

NOVEMBER 12, 2021

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 21-137

This letter provides County Welfare Departments (CWDs) with guidance regarding a change to CalFresh income exclusion policy. Specifically, additional sources of income will be excluded for purposes of CalFresh under the state option to exclude income that is excluded when determining eligibility or benefits for California Work Opportunity and Responsibility to Kids (CalWORKs). The affected income types are certain types of educational assistance and payments from approved Guaranteed Income (GI) projects and pilots.



KIM JOHNSON
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

NOVEMBER 12, 2021

ALL COUNTY LETTER NO. 21-137

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

SUBJECT: CALFRESH EXCLUSION OF INCOME EXCLUDED BY THE
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO
KIDS PROGRAM

REFERENCE: [7 CODE OF FEDERAL REGULATIONS \(CFR\) 273.9\(c\)\(19\); 7 CFR 273.12\(c\)\(1\)\(i\); 7 CFR 273.2\(f\)\(1\)\(i\); 7 CFR 273.2\(f\)\(2\); 7 CFR 273.8\(e\)\(8\); MANUAL OF POLICIES AND PROCEDURES \(MPP\) 44-111; MPP 63-502.2\(q\); ALL COUNTY LETTER \(ACL\) 06-31; ACL 07-31; ALL COUNTY INFORMATION NOTICE \(ACIN\) NO. I-58-17; ACIN NO. I-45-11; WELFARE AND INSTITUTIONS CODE \(W&IC\) 11157; W&IC 18230; W&IC 18997\(c\)\(1\); SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM QUALITY CONTROL REVIEW HANDBOOK \(FOOD AND NUTRITION SERVICE HANDBOOK 310\)](#)

This letter provides County Welfare Departments (CWDs) with guidance regarding a change to CalFresh income exclusion policy. Specifically, additional sources of income will be excluded for purposes of CalFresh under the state option to exclude income that is excluded when determining eligibility or benefits for California Work Opportunity and Responsibility to Kids (CalWORKs). The affected income types are certain types of educational assistance and payments from approved Guaranteed Income (GI) projects and pilots.

This change is effective December 1, 2021 and applies to **all** CalFresh households, including CalFresh-only households and households receiving CalFresh and public assistance, such as CalWORKs.

BACKGROUND

Federal Supplemental Nutrition Assistance Program (SNAP) regulations at [7 Code of Federal Regulations \(CFR\) 273.9\(c\)](#) provide for certain income exclusions for determining SNAP eligibility. Included in this list of income exclusions at [7 CFR 273.9\(c\)\(19\)](#) is the option for states to exclude certain types of income that the state agency excludes when determining eligibility or benefits for the Temporary Assistance for Needy Families (TANF) program, known as CalWORKs in California.

When selecting this option for SNAP, the state agency must exclude the same amount of income excluded for TANF purposes. Additionally, the state agency must specify in its State Plan of Operation that it has selected this option and provide a description of the income sources that are being excluded.

The following sources of income are **not** excludable for CalFresh under this state option:

1. Wages or salaries;
2. Gross income from a self-employment enterprise;
3. Benefits under Title I, II, IV, X, XIV or XVI of the Social Security Act, including Supplemental Security Income (SSI) benefits, TANF benefits, and foster care and adoption payments from a government source;
4. Regular payments from a government source. Payments or allowances a household receives from an intermediary that are funded from a government source are considered payments from a government source;
5. Worker's compensation;
6. Child support payments, support or alimony payments made to the household from a non-household member;
7. Annuities, pensions, retirement benefits;
8. Disability benefits or old age or survivor benefits; and
9. Monies withdrawn or dividends received by a household from trust funds considered to be excludable resources under [7 CFR 273.8\(e\)\(8\)](#).

POLICY CHANGE

The California Department of Social Services (CDSS) received approval from the United States Department of Agriculture, Food and Nutrition Service to exclude certain types of educational assistance and payments from approved GI projects and pilots for CalFresh.

