained by the county. To implement the above cited statute, these regulations require that any awards or scholarships provided by a public or private entity to, or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition be exempt from consideration as income for CalWORKs program purposes. These regulations also allow 16 and 17-year old teens who have graduated from high school, or its equivalent, and who have enrolled or are planning to enroll in postsecondary education, vocational, or technical school to be exempt from welfare-to-work participation requirements. They define what "planning to enroll" means and sets a limit to when either verification of enrollment must be provided or the exemption is discontinued.

These regulations were adopted on an emergency basis effective January 1, 2004 and were considered at the Department's public hearing held on January 14, 2004.

FILING INSTRUCTIONS

For all pages in this manual letter, revisions are indicated by a vertical line in the left margin. Revisions shown in graphic screen will continue to be shown in that manner on the other pages of this manual until those pages are released in a manual letter. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing EAS changes was EAS-04-01.

Page(s)

240 through 247
262 and 263
387.1
388 through 391
396 and 397

Replace(s)

Pages 240 through 247
Pages 262 and 263
Insert after Page 387
Pages 388 through 391
Pages 396 and 397

Attachments

RG

42-712 EXEMPTIONS FROM WELFARE-TO-WORK PARTICIPATION 42-712

- .1 Every individual is required to participate in welfare-to-work activities as a condition of eligibility for cash aid under CalWORKs, unless exempt in accordance with Sections 42-712.41 through .49 or excused from participation as specified in Section 42-712.11 or .12:
 - .11 An individual who is required to participate in, is participating in, or is exempt from, the Cal-Learn Program described in Sections 42-762 through 42-769. These individuals are subject to Cal-Learn Program requirements in lieu of the welfare-to-work requirements, while the Cal-Learn Program is operative.
 - .12 A second parent in a two-parent assistance unit, whose basis for aid is unemployment, who is not required to participate in welfare-to-work activities because the first parent is meeting the required participation hours described in Section 42-711.42.
- .2 Exemptions specified in Sections 42-712.41 through 42-712.48 shall not apply to individuals who are required to participate in, are participating in, or are exempt from, the Cal-Learn Program described in Sections 42-762 through 42-769.
- .3 Recipients are required to provide the documentation that is necessary to substantiate any claim to an exemption.
 - .31 CWDs shall advise recipients about the range of documents that is acceptable to verify exemption.
- .4 Individuals who meet any of the criteria specified in Sections 42-712.41 through 42-712.49 are exempt from participating in welfare-to-work activities as a condition of eligibility for cash aid under CalWORKs for so long as the condition(s) described in such sections exist.

42-712	EXEMPTIONS FROM WELFARE-TO-WORK PARTICIPATION (Continued)	42-712
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.41 Exemption Based on Age Under 16

.411 A child under 16 years of age is exempt from participating in welfare-to-work activities.

.42 Exemption Based on School Attendance

.421 An individual 16, 17, or 18 years of age is exempt from welfare-to-work participation when he/she is attending full-time, a school in grade twelve or below, or vocational or technical school. An individual who is 16 or 17 years old or a custodial parent who is under 20 years old described in Section 42-711.3 and whose required welfare-to-work activity is to attend school shall not requalify for the exemption in this section by attending school as a required welfare-to-work activity, in accordance with Section 42-719.

(a) A full-time program shall be as defined by the school.

.422 An individual 16 or 17 years of age who has obtained a high school diploma, or its equivalent, and is enrolled or planning to enroll in a postsecondary educational, vocational, or technical school training program is exempt from welfare-to-work participation.

(a) For purposes of Section 42-712.422, a person shall be deemed to be planning to enroll in a postsecondary educational, vocational, or technical school training program if he or she, or his or her parent, acting on his or her behalf, submits a written statement expressing his or her intent to enroll in such a program for the following term.

(1) Unless verification of enrollment is provided to or obtained by the county, the exemption from participation shall not continue beyond the beginning of the following term.

