

August 21, 2019

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 19-86

The purpose of this All County Letter is to provide County Welfare Departments (CWDs) instructions for the implementation of Assembly Bill (AB) 494 (Chapter 90, Statutes of 2019). Effective September 1, 2019, CWDs must accept shelter costs reported by a CalFresh applicant or recipient on a signed initial application, periodic report, or recertification application as sufficient to claim the excess shelter cost deduction, and cannot require additional verification absent certain circumstances.



KIM JOHNSON
DIRECTOR

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DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

August 21, 2019

ALL COUNTY LETTER NO. 19-86

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CONSORTIA REPRESENTATIVES
ALL QUALITY CONTROL COORDINATORS

SUBJECT: CALFRESH IMPLEMENTATION OF ASSEMBLY BILL 494
(CHAPTER 90, STATUTES OF 2019): VERIFYING SHELTER
COSTS TO CLAIM THE EXCESS SHELTER COST DEDUCTION

REFERENCE: [ASSEMBLY BILL 494 \(CHAPTER 90, STATUTES OF 2019\);](#)
[WELFARE AND INSTITUTIONS CODE SECTION 18901.15; 7](#)
[CODE OF FEDERAL REGULATIONS \(CFR\) § 273.2\(F\); 7 CFR §](#)
[273.9\(D\)\(6\)\(II\); MANUAL OF POLICIES AND PROCEDURES](#)
[\(MPP\) SECTION 63-300.5\(F\)\(4\); MPP SECTION 63-502.36; MPP](#)
[SECTION 63-102\(E\); ALL COUNTY LETTER \(ACL\) NO. 00-19;](#)
[ACL NO. 18-90; ALL COUNTY INFORMATION NOTICE \(ACIN\) I-](#)
[45-11; ACIN I-54-18; ACIN I-18-03; REQUEST FOR](#)
[VERIFICATION \(CW 2200\) FORM; SUPPLEMENTAL NUTRITION](#)
[ASSISTANCE PROGRAM QUALITY CONTROL REVIEW](#)
[HANDBOOK \(FOOD AND NUTRITION SERVICE HANDBOOK](#)
[310\)](#)

The purpose of this All County Letter (ACL) is to provide County Welfare Departments (CWDs) instructions for the implementation of [Assembly Bill \(AB\) 494](#) (Chapter 90, Statutes of 2019). The [AB 494](#) added [section 18901.15 to the Welfare and Institutions Code \(WIC\)](#). **Effective September 1, 2019**, CWDs must accept shelter costs reported by a CalFresh applicant or recipient on a signed initial application, periodic report, or recertification application as sufficient to claim the excess shelter cost deduction, and cannot require additional verification absent certain circumstances.

Background

As part of the CalFresh certification process, households are asked about income and expenses to determine benefit eligibility. Per [7 Code of Federal Regulations \(CFR\) section 273.2\(f\)](#), CWDs must verify certain information to determine benefit eligibility for CalFresh. The State has the option to require verification of other information, including shelter costs. In California, this flexibility had been delegated to CWDs, per [All County Information Notice \(ACIN\) I-45-11](#) issued on October 28, 2011 and the [CalFresh Manual of Policy of Procedures \(MPP\) section 63-300.5\(f\)\(4\)](#). However, [WIC section 18901.15](#) now limits verification of shelter expenses at initial application, periodic report, and recertification application statewide.

Change to Shelter Cost Verification Policy

With implementation of AB 494, the [WIC section 18901.15](#) requires that, **effective September 1, 2019**, CWDs accept reports of shelter costs made by a CalFresh recipient or applicant on a signed CalFresh initial application, periodic report, or recertification application as sufficient for determining the excess shelter cost deduction. The CWDs must not request additional verification of shelter costs, whether documentary or through a collateral contact, unless the expenses reported are questionable.

