

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



December 18, 1984

ALL-COUNTY INFORMATION NOTICE I-111-84

FSD LETTER NO. 84-20

TO: ALL COUNTY WELFARE DIRECTORS  
ALL DISTRICT ATTORNEYS  
ALL TITLE IV-D AGENCIES

SUBJECT: ADVANCE INFORMATION ON ISSUANCE OF CHILD/SPOUSAL SUPPORT DISREGARDS

REFERENCE: FSD LETTER NO. 84-18

The attached information is being provided in advance of State regulations to facilitate your planning of procedures to implement the \$50 child and spousal support disregard provisions of PL 98-369, Deficit Reduction Act (DEFRA). State regulations are expected to be filed by January 19, 1985. When the regulations are effective, disregard payments must be issued retroactively to October 1, 1984. The Federal DEFRA regulations specify that the IV-A Agency is responsible for the issuance of support disregard payments, and that both child and spousal support payments (court-ordered or voluntary) are subject to the disregard provisions.

The attached information provides Aid to Families with Dependent Children (AFDC) and Food Stamp policies and IV-A and IV-D administrative claiming procedures regarding this provision. Also attached for your reference is FSD Letter No. 84-18 for related instructions to the IV-D Distribution Agencies.

Questions should be directed to the appropriate units as specified throughout the letter.

A handwritten signature in dark ink, appearing to read "Robert A. Horel".

ROBERT A. HOREL  
Deputy Director  
Welfare Program Operations

A handwritten signature in dark ink, appearing to read "Robert T. Sertich".

ROBERT T. SERTICH  
Deputy Director  
Administration

Attachments

cc: CWDA

GEN 654 (9/79)

I.e AFDC PROGRAMe1.e IV-A Responsibilitye

The activities associated with payment of the disregard are thee responsibility of AFDC (the IV-A Agency) and must be claimed as ae IV-A function. In coordination with the Family Support Agency (IV-D), the County Welfare Department (CWD) will be required to establish ae system with necessary controls and information coordination to ensuree at least the following:e

- a.e The total disregard provided to an assistance unit shall note exceed \$50 per month:e
- b.e The grant continues to be correct and timely; ande
- c.e The disregard payments from D.A. collections are not combinede with the AFDC grant or with child support pass-on and excesse payments. The disregard must be issued in a separate ande identifiable warrant. The warrant must be labeled "CSSD" toe identify it as a Child/Spousal Support Disregard payment. Thise label will allow the CWD to differentiate the payment from othere aid or child support payments, but will not allow the warrant toe be identified by the general public as an aid payment.e

Counties will have the option of having IV-A staff perform the activities associated with the payment of the disregard or of contracting with another public or private agency to perform those activities. The ultimate responsibility for the accurate and timely issuance of the disregard payments rests with the IV-A Agency, even though another agency may issue the payment. Counties choosing to contract with another agency to perform disregard payment activities should follow these procedures:

- a.e Contracts with a public agency can be made through an interagency agreement.e
- b.e Contracts with a private vendor are subject to open, competitive bidding.e
- c.e Counties that choose to contract with a public or private agencye must follow the Purchase of Service Regulations in Division 10,e Section 203 of the State Department of Social Services (SDSS) Manual of Policies and Procedures. Federal regulations (45 CFR Part 74, Appendix G) would also apply. Questions on contracting should be directed to your assigned County/Third Party analysts in the SDSS Contracts Bureau at (916) 322-4801.e

## 2.o Timingo

During the month following the collection, the IV-D Distributiono Agency will inform the IV-A Agency (or the contracted agency) ofo the amount of the disregard which is due to the assistance unit.o Because of the requirement to provide information about the disregardo to the IV-A Agency, the IV-D Agency will no longer be required too provide collection information to the IV-A Agency by the tenth of theo month following collection. To meet the federal requirement thato disregard payments be issued "promptly", the disregard payment musto be issued/mailed no later than the fifth calendar day of the secondo month following the month of collection.o

## 3.o Treatment of Direct Support Paymentso

The recipient shall be instructed to forward the entire supporto payment to the District Attorney (DA) when a support payment is made directly to the recipient. (See All-County Letter No. 84-65.) The disregard payment will then be issued to the recipient when the disregard payments from all of the DA collections are issued.

If the support payment is not forwarded to the DA, but is instead retained by the recipient, the CWD must obtain from the IV-D Collection Agency the information necessary to determine if the direct support payment is a current payment, an arrearage paymento or a combination of both. The CWD must coordinate with the IV-D Collection Agency to develop a system whereby this information can be obtained in a timely and efficient manner. If it is determined that all or part of the direct payment is a current support payment, up to \$50 of the current payment will be disregarded for eligibility and grant determination if a full disregard has not already been provided on a DA collection for the same month. No disregard will be allowed on an arrearage payment.

