



CDSS

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STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**

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REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

May 23, 2013

ALL COUNTY LETTER No. 13-42

TO: ALL COUNTY WELFARE DIRECTORS  
 ALL CALWORKS PROGRAM SPECIALISTS  
 ALL CALFRESH COORDINATORS  
 ALL COUNTY REFUGEE COORDINATORS  
 ALL COUNTY CONSORTIUM PROJECT MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) PROGRAM: CHANGE TO THE EARNED INCOME DISREGARD (EID)

REFERENCE: SENATE BILL (SB) 1041 (CHAPTER 47, STATUTES OF 2012); SB 72 (CHAPTER 8, STATUTES OF 2011); WELFARE & INSTITUTIONS (W&I) CODE SECTIONS 11451.5 and 11265.2; ALL COUNTY LETTERS (ACLs) 11-29, 12-25, and 12-49

The purpose of this ACL is to inform County Welfare Departments (CWDs) of the restoration of the \$225 EID in the CalWORKs program effective October 1, 2013, and to provide implementation instructions to CWDs. In addition, this ACL provides a recommended informing notice, new and revised forms, notices of action (NOAs), and messages, which reflect the reinstated EID. The CWDs should begin using the attached forms and NOA message as of October 1, 2013.

The Department has developed an informing notice (TEMP 2252 [4/13]) that CWDs may use to inform applicants and recipients of the changes to the EID and how it can affect their cash aid. The CWDs may choose to develop their own informing notice; however, any CWD that chooses to use an informing notice other than the one included in this letter is required to seek advance approval of the notice from CDSS. The Department recommends that CWDs mail the informing notice to recipients no later than August 2013, and in addition, as a reminder, provide the notice to recipients whose annual redeterminations are due before November 2013.

### **INCREASE IN INCOME DISREGARD**

The SB 1041 amends the W&I Code Section 11451.5 to restore the EID to the unused amount of the \$225 Disability-Based Unearned Income (DBI) disregard, plus 50 percent of the remaining earned income effective October 1, 2013. Beginning October 1, 2013, Net Non-Exempt Income (NNI) must be calculated using the increased EID as follows:

If the Assistance Unit (AU) has earned income only, the first \$225 and 50 percent of the earned income is disregarded when determining the NNI to calculate the family's grant amount.

If the DBI does not exceed \$225, all of the DBI is disregarded and the unused amount of the \$225 plus 50 percent of the remaining earned income is disregarded. Any remaining earned income is treated as part of the family's NNI.

If the DBI exceeds \$225, only the first \$225 of the DBI and 50 percent of any earned income is disregarded. Any remaining DBI and remaining earned income is treated as part of the family's NNI.

The new EID must be used to calculate eligibility and grant amounts beginning in October 2013. Automation systems should be reprogrammed to calculate October grants using the new EID for all cases in which there is earned income. If the recalculated grant should result in increased cash aid for the AU, and the grant is not increased automatically by October 1, 2013, the CWD shall issue a supplemental payment as soon as administratively possible. When re-calculating the October grant with the new EID, in accordance with Semi-Annual Reporting (SAR) rules, the CWDs may not consider any voluntary reports that would result in a decrease to the grant. For example, if a client previously made a voluntary report of increased income mid-period that was below the Income Reporting Threshold (IRT), the CWDs may not consider this additional income when re-calculating the grant due to the higher EID.

Please see the examples of scenarios in this ACL on how to calculate the grant amount using the new EID.

### **NEW EID EXAMPLES**

#### **Scenario 1 – DBI less than \$225:**

A nonexempt AU of three (an adult and two children) has gross earned income of \$800 per month. The children each receive \$100 per month in unearned income from the absent parent's disability claim. The family lives in Region 1.

\$200	DBI
<u>-225</u>	DBI Disregard
(\$25)	Remaining EID

\$800	Earned Income
<u>-25</u>	Remaining EID
\$775	Subtotal
<u>-387.50</u>	50 percent EID
\$387	*NNI

\$638	Maximum Aid Payment (MAP) for three (Region 1)
<u>-387</u>	NNI
\$251	Grant Amount

\* NNI is rounded to the next lower dollar (Manual of Policies and Procedures [MPP] Section 44-315.34).