This income exclusion applies to all CalFresh households whether they are receiving CalWORKs benefits or not. Income identified as excludable under this rule must be

excluded when determining CalFresh eligibility for all CalFresh households, including CalFresh-only households and those receiving CalFresh and public assistance, such as CalWORKs.

The CalFresh Manual of Policy and Procedures (MPP) will be updated to reflect these two new types of specified income as excluded under this state option as soon as administratively feasible.

EXISTING CALFRESH GUIDANCE ON INCOME EXCLUDED FOR CALWORKS

[CalFresh MPP 63-502.2\(q\)](#) provides that certain CalWORKs income exclusions must also be applied when determining CalFresh eligibility. The CalWORKs income exclusions listed at [MPP 44-111](#) must currently be excluded when determining CalFresh eligibility with the exceptions of [MPP 44-111.23](#) (Disability Based Income (DBI) and DBI disregard) and [MPP 44-111.43](#) (student loans and grants). Specific guidance on this topic was published in [ACL No. 06-31](#) issued on August 16, 2006 and corrected in [ACL No. 07-31](#) issued on September 7, 2007.

NEW CALFRESH GUIDANCE ON INCOME EXCLUDED FOR CALWORKS

Educational Assistance

Currently CalFresh excludes Title IV and Bureau of Indian Affairs educational assistance, as well as educational assistance that is used for allowable educational expenses.

Currently CalWORKs excludes all needs-based educational grants for undergraduate students, all awards and scholarships for dependent children, certain grants and loans depending on the aid's administrator, any grants when it is verified that the proceeds are not available to meet current needs, and any loans not already excluded that have a written agreement specifying obligation to repay and a repayment plan ([MPP 44-111.43](#) and [Welfare and Institutions Code \(W&IC\) 11157](#)).

Effective December 1, 2021, student loans and grants excluded for CalWORKs must also be excluded for CalFresh. In effect, because of this policy change, the full list of educational assistance that must be excluded when determining CalFresh eligibility or benefits is now the following:

- Title IV and Bureau of Indian Affairs educational assistance
- Grants administered by the Federal Secretary of Education
- Loans or grants administered by:
 - the community college extended opportunity services,

- the California Student Aid Commission, or
 - a college accredited by the Western Association of Schools and Colleges
- Needs-based grants for undergraduate students
- Awards and scholarships for dependent children
- Grants whose proceeds are not available to the student to meet current needs
- Any other loans which have a written agreement specifying obligation to repay and a repayment plan
- Any other educational assistance when it is used for allowable educational expenses.

CWDs must apply this change prospectively. For applications received on or after December 1, 2021, the income sources listed above must be excluded from the CalFresh budget. For ongoing CalFresh households, the income sources listed above must be excluded at the household's next periodic report, recertification, or when voluntarily requested by the ongoing household, beginning December 1, 2021. As a reminder, per [7 CFR 273.12\(c\)\(1\)\(i\)](#), when a reported change results in an increase in the household's benefits, the change must be effective no later than the first allotment issued 10 days after the date the change was reported.

Per [7 CFR 273.2\(f\)\(1\)\(i\)](#) and [7 CFR 273.2\(f\)\(2\)](#), excluded income is not a mandatory verification, unless questionable. See the Verification section below for more information.

[All County Information Notice \(ACIN\) No. I-58-17](#) released on August 28, 2017 provides applicable guidance and examples regarding the treatment of educational assistance for CalWORKs.

Approved Guaranteed Income Projects and Pilots

Currently, CalWORKs has the authority to exclude from consideration as income payments from GI projects and pilots approved by the CDSS under CalWORKs demonstration project authority ([W&IC 18230](#)). Generally, GI projects and pilots provide participants an unconditional regular cash payment without a means test or work requirement (also known as universal basic income). Additional information on the existing CalWORKs demonstration project approval process is posted at <https://www.cdss.ca.gov/inforesources/guaranteed-income-exemption-requests>.