In direct payment cases where current collections are also made by the IV-D Unit in the same month, the disregard may be provided to the family either through the normal IV-D distribution process or through the income computation for the grant. Coordination between the IV-A and IV-D agencies on the appropriate procedure is essential to ensure that the total disregard provided does not exceed \$50 for the month.

## 4.o Support Payments for More than One Assistance Unito

When a support payment is made to the DA for persons who are in moreo than one assistance unit, the support payment will be assigned to eacho affected assistance unit by the IV-D Collection Agency, and each assist-  
ance unit is entitled to a disregard of up to \$50 for that month. Theo IV-D Distribution Agency will inform the IV-A Agency of the allocationo of the support to the affected assistance units and the amount of theo disregard to which each assistance unit is entitled. County IV-A ando

IV-D staff must cooperate in the exchange of information to ensure proper distribution of support payments. In particular, the CWDe must provide the Collection Agency with information regarding companion cases and update this information when changes occur.

#### 5. Paycheck Withholding

When there is an agreement between an absent parent's employer and the DA to withhold child/spousal support from the absent parent's paycheck, and the employer submits the withheld support to the DA less frequently than monthly, the payments will be considered current collections for each of the months they were withheld. The IV-De Collection Agency will allocate the support to the appropriate months, and the assistance unit will be eligible to receive a disregard payment for each of those months if a full disregard payment has not been provided previously for each month. The IV-D Distribution Agency will notify the IV-A Agency of the amounts of the disregards for each month to which the assistance unit is entitled.

#### 6. State Hearings

Recipients will have the right to a State hearing regarding the issuance of the disregard payments. However, Aid Paid Pending (APP) does not apply to the determination and issuance of the disregard payment.

#### 7. Notice Requirements

An informational notice must be sent no later than concurrently with each disregard payment. This general notice is being developed by SDSS to explain that the payment is a disregard of child/spousal support paid by the absent parent. As currently planned the notice will specify the month of collection (to be inserted by the county), the effect of the payment on AFDC and Food Stamp eligibility and grant amounts, and recipient reporting requirements. This notice will be sent to the counties in the near future, upon Turner Court approval.

If a disregard is applied to a support payment made directly to the recipient, and a change in the grant amount results, information about the disregard will be incorporated into the Notice of Action for the grant change. (See Notice of Action Message M44-111F and M44-111G which were sent to you on October 18, 1984 with All-County Letter No. 84-107. These notices will be revised to incorporate the spousal support feature and sent to the counties as soon as possible.)

The possibility of sending a notice in the first month that no disregard is made is now being explored, but no decision has yet been made.

### 8.e Reportinge

Recipients will be required to report receipt of the support disregard payments on their monthly report (CA-7). However, because the county is aware of the disregard payment, failure to report receipt of the disregard will not result in an incomplete CA-7 nor in termination of aid.e

### 9e Regulations Correctionse

References to the support disregard in the emergency State regulations which implemented the first phase of DEFRA erroneously did not include spousal support as being subject to the disregard. The following sections will be revised to include spousal support: EAS Sections 42-213.2k;e 43-201.32 and .33; 44-111.47; 44-113.7; and 44-207.211(b). These revisions will be retroactive to October 1, 1984.e

Any questions regarding the above IV-A Agency instructions should be directed to the AFDC Policy Implementation Bureau at (916) 322-5330. Questions regarding IV-D Agency procedures should be directed to the Child Support Operations Bureau at (916) 322-6384.e

### II.e FOOD STAMP PROGRAMe

- 1.e For food stamp purposes, child support disregard payments are to be counted as income in determining the monthly allotment amount.e
2. All monthly reporting households will be required to report receipt of the support disregard payment on their monthly report (CA-7). However, because the county is aware of the disregard payment, failure to report receipt of the disregard payment will not result in an incomplete CA-7 nor in termination of food stamp benefits.
- 3.e Verification of the disregard payment will not be required nor will it cause the CA-7 to be considered incomplete. The verification will be the agency record.e
4. Even though households will be required to report the disregard payment, the CWD shall use the information available from the agency issuing the payment for all budgeting purposes. If that record indicates that a payment was issued in the budget month, the CWD would calculate benefits for the issuance month using the payment amount on the agency record.e If the record showed no payment was issued, the CWD would use that information and recalculate the budget, if necessary, to reflect this decrease in income. Appropriate timely and adequate Notices of Action are required in these situations.e

NOTE: This process applies to both monthly and nonmonthly reporting households.