.43 Exemption Based on Age 60 or Older

.431 An individual who is 60 years of age or older is exempt from participating in welfare-to-work activities.

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(Continued)

.44 Exemption Based on Disability

.441 An individual who has a disability is exempt from welfare-to-work participation when the following conditions exist:

- (a) The disability is expected to last at least 30 calendar days; and
- (b) The disability significantly impairs the individual's ability to be regularly employed or participate in welfare-to-work activities.

.442 To qualify for this exemption, the individual shall do all of the following:

- (a) Provide verification from a doctor as defined in Section 42-701.2(d)(2) that includes the disability, the expected duration of the disability, and the extent to which the disability impairs employment and/or participation in the welfare-to-work activities; and
- (b) Actively seek appropriate medical treatment, as verified by a doctor as defined in Section 42-701.2(d)(2).

.443 The exemption may be reviewed at the time the condition is expected to end, or sooner if there is reason to believe that there has been a change in the condition.

.45 Exemption Based on an Aided Nonparent Relative Caring for a Child Who Is a Dependent or Ward of the Court, a Child Who is Receiving Kin-GAP Benefits, or a Child at Risk of Placement in Foster Care

.451 An aided nonparent caretaker relative who has primary responsibility for providing care for a child is exempt from welfare-to-work participation when he or she is caring for a child who:

- (a) Is a dependent or ward of the court,
- (b) Is receiving Kin-GAP benefits, or
- (c) The county has determined is at risk of placement in foster care.

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(Continued)

- .452 For an aided nonparent caretaker relative to qualify for this exemption, the CWD shall determine that his or her caretaking responsibilities:
 - (a) Are beyond those considered normal day-to-day parenting responsibilities, and
 - (b) Impair the caretaker relative's ability to be regularly employed or to participate in welfare-to-work activities.

- .46 Exemption Based on the Care of an Ill or Incapacitated Member of the Household
 - .461 An individual is exempt from participating in welfare-to-work activities when his/her presence in the home is required because of the illness or incapacity of another member of the household.
 - (a) For an individual to qualify for this exemption, the CWD shall determine that the caretaking responsibilities impair the ability of the individual to be regularly employed or to participate in welfare-to-work activities.

- .47 Exemption Based on the Care of a Child
 - .471 The parent or other relative who has primary responsibility for personally providing care to a child six months of age or under is exempt from welfare-to-work participation.
 - (a) An individual shall be eligible for the exemption in Section 42-712.47 only one time under the CalWORKs Program.
 - (b) On a case-by-case basis, the CWD may reduce the period of exemption to the first 12 weeks, or increase it to the first 12 months, after the birth or adoption of the child.
 - (1) The CWD shall establish criteria by which the period of exemption in Section 42-712.471 is reduced or extended.
 - (A) In making the determination to extend the period of exemption after the birth or adoption of a child, the CWD may consider the availability of child care, local labor market conditions, and other factors the CWD determines are applicable.

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(Continued)

- (c) The exemption in Section 42-712.47 shall not apply to a 19-year old custodial parent described in Section 42-711.31.
- .472 An individual who has previously received the exemption in Section 42-712.471 shall be exempt for a period of 12 weeks upon the birth or adoption of any subsequent children.
 - (a) The CWD may extend the period for an exemption in Section 42-712.472 to six months on a case-by-case basis.
 - (1) The CWD shall establish criteria by which the period specified in Section 42-712.472 is extended.
 - (A) In making the determination to extend the period of exemption after the birth or adoption of a child, the CWD may consider the availability of child care, local labor market conditions, and other factors the CWD determines are applicable.
- .473 In a family eligible for aid due to the unemployment of the principal wage earner, the exemption in Section 42-712.47 shall apply to only one parent.
- .48 Exemption Based on Pregnancy
 - .481 A woman who is pregnant is exempt from welfare-to-work participation if the pregnancy impairs her ability to be regularly employed or participate in welfare-to-work activities.
 - (a) The exemption based on pregnancy is supported by medical verification that the pregnancy impairs the woman's ability to be regularly employed or participate in welfare-to-work activities.
 - .482 An exemption based on a medically-verified pregnancy may also be granted when the CWD determines that participation will not readily lead to employment or that a training activity is not appropriate.
- .49 An individual is exempt if he/she is a full-time volunteer in the Volunteers in Service to America (VISTA) Program, as provided by Title I of the Federal Domestic Volunteer Act of 1973.
 - .491 This exemption is supported by either of the following:
 - (a) a copy of a Domestic Volunteer Earnings Statement or