**Scenario 2 – DBI greater than \$225:**

A nonexempt AU of three (an adult and two children) has gross earned income of \$600 per month. The children each receive \$200 per month in DBI from the absent parent's disability claim. The family lives in Region 1.

\$400	DBI
<u>-225</u>	DBI Disregard
\$175	Nonexempt Disability Income

\$600	Earned Income
<u>-300</u>	50 percent EID
\$300	Subtotal
<u>+175</u>	Nonexempt Disability Income
\$475	NNI

\$638	MAP for three (Region 1)
<u>- 475</u>	NNI
\$163	Grant Amount

**Scenario 3 – Earned Income Only:**

A nonexempt AU of three (an adult and two children) has gross earned income of \$800 per month. The family lives in Region 1.

\$800 Earned Income  
-225 EID  
\$575 Subtotal  
-287.50 50 percent EID  
\$287 \*NNI

\$638 MAP for three (Region 1)  
-287 NNI  
\$351 Grant Amount

\* NNI is rounded to the next lower dollar (MPP Section 44-315.34).

#### **Scenario 4 – Minor Parent:**

A minor parent is receiving aid for herself and her dependent child. The minor parent lives with both her parents and a sibling who are also aided in the same AU with the minor parent and her child. One senior parent earns \$1300 per month from full-time employment. The other senior parent receives \$125 in State Disability Insurance benefits. The minor parent has no income. This is a nonexempt AU and residing in Region 1.

\$ 125 DBI  
-225 DBI Disregard  
(\$100) Remaining EID

\$1300 Gross Earned Income  
-100 Remaining EID  
\$1200 Subtotal  
-600 50 percent EID  
\$ 600 NNI

\$ 866 MAP for five (Region 1)  
-600 NNI  
\$ 266 Grant Amount

#### **REFUGEE CASH ASSISTANCE (RCA), ENTRANT CASH ASSISTANCE (ECA), AND TRAFFICKING AND CRIME VICTIMS ASSISTANCE PROGRAM (TCVAP)**

The new EID calculation shall also apply to RCA, ECA, and TCVAP (cash assistance and CalWORKs) applicants and recipients, because cash aid payments under these programs follow the CalWORKs regulations.

## **CALFRESH IMPACT**

At the time the CalWORKs grant is recalculated, as always, the CalFresh benefits shall be adjusted using the actual CalWORKs grant the household receives for the remainder of the certification period. The household must be given timely notification of any resulting CalFresh benefit decrease prior to benefits being adjusted. CalFresh does not count supplemental or retroactive payments as income, since they are non-recurring lump sums. Therefore, no CalFresh overissuance is to be established for households whose CalWORKs grant could not be adjusted by October 1, 2013, and received a supplemental payment.

## **FORMS, NOA (aka NA) BUDGETS, AND NOA MESSAGES**

The following forms, NA budgets, and NOA messages have been revised to reflect the EID change. There are two forms categories included in this letter:

### **Required Form-Substitute Permitted**

Forms in this category are required forms for which modifications or substitutions with prior CDSS approval are permitted. The CWDs may modify the forms to add or obtain information that does not (a) conflict with program policy/regulations, or (b) change the legal content of the form. Under most circumstances, rewording the content of a form in this category will not be approved. However, such suggestions for language improvement will be considered in future revisions.

### **Recommended Form**

Forms in this category may be modified without prior approval from CDSS. The CWDs may also choose not to use the form. When making modifications, CWDs should pay close attention to readability of the content to ensure that it is understandable by the target audience. The CWDs may wish to consider using the same or similar standards used for NOAs, one of which is to use language that is at the 6<sup>th</sup> grade reading level.

More information regarding the form types and modification procedures can be found in the CDSS MPP Section 23-400 located on the CDSS website at <http://www.cdss.ca.gov/ord/entres/getinfo/pdf/opsman3.pdf>.

### **New and revised forms:**

**TEMP 2252 - (5/13) State Law Changes the CalWORKs Disregard - Required-Substitutes Permitted** - has been revised to inform recipients of the newly reinstated EID amount.

**CW 30 - (4/13) CalWORKs Budget Worksheet - Recommended** - was created to replace the QR 30 and will calculate the countable income and grant amount for the semi-annual

and annual reporting cycles. The CWDs can begin using the CW 30 for training purposes before October 1, 2013.