- 5.o Nonmonthly reporting households are not required to report the receipt or change in the amount of the child support disregard payment if it is less than \$25. However, the CWD must act on any changes based on the reported information from the agency making the payment.o
- 6.o If the disregard payment includes several month's retroactive disregard payments, only the amount of the payment which represents the current month's disregard would be counted as income. The remainder of the payment would be considered a non-recurring lump sum payment which would be excluded as income (Section 63-502(h)), but counted as a resource in the month received.o
- 7.o If an underissuance occurs due to the use of the agency record, the CWD is required to restore those benefits because the underissuance would be an administrative error. If an overissuance occurs, the CWD is required to establish a claim against the household.o

The Food Stamp Policy Implementation Bureau is currently drafting changes to the state regulations to implement this process. It is anticipated that these regulations will be filed on an emergency basis by January 19, 1985 with a retroactive implementation date of October 1, 1984.

Any questions should be directed to Jolaine Beers, Food Stamp Policy Implementation Bureau, at (916) 445-9537.

### III.o ADMINISTRATIVE CLAIMING

- 1.o The administrative costs associated with determining which assistance units are entitled to a disregard payment are considered a normal distribution activity under the IV-D Program and claimed under existing administrative reimbursement procedures.o
- 2.o The administrative costs for the following activities associated with payment of the disregard are chargeable to the IV-A Agency:
  - a.o Preparation and authorization of payment.o
  - b.o Preparation of any required notices.o
  - c.o Responding to client inquiries. (This includes activities associated with gathering data to respond to recipient inquiries about the disregard, such as: Was a disregard payment issued? Was a support collection made? How much was the collection? etc.)o
- 3.o Time study staff in the County Welfare Departments (CWD) who are performing the above three activities must charge their costs as follows:
  - a.o Time must be recorded in fifteen-minute increments on the DFA 430 in the time study month on a blank line and designated as "Disregard Payments."o

- b.n Allocable support costs will be drawn down to this line andn applied against the AFDC Program allocation on the DFA 327.7.n
- c.n Only the following staff may time study to "Disregard Payments":n
  - 1)n Eligibility caseworkers (including clerical staff engaged full-time in eligibility functions) performing the three activities listed above and their first line supervisors.
  - 2)n Eligibility Workers, Social Workers or clerical staff engaged full-time in performing child support activities and the aboven three activities.n
- 4.n IV-D staff in the District Attorney's Office who are performing then above three activities under an agreement with the CWD must charge their costs as follows:n
  - a.e Time must be recorded in fifteen-minute increments on the CA 355e (quarterly time study form) by dividing line 8, Non-Child Support,n into two categories: Disregard Payments and Other. Costs must bee allocated through the CA 356, pages 1 through 8, by again dividing the non-child support line into the same two categories. Thisn procedure is an interim reporting method pending future revision of the CA 355 and CA 356 series.n
  - b. Costs billed to CWD must be claimed on the County Administrative Expense Claim on the DFA 325.2, Group III, b, as a direct purchase of service, identified to the "Disregard Payments" and charged to the AFDC Program.
  - c.e Specific claiming instructions will be issued for any contractse with private agencies or interagency agreements with a public agency other than IV-D.n
- 5.e Each county must retain proper accounting records to substantiate thee issuance of the disregards to recipients. Such records must be complete and available in the event of a possible audit.n

Detailed claiming instructions will be included in the All-County Lettern for the December 1984 quarter administrative claim. Claiming questionsn related to IV-A should be directed to the Fiscal Policy and Proceduresn Bureau at (916) 445-7046 or ATSS 485-7046. Questions related to IV-Dn claiming should be directed to the Child Support Operations Bureau atn (916) 322-6384.n

#### 6.n EDP Processing Costsn

Developmental, modification and maintenance costs associated withe determining which assistance units are entitled to a disregard paymente are chargeable to the IV-D Program. (See FSD Letter No. 84-18 attached.)n

Developmental or modification costs associated with issuing disregard warrants and/or notices can be direct charged to IV-A, subject to the EDP approval process set forth below.

Ongoing maintenance and operations costs will be charged according to existing CWD administrative claiming instructions.

7.a EDP Approval Processa

Counties shall notify DSS of all enhancements or modifications resulting from state or federal mandate or instructions which do not exceed \$25,000a in cost at the time of their implementation and shall include on thea notification a brief description of:a

a. Nature of Change

b.a Reasons of Changea

c.a Cost of Changea

d.a Impact on Maintenance and Operations Costsa

Counties must get prior approval for costs exceeding \$25,000. (DSS Manual of Policies and Procedures, Division 28, Chapter 28-105(d)(4).) Send these requests to:

Systems Analysis and Approvals Bureau  
County Approvals Section  
744 P Street, M.S. 19-12  
Sacramento, CA 95814

Attention: Richard Ebel

Questions regarding EDP should be directed to the County Approvals Section at (916) 924-2911.