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(Continued)

- (b) a written verification from the VISTA sponsor or the Federal Region IX ACTION/VISTA Office.
- .5 Any individual who is not required to participate may volunteer to participate in welfare-to-work activities and may end that participation at any time without loss of eligibility for aid, provided his or her status has not changed in a way that requires participation.
 - .51 An individual who is exempt but who volunteers to participate is not subject to the 18- or 24-month time limits described in Section 42-710, provided his or her status has not changed in a way that requires participation.
 - .52 An individual who is not required to participate for reasons other than the exemptions described in Sections 42-712.41 through .48, but who volunteers to participate, is subject to the 18- or 24-month time limits described in Section 42-710.

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- .521 For example, in a two-parent assistance unit, whose basis for aid is unemployment, the second parent is not required to participate when the first parent is meeting the required participation hours. However, if the second parent chooses to participate, he/she is subject to the 18- or 24-month time limits.

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- .6 The impact of exemptions on the 18- or 24-month time limit is found at Section 42-710.6.
- .7 Any month in which an individual is exempt from participation in welfare-to-work activities based on the following exemption criteria shall not be taken into consideration as a month of receipt of aid in computing the 60-month time limit described in Section 42-302. Other exclusions from the 60-month time limit are listed in Section 42-302.
 - .71 Being age 60 or older as described in Section 42-712.43;
 - .72 Having a disability as described in Section 42-712.44; or
 - .73 Having caretaking responsibilities that impair a recipient's ability to be regularly employed, as described in Sections 42-712.45 and .46.

NOTE: Authority cited: Sections 10553, 10554, 10604, and 11369, Welfare and Institutions Code. Reference: Sections 10553, 10554, 10063(b), 11253.5, 11320, 11320.3, 11331.5(a), (b), (c), and (d), 11454, and 11454.5, Welfare and Institutions Code; and 42 U.S.C. 5044(f)(2).

42-713	GOOD CAUSE FOR NOT PARTICIPATING	42-713
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- .1 A recipient shall be excused from participation in welfare-to-work activities for good cause in accordance with Section 42-713.2, when the CWD determines there is a condition or other circumstance that temporarily prevents, or significantly impairs, the individual's ability to be regularly employed or to participate in welfare-to-work activities.
 - .11 The CWD shall review the continuing validity of the good cause determination as necessary, but at least every three months.
 - .12 The individual shall cooperate with the CWD and provide information, including written documentation, as required to complete the review.
- .2 Conditions that may be considered good cause for not participating in welfare-to-work activities include, but are not limited to, any of the following:
 - .21 Lack of necessary supportive services.
 - .22 The applicant or recipient is a victim of domestic abuse.
 - .221 CalWORKs Program requirements, including time limits on receipt of assistance described in Sections 42-710 and 42-300, and welfare-to-work requirements described in Section 42-711 may be waived, except as specified in Section 42-715.511, for an individual who is a victim of domestic abuse (as defined in Section 42-701(d)(3)) on a case-by-case basis, but only for as long as domestic abuse prevents the individual from obtaining employment or participating in welfare-to-work activities, in accordance with Section 42-715.
 - (a) The criteria for granting waivers shall include provisions that ensure:
 - (1) Applicants and recipients who are past or present victims of abuse are not placed at further risk or unfairly penalized by CalWORKs requirements and procedures;
 - (2) Program requirements are not created or applied in such a way as to encourage a victim to remain with the abuser; and
 - (3) Participation by CalWORKs recipients in welfare-to-work activities is encouraged, to the full extent of their abilities, including participation in counseling and treatment programs, as appropriate, to enable the recipient to obtain unsubsidized employment and move toward self-sufficiency.