**CW 2166 - (5/13) Work Pays Notice - Multilingual - Recommended** - has been revised to reflect the newly reinstated EID amount. The form shows CalWORKs applicants and recipients the advantages of working and how the new EID allows them to keep more of their income.

**New and revised NA Budgets:**

**NA 200 - (4/13) Notice of Action - Multipurpose - Required-Substitutes Permitted** - has been revised to reflect the newly reinstated EID amount.

**NA 271 - (5/13) Continuation Page - Family Income Computations - Cash Aid - Required-Substitutes Permitted** - has been revised to reflect the newly reinstated EID amount.

**NA 274G - (5/13) Continuation Page - Overpayment Computations - Required-Substitutes Permitted** - was created for calculating overpayments beginning October 1, 2013. This new NA budget includes the revised EID for calculating cash aid as a result of SB 1041 and will be used to calculate all overpayments occurring on or after October 1, 2013.

**NA 281B - (5/13) Continuation Page - (Underpayment Computations) - Required-Substitutes Permitted** - was created for calculating underpayments beginning October 1, 2013. This new NA budget includes the revised EID for calculating cash aid as a result of SB 1041 and will be used to calculate all underpayments occurring on or after October 1, 2013.

**NA 300 - (4/13) Continuation Page - Recipient Financial Eligibility Test - Required-Substitutes Permitted** - has been revised to reflect the newly reinstated EID amount.

**NA 531 - (4/13) Continuation Page - 48 Month Time Limit Reached - Required-Substitutes Permitted** - has been revised to reflect the newly reinstated EID amount.

**NA 532 - (4/13) Continuation Page - 48 Month Time Limit Discontinue - Required-Substitutes Permitted** - has been revised to reflect the newly reinstated EID amount.

**NA 1239 SAR - (10/12) Continuation Page** - was released with the newly reinstated EID amount in ACL 12-59 and is not included in this letter. This form replaces the NA 1239 AR and will be used for both Semi-Annual and Annual Reporting effective October 1, 2013.

**New NOA message:**

**TEMP 44-111C – (4/13) - Income Disregards - Change - Required-Substitutes Permitted** - was created to inform recipients of an increase to their grant due to the EID increase.

### **CAMERA READY COPIES AND TRANSLATIONS**

For camera-ready copies in English, contact the Forms Management Unit at [fmudss@dss.ca.gov](mailto:fmudss@dss.ca.gov). If your office has internet access you may obtain these forms from the CDSS webpage at [http://www.dss.cahwnet.gov/cdssweb/FormsandPu\\_271.htm](http://www.dss.cahwnet.gov/cdssweb/FormsandPu_271.htm).

When all translations are completed per MPP Section 21-115.2, including Spanish forms, they are posted on an on-going basis on the CDSS webpage. Copies of the translated forms can be obtained at [http://www.dss.cahwnet.gov/cdssweb/FormsandPu\\_274.htm](http://www.dss.cahwnet.gov/cdssweb/FormsandPu_274.htm).

For questions on translated materials, please contact Language Services at (916) 651-8876. Until translations are available, counties shall send the English version of the form or NOA, along with the GEN 1365 - Notice of Language Services and a local contact number, to recipients who have elected to receive the materials in languages other than English.

The CWDs shall ensure that effective bilingual services are provided. This requirement may be met through utilization of paid interpreters, qualified bilingual employees, and qualified employees of other agencies or community resources. These services shall be provided free of charge to the applicant/recipient. In the event that CDSS does not provide translations of a form, it is the county's responsibility to provide the translation if an applicant or recipient requests it. More information regarding translations can be found in MPP Section 21-115. This ACL and other CDSS Letters and Notices are available on the internet at: <http://www.dss.cahwnet.gov/lettersnotices/default.htm>.

### **CONTACTS**

If you have questions or need additional information regarding this ACL, please contact the following CDSS representatives:

CalWORKs Eligibility County Consultant	(916) 654-1322
CalFresh County Consultant	(916) 645-1896
Refugee Programs Bureau	(916) 654-4356

Sincerely,

***Original signed by***

TODD R. BLAND  
Deputy Director  
Welfare to Work Division

Attachments