

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 1, 1990

ALL COUNTY LETTER NO. 90-71

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: CATEGORICAL ELIGIBILITY - FINAL PROVISIONS RDB NO. 0690-26

This letter provides County Welfare Departments (CWDs) with information concerning the implementation of revised provisions contained in the above referenced regulation package. These regulations are expected to be filed with the Office of Administrative Law (OAL) around mid-August with an anticipated effective date of September 1, 1990. The following is a summary of the regulation changes:

CATEGORICALLY ELIGIBLE (CE) HOUSEHOLDS (M.S. 63-301.631, 63-301.632, 63-301.724, 63-301.73 and 63-301.74)

- o M.S. 63-301.631(a) and (b) clarify that a household determined ineligible for PA can only participate if eligible as a Nonassistance (NA) case.
- o M.S. 63-301.632(a) and (b) require that when potentially CE households are denied Food Stamps and then subsequently determined eligible for PA (and otherwise CE), the CWD must contact the households to explain and/or confirm changes made by the CWD.
- o M.S. 63-301.724 requires the CWD to verify, when questionable, that a household has not been disqualified when determining CE.
- o M.S. 63-301.731 - .733 clarify the list of households which cannot be considered CE. M.S. 63-301.734 adds to that list a household disqualified because one or more members failed to comply with Workfare requirements if that specific program is operational within the specified county.
- o M.S. 63-301.745 and .746 provide that household members, other than the principal work registrant, disqualified for failure to comply with work requirements, will not affect a household's CE status.

ESTABLISHING CLAIMS AGAINST CATEGORICALLY ELIGIBLE HOUSEHOLDS (M.S. 63-801.211 and 63-801.221)

These regulations clarify when a claim can be established against

a CE household as an inadvertent household error (IHE) (M.S. 63-801.21) or an administrative error (AE) (M.S. 63-801.22).

In either IHE or AE, a claim can be established against a CE household only when the amount of the overissuance can be calculated on the basis of a change in net income and/or changes in household size. A claim cannot be established against a CE household if the reason for the overissuance is excess resources. This is because categorical eligibility cannot be rescinded retroactively. As long as each individual in the household received or was authorized to receive PA benefits, the household is considered to have been properly eligible for Food Stamps during that period of time even if the PA eligibility was subsequently determined improper. Further, for CE households, certain eligibility factors must be accepted for Food Stamp eligibility without verification. One of these factors is resource eligibility (M.S. 63-301.71).

The following examples illustrate when a claim to correct an improper benefit level may or may not be established against a CE household:

1. An ongoing CE household failed to report the earned income from a temporary job the mother had during the months of April and May 1990. In September 1990, the CWD discovers the unreported income. A claim must be established against the household as an IHE for the months of June and July 1990 since the household failed to report income to the CWD.
2. An ongoing CE household reported earnings to the CWD on the April 1990 CA 7. The CWD failed to budget those earnings when determining the household's June allotment. In August 1990 the CWD discovers the mistake. An AE claim would be established for the month of June 1990 since the CWD failed to take action on the reported income.
3. A mother applies for AFDC and Food Stamps for herself and her 3 children in February 1990. Her application was approved as CE. In May 1990 one child left but the mother did not report this to the CWD. In October 1990, the CWD discovers the child left in May. An IHE claim would be established against the household beginning with the month of July 1990 based on the household's failure to report a change in the household size.
4. Same situation as example #3 above except the mother reports on the May 1990 CA 7 that one child has left and the CWD fails to take action on that reported information when determining the July 1990 allotment. An AE claim would be established beginning with July 1990 because there was a change in the household size but the CWD failed to take action.
5. A household applies for AFDC and Food Stamps in April 1990 and is determined eligible as a CE household. During the application process the household reported and verified \$956 in resources. In September 1990 the CWD discovers the household has a savings account with \$3,567 in that account. The CWD also

discovers the household has had the savings account since January 1990. In this situation a Food Stamp claim would not be established against the household since the household had been determined eligible for AFDC and the resource eligibility determination was accepted for Food Stamps as valid from the AFDC information. Although an overpayment may be established for AFDC, CE status cannot be rescinded retroactively. The CWD should however, terminate the household from Food Stamps as soon as possible.

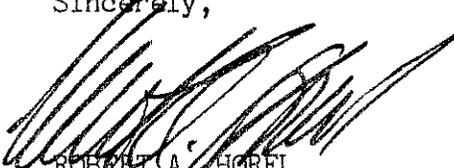
6. A household applies for AFDC and Food Stamps in April 1990 and is determined eligible as a CE household. During the application process the household reported and verified a savings account with \$3,782. The CWD inadvertently recorded the amount as \$382. In September 1990 the CWD discovers the mistake. An overpayment may be established for AFDC but a claim would not be established for Food Stamps because the resource eligibility determination was accepted for Food Stamps as valid from the AFDC information and CE status cannot be rescinded retroactively. The household should be terminated from Food Stamps as soon as possible.

TIME FRAMES FOR RESTORATION OF LOST BENEFITS (M.S. 63-802.12)

Current regulations allow CWDs to restore benefits for up to 12 months from the date the CWD receives a request for a restoration, or 12 months from the date the CWD is notified or discovers that a loss to a household has occurred. In recent years, however, Food Stamp regulations implementing certain program changes quite often included a period of restoration that exceeds the current 12 month limits. This regulation clarifies that the 12 month limit may be exceeded if the extended period of time is specified elsewhere in regulations. (Note: This extended period of time will usually be specified in the implementation schedule section of the Food Stamp regulations.)

If you have any questions concerning CE households, please contact Michael Papin of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-6584. If you have any questions concerning the establishment of claims against CE households, or the time period for restoration of benefits, please contact Michele Hansen of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2010.

Sincerely,



ROBERT A. HOREL
Deputy Director