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- (b) Examples which may constitute good cause for waiving program requirements for victims of domestic abuse include, but are not limited to:
- (1) The participant is fleeing the abuser and is in temporary housing or is homeless;
 - (2) The participant has entered a shelter;
 - (3) The participant is concerned about the safety of his/her children;
 - (4) The participant is a party to a restraining order or divorce action against the abuser; or
 - (5) The participant and/or the children are undergoing counseling to cope with the effects of the abuse.

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- .23 Licensed or license-exempt child care is not reasonably available during the individual's hours of training or employment, including commuting time, or arrangements have broken down or have been interrupted for the following children:
- .231 A child 10 years of age or younger, or
 - .232 A child 11 years of age or older as described in Section 47-201.22 or .23, or
 - .233 A child who is in foster care or is an SSI recipient and who is not included in the assistance unit.
- .24 Good cause criteria in Section 42-713.23 includes the unavailability of suitable special needs child care for children with identified special needs including, but not limited to, disabilities or chronic illnesses.
- .25 For purposes of Sections 42-713.23 and 42-713.24, reasonably available means at least one appropriate, suitable, and affordable child care arrangement that is commonly available in the participant's community to a person who is not receiving aid, that is available to parents during the hours that they are required to participate in county-approved activities or employment, and is within a reasonable distance from the participant's home or work site.

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- .251 Appropriate and suitable child care is child care that meets the needs of the child and the parent, and meets one of the following requirements:
 - (a) Child care that is licensed for the appropriate age group or special needs category.
 - (b) License exempt child care that meets Trustline clearance requirements, unless that child care is exempted from Trustline.
 - (c) Suitable child care provided by the parent, legal guardian, other member of the assistance unit, or an eligible provider as defined by Section 47-260.
 - (1) Informal child care is unsuitable where the individual(s) providing the care cannot be Trustline registered in accordance with Section 47-600 or who would otherwise be denied payment for child care services that are exempt from licensure, due to a violent felony conviction, in accordance with Section 47-620.2.
- .252 Affordable child care is child care where the unreimbursed cost to the family does not exceed the family fees established by the state in accordance with Sections 47-401.7 and .8.
- .253 Reasonable distance means the distance customarily traveled by working families in accessing child care services in the community.
- .3 An individual shall have good cause for not complying with program requirements if he or she meets the criteria described in Section 42-721.3.
- .4 An individual who is excused from welfare-to-work participation for good cause is subject to the 18- or 24-month time limits described in Section 42-710 and the 60-month time limit in Section 42-302.
 - .41 A CWD may waive the 18- or 24-month and/or 60-month time limits for victims of domestic abuse as provided in Section 42-713.221(a).
 - .42 An individual who has good cause for an interruption in participating in a SIP may have their 18- or 24-month time limits adjusted as provided in Section 42-711.546.

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code. Reference: Sections 11320.3(b) and (f), 11323.2, 11325.23(c), 11454.5, 11495, and 11495.1, Welfare and Institutions Code; 42 U.S.C. 607(e)(2); and 45 CFR 261.15.

42-719 SCHOOL ATTENDANCE 42-719

- .1 All children in an assistance unit (AU) for whom school is compulsory, but who are not subject to Cal-Learn requirements as described in Sections 42-762 through 42-769, shall be required to regularly attend school, as specified in Section 40-105.5.

