

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



July 26, 2001

ALL-COUNTY INFORMATION NOTICE NO. I-61-01

TO: ALL COUNTY WELFARE DIRECTORS
ALL FOOD STAMP COORDINATORS
ALL CalWORKs PROGRAM SPECIALISTS

REASON FOR THIS TRANSMITTAL

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

SUBJECT: SOCIAL SECURITY COST-OF-LIVING ADJUSTMENT (COLA): AN INTERIM INCREASE--EFFECTIVE AUGUST 1, 2001

REFERENCES: ACIN 1-105-00 dated November 2, 2000
Manual of Policies and Procedures (MPP): 63-405, 63-501.1, 63-502, 63-504.26, 63-504.46, 63-802, 44-101, 44-313, 44-316

This notice is to provide county welfare departments (CWDs) with information on an increase in the Social Security Administration (SSA) benefits due to an error that was made in the calculation of the Social Security benefits. As a result of this error, the 3.5 percent cost-of-living adjustment (COLA) increase effective December 2000--paid in January 2001--was **one-tenth of one percent** below what it would have been had the error not occurred. Thus, most of Social Security recipients have received lower payments, since January 2001, than if there had been no error. This notice does not impact future SSA COLA increases.

During July 2001, lump sum retroactive payments will be issued to Social Security recipients impacted by this change. For food stamp purposes, these lump sum payments must be excluded as income but counted as a resource in the month received per MPP 63-501.1. However, for CalWORKs, these lump sum payments are counted as income in the month received per MPP 44-101.12. These retroactive payments will be separate from regular monthly payments. **These payments will only be paid to individuals who actually received benefits at some time between January 2001 and June 2001, and who are affected by a December 2000 COLA.** In most cases, these payments represent an increase in monthly payments of \$1, \$2, \$3, or \$4 per month to offset the effect of the error. Some SSA recipients will have no increase due to rounding.

FS and CalWORKs Monthly Reporting Cases

Beginning August 1, 2001, the SSA will issue correct payments for that month and for future months.

For continuing monthly reporting cases, the new Social Security benefit monthly amount must be reported as income on the August 2001 CW 7, due in September 2001, and retrospectively budgeted to determine grant and allotment amounts for October 2001. The increase must be considered income for continuing eligibility for households with recertification effective August 1, 2001 through December 31, 2001.

If the grant or allotment amounts are adjusted due to the Social Security benefit increase, the requirements for a timely and adequate Notice of Action shall apply pursuant to FS MPP 63-504.26 or CalWORKs MPP 22-071/072.

FS Nonmonthly Reporting Cases

Pursuant to MPP 63-504.46, CWDs are required to automatically adjust food stamp allotments to reflect the Social Security COLA no later than the second allotment issued after the month in which the change becomes effective **for nonmonthly reporting households**. However, this particular circumstance does not warrant an automatic adjustment.

All New Applicants (CalWORKs and FS)

For new applicants, the actual amount of the Social Security benefit including the recalculated amount shall be considered income for prospective eligibility and budgeting purposes for the month of August.

In accordance with MPP 63-504.462(b)(1)(A), no household shall be held liable for any food stamp overissuance resulting from the CWD's misapplication of the one-tenth of one-percentage increase factor. If an underissuance of food stamp benefits occurs, the household will be entitled to a restoration of lost benefits in accordance with MPP 63-802.

QUALIFYING QUARTERS EARNINGS

The Social Security Administration has provided the amount of earnings needed to be credited with a qualifying quarter for the year 2001 in establishing noncitizen eligibility as referenced in MPP 63-405. The required amount is \$830.

Page Three

Payment Verification System (PVS) Cost-of-Living Adjustment (COLA) Notification

The CDSS will not be providing additional notification of the Social Security COLA by way of the Payment Verification System (PVS). However, upon request, a cost-of-living printout or magnetic tape will be provided to the counties. The COLA printouts will be subject to the 45-day timeliness requirements of the Income Eligibility Verification System (IEVS).

If you have any food stamp questions, please contact Rosemary Akhidenor of the Food Stamp Bureau at (916) 654-2116. Questions concerning CalWORKs should be directed to Ernie Villalobos of the CalWORKs Eligibility Bureau at (916) 657-1680.

Sincerely,

Original signed by:
Patrick Sutherland for
GARY SWANSON, Chief
Food Stamp Branch

c: CWDA
CSAC