

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814

April 6th, 2007

ALL COUNTY INFORMATION NOTICE NO. I-17-07

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

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: CALWORKS: RETROACTIVE \$50 CHILD SUPPORT DISREGARD

REFERENCE: ASSEMBLY BILL (AB) 1808 (CHAPTER 75, STATUTES OF 2006)

The purpose of this letter is to transmit information to the County Welfare Departments (CWDs) regarding a retroactive child support disregard payment and to inform CWDs of potential impacts to CalWORKs recipients.

BACKGROUND

In October 2005, the Department of Child Support Services (DCSS) instituted the State Disbursement Unit (SDU) as a requirement of federal law. The SDU is responsible for receiving and processing child support payments for individuals with open child support cases through a local child support agency (LCSA). The SDU also receives and processes all employer child support wage withholding payments, including child support withholdings from private support orders. Prior to the SDU, child support payments were processed through the LCSAs. When LCSAs received a child support payment, the payment was credited in the month in which it was collected, known as date of collection. With the implementation of the SDU, the legal date of collection was changed to the date of receipt. This change resulted in some wage withholdings becoming delinquent in the month the LCSAs transitioned to the SDU. Since CalWORKs families receive a \$50 disregard only in months that child support has been collected on their behalf, these families may not have received a disregard payment during the month of transition to the SDU.

DCSS acknowledged that the switch to the SDU may have negatively impacted custodial parties (CPs) and non-custodial parties (NCPs), and therefore requested funding from the California Legislature to cover the \$50 disregard payments, administrative costs, and automation costs associated with the change. The Legislature authorized the funding in the 2006/2007 Budget Act. Additionally, AB 1808 amended existing law to allow the implementation of these changes.

NOTIFICATIONS

On February 13, 2007, DCSS sent separate notifications regarding this issue to NCPs and CPs (See attached).

The notice to NCPs stated that, due to the change to the SDU, their child support payment was not credited during the transitional month. The notice explained that to make up for the delinquency caused by the change in payment processing, DCSS applied a payment on their behalf that covered the support obligation that was due during the month of SDU transition. The notice further clarified that the NCP is expected to repay the amount through regular child support collections after all other support obligations are due.

The notice to CPs stated that they may be receiving a child support payment or, for CalWORKs families, a disregard payment made by DCSS on behalf of the NCP. The notice explained the reason for the additional disregard payment.

Both notifications are in English and Spanish.

DISREGARD PAYMENTS

DCSS issued the retroactive disregard payments on or about February 20, 2007.

CALWORKS TREATMENT OF RETROACTIVE DISREGARD PAYMENT

CWDs are reminded to disregard the retroactive \$50 disregard payment that a CalWORKs recipient receives AND their regularly scheduled disregard payment for that month. Per MPP Section 44-111.473, if in the same month the assistance unit receives a disregard payment attributable to a prior month and also receives a disregard from a current support payment, CalWORKs recipients are entitled to both disregard payments. Both payments shall be disregarded when determining eligibility and grant amount.

CalWORKs recipients shall not be discontinued for failure to report receipt of the retroactive payment.

FOOD STAMPS TREATMENT OF RETROACTIVE DISREGARD PAYMENT

With the implementation of Food Stamp Simplification Options effective October 1, 2006, and adoption of income exclusions under MPP sections 44-111, with the exception of sections 44-111.222, .223, .224, .23 and .43, the retroactive \$50 disregard payment is not counted as income when budgeting food stamp benefits per MPP section 44-111.473.

Food stamps recipients shall not be discontinued for failure to report receipt of the retroactive payment.

If you have questions about the notifications sent by DCSS, please contact Jamie Murray of DCSS at (916) 464-2704.

If you have any questions regarding the treatment of the retroactive disregard payment for CalWORKs purposes please contact your county consultant.

For questions regarding treatment of the retroactive disregard payment in the Food Stamp program, please contact Joyce Brewer at (916) 654-3366.

Original signed by Kären Dickerson

KÄREN DICKERSON, Chief
Employment and Eligibility Branch

Attachments

c: CWDA
CSAC