Excess Shelter Costs Deduction

A CWD must deduct a CalFresh household's actual amount of monthly shelter costs in excess of 50 percent of their income after all other applicable deductions ([ACL No. 18-90](#) issued on July 31, 2018, [MPP section 63-502.36](#)). The excess shelter costs deduction cannot be more than the current maximum, unless the household includes at least one elderly and/or disabled member. CalFresh households with at least one elderly and/or disabled member are eligible to claim the uncapped excess shelter costs deduction and can have the full amount of their allowed shelter costs deducted.

The Food and Nutrition Service annually sets the excess shelter costs deduction cap and notifies states of the maximum shelter deduction for households without elderly or disabled members. ([7 CFR § 273.9\(d\)\(6\)\(ii\)](#)). California issued the CalFresh maximum excess shelter costs deduction for the 2018/2019 Fiscal Year via [ACIN I-54-18](#) issued on August 20, 2018.

Per [7 CFR section 273.9\(d\)\(6\)\(ii\)](#), [MPP section 63.502.362](#), and [ACIN I-18-03](#) issued on April 8, 2003, allowable shelter costs include the following:

- Rent or mortgage on a home;

- Loan repayments from mobile home purchase, including interest;
- Condominium and homeowner association fees;
- Shelter costs when the household temporarily is not occupying the home, as long as all the following are true:
 - The household is elsewhere due to employment, training, illness, or abandonment due to natural disaster or casualty loss;
 - The household intends to return home; and
 - Any current occupants of the home are not claiming the shelter costs for CalFresh.
- Non-reimbursable charges incurred by the household for the repair of the home which was substantially damaged or destroyed due to a natural disaster such as a fire or flood;
- Property taxes, state and local assessments; and
Insurance on the home itself (but not on furniture or personal belongings).

Verifying Questionable Shelter Costs

To be considered questionable, information reported must be inconsistent with statements made by the applicant or inconsistent with other information received by the CWD, per [MPP section 63-300.5\(g\)](#).

Once a CWD determines a reported shelter cost is questionable, the cost must be verified before the deduction can be allowed. Types of verification include, but are not limited to, documents, such as a lease agreement, and collateral contact with appropriate third parties. The CWDs must not require a specific verification type or document to verify shelter expenses since multiple types of verification are acceptable.

Examples of acceptable documents that can be used to verify shelter costs can be found on the [CW 2200 - Request for Verification](#) form and include, but are not limited to:

- Rental agreements or rent receipts;
- Mortgage bills;
- Property tax statements;
- Home or renter's insurance bills;
- Hotel/motel receipts; and
- Cancelled checks or copies.

The CWD must follow the same protocols used when requesting verification of other expenses. Best practices for verifying expenses are described in [ACIN I-45-11](#). The CWD must allow the household at least ten days to provide the missing verification. If the household does not do so, their benefits must be determined without the deduction.

Although with implementation of [AB 494](#) the [WIC section 18901.15](#) specifies that CWDs must not require verification of shelter costs unless questionable, CWDs must accept and document any verification of shelter costs *voluntarily* provided by the household in the case file.

If a shelter cost is questionable, the reason the shelter cost reported by the household was determined questionable and the request for verification, as well as any verification provided by the household, must be documented in the case file.

A request by the CWD for verification of shelter costs when there is no evidence in the case file (e.g. documentation via case notes) that information reported by the household was determined questionable will result in an error.

Federal Quality Control

Federal review guidelines for Quality Control (QC) require verification of shelter costs, per the [Supplemental Nutrition Assistance Program Quality Control Review Handbook \(Food and Nutrition Service Handbook 310\)](#). Households selected for QC review will be asked to provide verification of shelter costs, even though state policy no longer requires verification at initial application, periodic report or recertification application.

If you have any questions regarding this ACL, please contact the CalFresh Policy Bureau at (916) 651-8047.

Sincerely,

Original Document Signed By:

NATASHA NICOLAI
Acting Deputy Director
Family Engagement and Empowerment Division