

October 20, 2022

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 22-82**

This All County Letter (ACL) provides County Welfare Departments (CWDs) guidance pertaining to qualifying accounts for California Work Opportunity and Responsibility to Kids (CalWORKs) recipients who have chosen to receive their benefits via direct deposit in accordance with [Senate Bill \(SB\) 497 \(Chapter 546, Statutes of 2021\)](#).



KIM JOHNSON  
DIRECTOR

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**DEPARTMENT OF SOCIAL SERVICES**  
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GAVIN NEWSOM  
GOVERNOR

October 20, 2022

ALL COUNTY LETTER NO. 22-82

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY ELIGIBILITY WORKERS  
ALL COUNTY AUDITORS AND TREASURERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS): SENATE BILL (SB) 497 AND GUIDANCE ON QUALIFYING ACCOUNTS

REFERENCE: [SENATE BILL \(SB\) 497 \(CHAPTER 546, STATUTES OF 2021\)](#) AND [SENATE BILL \(SB\) 962 \(CHAPTER 795, STATUTES OF 2000\)](#); [WELFARE AND INSTITUTIONS CODE \(WIC\) SECTION 11006.2](#); [TITLE 15 UNITED STATES CODE SECTIONS \(USC\) 1601 AND 1693](#); [ALL COUNTY LETTER \(ACL\) 98-65](#); [MANUAL OF POLICIES AND PROCEDURES \(MPP\) SECTION 21-115](#) AND [MPP 44-302.11](#)

This All County Letter (ACL) provides County Welfare Departments (CWDs) guidance pertaining to qualifying accounts for California Work Opportunity and Responsibility to Kids (CalWORKs) recipients who have chosen to receive their benefits via direct deposit in accordance with [Senate Bill \(SB\) 497 \(Chapter 546, Statutes of 2021\)](#).

## **BACKGROUND**

The [Welfare and Institutions Code \(WIC\) Section 11006.2](#) allows for CalWORKs benefits to be directly deposited by electronic fund transfer into a CalWORKs recipient's qualifying account at a financial institution of the recipient's choice. Additionally, CWDs are required to notify recipients of the option to receive benefits by direct deposit at the time of application and annual redetermination pursuant to the [Manual of Policies and Procedures \(MPP\) Section 44-302.11](#).

However, there are certain non-bank entities that offer "bank accounts" with excessive overdraft fees. To protect against predatory actions taken by these non-bank entities, SB 497 extends consumer protections against overdraft fees and other credit-related features. Additionally, SB 497 and this ACL outline criteria that must be met for an account in which public assistance benefits are transferred for direct deposit to be considered a

qualifying account. Furthermore, CWDs may provide information regarding qualifying accounts to applicants and recipients upon request which can be accomplished by providing the EBT 2216 form.

### **QUALIFYING ACCOUNTS**

A “Qualifying Account” pursuant to SB 497 is one of the following:

- A demand deposit or savings account at an insured depository financial institution that is offered directly by the insured depository financial institution on its internet website or through its branches and that is in the name of the person entitled to receipt of public assistance payments;
- A prepaid account, or a demand deposit or savings account offered by or through an entity other than an insured depository financial institution, that meets all of the following:
  - The account is held at an insured depository financial institution;
  - The account is set up to meet the requirements for direct or passthrough deposit or share insurance payable to the person entitled to the receipt of public assistance payments by the Federal Deposit Insurance Corporation;
  - The account is not attached to a credit or overdraft feature that is automatically repaid from the account unless the credit or overdraft feature has no fee, charge, or cost, whether direct, required, voluntary, or involuntary, or the credit or overdraft feature complies with the requirements for credit offered in connection with a prepaid account under the federal Truth in Lending Act ([15 U.S.C. Sec. 1601](#)); and
  - The account complies with all of the requirements and provides the holder of the account with all of the consumer protections, that apply to an account under the rules implementing the Electronic Fund Transfer Act (EFTA) ([15 U.S.C. Sec. 1693](#)).

Furthermore, each county treasurer and CWD are not liable for authorizing a direct deposit of public assistance payments into an account chosen by the recipient of public assistance benefits that does not meet the necessary requirements for a “qualifying account” pursuant to SB 497. CWDs are recommended to provide information regarding qualifying accounts when notifying applicants and recipients of their option to utilize direct deposit accounts at application and redetermination, and additionally upon request.

### **FORMS AND NOTICES OF ACTION**

[EBT 2216: EBT Surcharge Free – Direct Deposit Handout \(10/2022\)](#) – This form was created for CWDs to inform clients and recipients on the use of EBT cards and direct deposit accounts for receipt of public assistance benefits. This form has been revised to include information for applicants and recipients about overdraft fees and qualified accounts. As a reminder, CWDs are to provide a copy of this form to applicants and recipients at application and redetermination.

**Required Form – No Substitutes Permitted**

The EBT 2216 is a Required Form – No Substitutes Permitted. Forms in this category are required forms that the CWD may not modify or restructure. However, overprinting or reformatting under the conditions outlined in [Operations Manual Section 23-400.211, Overprinting Required Forms](#) and [Section 23-400.212, Electronic Data Processing \(EDP\) Modifications](#), is permitted.

**FORMS AND TRANSLATIONS**

For general questions about forms, contact the CDSS Forms Management Unit at [fmudss@dss.ca.gov](mailto:fmudss@dss.ca.gov). You may obtain these forms from the [CDSS Forms and Brochures Website](#).

For questions on translated materials, please contact the CDSS Language Services at (916) 651-8876. CWDs are required to provide CDSS translation to applicants and recipients in their primary languages when they are or become available. Until translations are available, recipients who have elected to receive materials in languages other than English must be sent the English version of the form or notice along with the [GEN 1365 - Notice of Language Services](#) and a local contact number.

The CWDs shall ensure that effective bilingual services are provided. When the percentage of non-English cases in a program and/or office location is less than five percent, this requirement may be met through utilization of paid interpreters, qualified bilingual employees, and qualified employees of other agencies or community resources. When the percentage of non-English cases in a program and/or office location is equal to or more than five percent, the CWD must assign a sufficient number of qualified bilingual employees to public contact positions in that program or location, as calculated pursuant to [MPP Section 21-115.1](#). Language services shall be provided free of charge to the applicant/recipient.

More information regarding languages services, which includes both interpretation and translations, can be found in [MPP Section 21-115](#).

This ACL and other CDSS Letters and Notices are available on the internet at the [CDSS Letters and Notices website](#).

If you have any questions or need additional guidance regarding the information in this letter, contact the CalWORKs Early Engagement & Eligibility Bureau at [CWEligibilityPolicy@dss.ca.gov](mailto:CWEligibilityPolicy@dss.ca.gov).

Sincerely,

***Original Document Signed By:***

JENNIFER HERNANDEZ  
Deputy Director  
Family Engagement and Empowerment Division