- .11 Teens ages 16 and 17, who are not regularly attending elementary, secondary, vocational, or technical school on a full-time basis, shall be referred to the CWD to have a welfare-to-work plan developed in accordance with Section 42-711.
 - .111 The welfare-to-work plan for teens ages 16 and 17, who have not completed high school or its equivalent, shall be for the purpose of completing high school or its equivalent only.
 - (a) These teens may, on a voluntary basis, participate in additional welfare-to-work activities, including job search activities, job readiness activities, and assessment, to the extent that these activities do not interfere with their school attendance.
 - (b) 18- and 24-month time limits under Section 42-710 shall not apply to these teens.
 - (c) The hours of participation under Section 42-711.4 shall not apply to these teens.

- .2 Except as exempted in accordance with Section 42-712.422, teens ages 16 and 17 who have completed high school or its equivalent are required to participate in welfare-to-work activities and are subject to all Welfare-to-Work Program requirements specified in Section 42-711.
 - .21 18- and 24-month time limits shall not apply to these teens.

- .3 Failure by teens ages 16 and 17 to comply with the mandatory activities in their welfare-to-work plan, developed in accordance with Section 42-719.11, shall result in a reduction in the grant amount to the AU in accordance with Section 40-105.5.

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.31 Example 1: A 16- or 17-year old teen fails to attend school regularly. His needs are taken out of the family's grant and, at the same time, he loses the exemption from the CalWORKs Welfare-to-Work Program. If he begins attending school regularly before participation in any specific welfare-to-work activity is required, his needs will be reinstated for complying with the school attendance requirement. Once notified of specific welfare-to-work requirements, the teen must also comply with those requirements. Aid will continue as long as he stays in school and complies with welfare-to-work requirements.

.32 Example 2: A 16- or 17-year old teen fails to attend school regularly. Her needs are taken out of the family's grant and, at the same time, she loses the exemption from the CalWORKs Welfare-to-Work Program. She begins attending school regularly before participation in any specific welfare-to-work activity is required, and her needs are reinstated for complying with the school attendance requirement. She subsequently fails to comply with a welfare-to-work requirement, and is penalized for that reason. To reinstate her needs, the teen must comply with the Welfare-to-Work Program.

.33 Example 3: A 16- or 17-year old teen fails to attend school regularly. His needs are not considered in determining the family's grant and, at the same time, he loses the exemption from the CalWORKs Welfare-to-Work Program. He does not resume regular school attendance and also fails to comply with welfare-to-work requirements. His needs will not be reinstated until he complies with both the school attendance and welfare-to-work requirements.

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.34 Aid shall be restored in accordance with Section 40-105.5(g).

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code. Reference: Sections 11253.5, 11320.3(a) and (b)(2), 11322.8(a), 11325.21, 11331.5, and 11454(a), Welfare and Institutions Code; and Section 48200, Education Code.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- m. Payments received under the California Victims of Crimes Program are exempt.
- n. The allowance for training expenses paid to recipients participating in Department of Rehabilitation training programs.
- o. Payments received under the Energy Crisis Assistance Program or the Low Income Energy Assistance Program.
- p. (Reserved)
- q. Repealed by Manual Letter No. EAS-92-01, effective 1/1/92.

.4 Exclusions or Exemptions of Other Payments and Income

.41 Academic/Extracurricular Awards or Scholarships to Dependent Children

- .411 Any awards or scholarships provided by public or private entity, to or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition.

.42 County Supplementation and Voluntary Contributions

- .421 County supplementation and/or voluntary contributions from persons or organizations having no liability for the support of the recipient, are not considered income when:

- a. The service to be provided is designated as a need by the State Department of Social Services, and
- b. The contribution would not be available for expenditure unless used in accord with conditions imposed by the donor, and
- c. The recipient's grant and other income are not sufficient to meet his total need within the limitations specified in the Need chapter for the particular program, or the designated need is one, all or a portion of, which is not included in the assistance standard for the particular program and thus cannot be met from the recipient's grant and income.

