

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814



April 6, 1989

ALL-COUNTY LETTER NO. 89-31

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ASSISTANCE CLAIMING INSTRUCTIONS FOR WORK  
SUPPLEMENTATION PROGRAM (WSP) DEMONSTRATION PROJECT  
(GRANT DIVERSION)

REFERENCE: ALL-COUNTY LETTERS (ACL) NOS. 87-134 AND 88-126

The purpose of this letter is to transmit additional assistance claiming instructions to assist those Counties participating in grant diversion under the WSP Demonstration Project. The ACL No. 88-126, dated September 22, 1988, provided Counties with guidelines for operating grant diversion under the WSP Demonstration Project. The additional items addressed in this ACL are disposable income payments and wage pool adjustments.

1. Disposable Income Payments

A disposable income payment is a supplemental payment, similar to a Reduced Income Supplemental Payment, which is made when the family would receive less disposable income than they would otherwise have received had they not participated in the WSP. The disposable income payment is a 100 percent State-funded payment and will be claimed on the Aid to Families with Dependent Children (AFDC) - Family Group (FG)/Unemployed (U) Payroll. There is no Federal or County share in a disposable income payment. The supplemental disposable income payments made to AFDC-FG (aid code 30) and AFDC-U (aid code 35) cases must be separately identified on the AFDC payroll. Counties may accomplish the separate identification of the disposable income payment by producing a separate listing or by use of an alpha code. In either case, the County must provide a separate total for disposable income payments on the payroll summary. This will enable State staff to verify that the disposable income payment is being claimed as a 100 percent State payment.

The disposable income payment will be claimed on Form CA 800 (Federal) with all other AFDC payments, e.g., current or prior month supplemental, but must be further identified on Line 8, Column A (amounts payable with State funds only). This mechanism ensures 100 percent State participation.

2. Wage Pool Adjustments

Because of the administrative complexities associated with wage pool adjustments, Counties have the option to choose whether or not the wage pool will be adjusted for overpayments and underpayments that occur during an assignment.

As you know, some overpayments for WSP participants are treated differently than regular AFDC overpayments. When an overpayment occurred prior to or during the WSP assignment for a participant without a residual grant, Counties are not allowed to demand repayment or otherwise seek recovery of an overpayment until the assignment ends.

When it is determined that an overpayment occurred prior to or during the WSP assignment for a participant with a residual grant, Counties are required to recover the overpayment from the residual grant by grant adjustment. Overpayments which occur during the WSP assignment for a participant with a residual grant will result in a loss to the wage pool (i.e., too much was paid to the recipient in the residual grant, and not enough was diverted to the wage pool). When subsequent residual payments are grant adjusted to recover the overpayment, Counties may choose to credit the wage pool to offset the loss from the overpayment.

Conversely, participant underpayments which occur during the WSP assignment will result in a gain to the wage pool (i.e., not enough was paid to the participant, and too much was paid to the wage pool). When the underpayment is corrected, the County may choose to debit the wage pool for the correction.

If a County chooses to adjust the wage pool, it must be done consistently for both overpayments and underpayments in order to achieve an equitable effect.

Counties are advised to refer to ACL No. 87-134, dated September 29, 1987, for the overall grant diversion assistance claiming instructions. However, the instructions in that ACL to contact the State Department of Social Services for claiming information regarding State-only participants are not applicable; at this time, only federally eligible cases may begin a WSP assignment.

If you have any questions or concerns regarding this letter, please contact Ms. Stephanie Davis, Fiscal Policy and Procedures Bureau, at (916) 323-0267 or ATSS 473-0267.

  
ROBERT L. GARCIA  
Deputy Director  
Administration

cc: CWDA