Effective December 1, 2021, under this option, payments from CalWORKs-approved GI projects and pilots that are privately funded must also be excluded for purposes of CalFresh. Please note that this exclusion applies **only** to payments from CalWORKs-approved GI projects and pilots. Each CalWORKs-approved GI project or pilot will be identified by CDSS on an individual basis. GI project and pilot approval letters will be

posted at <https://www.cdss.ca.gov/inforesources/guaranteed-income-exemption-requests>.

Because CalFresh cannot exclude income from a government source under this option, whether it is excluded by CalWORKs or not, payments received by GI project or pilot participants must come from a private source to be excluded for CalFresh purposes. If an approved GI project or pilot is both privately and publicly funded, the private funding must be sufficient to cover the cost of all payments received by CalFresh households participating in the project or pilot. This determination will be made by CDSS and communicated in the GI project and pilot approval letters referenced above.

In addition to the GI projects and pilots approved by CalWORKs as demonstration projects, certain GI projects and pilots will be excluded from CalWORKs income determinations on the basis of their receipt of California's Guaranteed Income Pilot Project funding. Under [W&IC 18997\(c\)\(1\)](#), benefits from pilots and projects receiving this funding will be excluded from CalWORKs income determinations. Therefore, GI projects and pilots receiving funding from the Guaranteed Income Pilot Project will be excluded for CalFresh purposes if CDSS determines that sufficient private funding exists to cover the cost of all payments received by CalFresh households participating in the pilot or project. Additional information about the Guaranteed Income Pilot Project will be released at a later date.

Once an individual GI project or pilot has been approved by CalWORKs and the approval letter has been uploaded to the CDSS website, CWDs must prospectively exclude payments from that GI project or pilot for CalFresh. When processing a new application, payments from approved GI projects and pilots must be excluded for applications received in the month following the month the project or pilot has been approved by CalWORKs. For ongoing CalFresh households, payments from approved GI project and pilots must be excluded at the ongoing household's next periodic report, recertification, or when voluntarily requested by the ongoing household. As a reminder, under [7 CFR 273.12\(c\)\(1\)\(i\)](#), when a reported change results in an increase in the household's benefits, the change must be effective no later than the first allotment issued 10 days after the date the change was reported.

Verification of Excluded Income

Excluded income is not a mandatory verification unless questionable. Per [7 CFR 273.2\(f\)\(1\)\(i\)](#) and [7 CFR 273.2\(f\)\(2\)](#), the only type of income that requires verification is gross nonexempt income and any income that is questionable. As stated in [ACIN No. I-45-11](#), issued October 28, 2011, to be considered questionable, the information on the application must be inconsistent with statements made by the applicant and/or inconsistent with other information received by the CWD. When determining if

information is questionable, the CWD must base the decision on the household's individual circumstances. When verification is required to resolve questionable information, the CWD must request the verification using the *Request for Verification* form ([CW 2200](#)) and document in the case file why the information was considered questionable and what documentation was used to resolve the questionable information.

QUALITY CONTROL IMPACT

CalFresh Quality Control (QC) will review cases based on the updated guidance on income exclusions issued in this letter. QC must apply the verification standards and procedures specified in the [Supplemental Nutrition Assistance Program \(SNAP\) Quality Control Review Handbook \(Food and Nutrition Service Handbook 310\)](#) for its review. CWDs are reminded that the case record must provide sufficient documentation to support the benefit level determination. Documentation must provide enough detail to permit a reviewer with no prior knowledge of the individual case to determine the accuracy of benefit allotments, and the case record should specifically address any excluded income.

If you have any questions regarding this letter, please contact the CalFresh Policy Bureau at CalFreshPolicy@dss.ca.gov or (916) 651-8047.

Sincerely,

Original Document Signed By

JENNIFER HERNANDEZ
Deputy Director
Family Engagement and Empowerment Division