- .422 Designated needs within the meaning of this section include:

- a. Housing Approved for Federal Rent Supplements Under the Housing Act of 1965.

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44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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When the recipient qualifies for a rent supplement under the Federal Housing Act of 1965, the rent supplement payment made by the federal agency, on behalf of the recipient, to the landlord or sponsor, is disregarded as income.

.43 Loans and Grants

The following loans and grants are not considered income as specified: (See Section 42-213.2c for treatment as property.)

- .431 Loans and grants received under the Carl D. Perkins Vocational and Applied Technology Education Act. These loans and grants are excluded only to the extent that the proceeds are used to meet attendance costs for a student attending school on at least a half-time basis, as defined by the institution. Attendance costs are defined as tuition, fees, rental or purchase of required equipment, materials or supplies, books, transportation, dependent care and miscellaneous personal education expenses.

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- a. The following examples apply to loans and grants under the Carl D. Perkins Vocational and Applied Technology Education Act only:
1. Example: Grant - Student is awarded a \$1000 grant. \$600 is for tuition, fees and books; \$400 is used to meet current living expenses during the budget period. The \$600 used to meet attendance costs is exempt from consideration as income. The \$400 used to meet current needs, not associated with attendance costs, is taken into consideration as income in the month received.
 2. Example: Loan - Student is awarded a \$1000 loan. \$600 is for tuition, fees and books; \$400 is used to meet current needs during the budget period. The recipient provides a written agreement signed and dated by the lender and recipient which indicates an obligation to repay the loan and a repayment plan. The full loan is subject to exemption based on Section 44-111.437.

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44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- .432 Loans or grants made under Title IV of the Higher Education Act or under the Bureau of Indian Affairs student assistance program.
 - a. This includes student loans and grants that are partially funded under these programs, e.g. 50 percent Title IV funds and 50 percent state funds.

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- b. Examples of Title IV and Bureau of Indian Affairs loans and grants include:
 - 1. Supplemental Educational Opportunity Grant Program
 - 2. Carl D. Perkins Loans (NOTE: Differs from the student financial assistance provided under the Carl D. Perkins Vocational Act).
 - 3. Robert C. Byrd Honors Scholarship Program
 - 4. National Science Scholars Program
 - 5. State Student Incentive Grants
 - A. Cal Grant Program

HANDBOOK CONTINUES

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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HANDBOOK CONTINUES

6. Paul Douglas Teacher Scholarship Program
7. College Work Study (See Section 44-111.25.)
8. Income Contingent Loan (ICL) Program
9. Bureau of Indian Affairs Higher Education Grant
10. Indian Health Service Scholarship Program
11. Pell Grant
12. Federal Family Education Loan (FFEL) Program
 - A. Guaranteed Student Loan (GSL) Program
 - B. Stafford Loan Program
 - C. Consolidation Loan Program
 - D. Supplemental Loans for Students (SLS) Program
 - E. Parent Loans for Students (PLUS) Program

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- .433 Any other grant to any undergraduate student for educational purposes made or insured under any program administered by the Federal Secretary of Education.
- .434 Educational grants to undergraduate students when awarded on the basis of the student's need.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- a. The recipient shall provide a certification from an official at the student's school (preferably from the Financial Aid office) concerning the student's eligibility for this income exemption. The certification must state that the award is based on need and that the Public Assistance grant was considered in making the award.

- .435 Educational grants other than those excluded in Sections 44-111.432, .433, and .434 only to the extent that the proceeds are used to meet educational expenses, such as fees, equipment, special clothing needs, transportation to and from school, child care services necessary for school attendance, etc.
 - a. The necessary costs of transportation to and from school shall be allowed based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets the criteria above, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven. Allowable transportation costs include, but are not limited to, car payments, car insurance and registration and gasoline.
 - b. The student must appropriately document his/ her educational expenses for the county in order to receive this exemption.

- .436 Any other grants when it is verified that the proceeds are not available to meet current needs. For purposes of this section current needs are defined as those items covered in Section 44-115.3.

- .437 Loans other than those excluded in Sections 44-111.431 and .432 shall be exempt. A loan is defined as specified in Sections 44-111.437a., a.(1) and a.(2):
 - a. A written agreement signed and dated by the lender and applicant/recipient as parties to the agreement that clearly specifies:
 - (1) the obligation of the applicant/recipient to repay the loan; and
 - (2) a repayment plan which provides for installments of specified amounts that continue on a regular basis until the loan is fully repaid.

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued) 44-111

- j. PL 101-201 and PL 101-239 which exempt payments received from all Agent Orange settlements.
- k. PL 101-426 which exempts payments received under the Radiation Exposure Compensation Act.
- l. PL 101-508 which exempts Earned Income Credit (EIC) payments.
- m. PL 103-286 which exempts payment received as restitution made to victims of Nazi persecution.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11008.15, 11280, 11322.6(f)(3), 11157 (Ch. 439, Stats. of 2002), 11450.12, 11451.5, and 11451.7, Welfare and Institutions Code; 42 USC Section 602(g)(1)(E)(i); Section 8, Public Law 93-134; Section 2, Public Law 98-64; Section 13736, Public Law 103-66; Section 1, Public Law 100-286, Section 202(a), Public Law 100-485 and 20 USC 1087uu; 45 CFR 233.20(a)(3)(iv)(B), (a)(3)(xxi), 45 CFR 233.20(a)(4)(ii); (a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p) and (q); 45 CFR 233.20(a)(11)(v)(C); 45 CFR 255.3(f)(1); Federal Action Transmittals ACF-AT-94-27 and 94-4 and FSA-IM-89-1.

44-113 NET INCOME 44-113

.1 Property

Net income from property (including that from property in which a life estate is held), produce or business enterprises is determined by deducting from gross income all normal items of expenses incident to its receipt. Principal payments on encumbrances are not considered a necessary item of expense. If property is sold, the interest portion of any payment received is income.

Interpretation -- Net income from property, crops and livestock is computed as follows:

Source	Computation
a. Rental of real property including that in which life estate held.	Deduct from gross rental the following expenses incident to receipt: <ul style="list-style-type: none"> 1. Taxes and assessments. 2. Interest on encumbrance payments (do not deduct principal payments). 3. Insurance. 4. Utilities. 5. Upkeep and major repairs.

44-113	NET INCOME (Continued)	44-113
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If a complete dwelling unit is rented the county after consultation with the recipient (a) deducts the amount actually expended each month for upkeep and repairs; or (b) deducts 15% of the gross monthly rental plus \$4.17 a month.

Note: The above expenses are prorated on the same periodic basis as the periodic basis on which the rental is received (i.e., annually, quarterly, monthly, etc.). Multiply rental income received weekly by 4-1/3 to get monthly income.

Note: Under the ordinary life estate agreement, the life tenant is entitled to the use and/or income from the property and is responsible for the usual costs of ownership such as taxes, insurance, upkeep, etc. However, if the life estate agreement stipulates the remainderman is responsible for certain expenses, such payments do not represent income to the life tenant.

b.	Rental of rooms and Room and Board	See Section 44-113.212 for computing self-employment net income.
c.	Sale of real property under contract of sale, title not passing.	The interest received is net income (principal payments represent conversion of property from real to personal property). Deduct any interest payments on prior encumbrances in determining net income from interest received from sale of real property under contract of sale.
d.	Personal property (rental of trucks, equipment, etc.)	Deduct from gross rental all expense necessary to maintenance, etc.
e.	Personal property (interest on money, stocks, bonds, etc.)	All interest received is net income, except interest on savings accounts as provided in W&IC 11009.