



WILL LIGHTBOURNE  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



EDMUND G. BROWN JR.  
GOVERNOR

May 19, 2011

ALL COUNTY LETTER NO. 11-39

REASON FOR THIS TRANSMITTAL

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

TO: ALL COUNTY WELFARE DIRECTORS  
ALL CalWORKs PROGRAM SPECIALISTS  
ALL WELFARE-TO-WORK COORDINATORS  
ALL COUNTY REFUGEE COORDINATORS  
ALL COUNTY CalFRESH SPECIALISTS  
ALL CONSORTIA REPRESENTATIVES

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO  
KIDS (CalWORKs) PROGRAM: NEW INCREMENTAL GRANT  
REDUCTIONS (IGRs) FOR CERTAIN CHILD-ONLY CASES

REFERENCE: Senate Bill (SB) 72 (Chapter 8, Statutes of 2011) All County Letter  
(ACL) 97-65, ACL 98-37, ACL 99-90, ACL 02-33, ACL 02-66,  
ACL 03-21; All County Information Notice (ACIN) I-95-02, ACIN I-40-03,  
ACIN I-24-11; Welfare and Institutions Code (WIC) Section 11450.025

The purpose of this letter is to inform the County Welfare Departments (CWDs) of changes to the CalWORKs program as a result of the enactment of SB 72 (Chapter 8, Statutes of 2011). This letter provides instructions for the implementation of the Incremental Grant Reductions (IGRs) for certain Child-Only cases.

SB 72 directs the California Department of Social Services (CDSS) to implement the statute initially through an ACL followed by emergency regulations. These CalWORKs changes go into effect on July 1, 2011.

CDSS has distributed mass informing notices to all CalWORKs recipients in May 2011, containing information regarding these changes. Copies of the mailer are included in ACIN I-24-11. CWDs can use the mailer from that ACIN as an additional tool to inform adults of the new IGR rule at intake and at annual redetermination.

Separate letters have already been issued containing instructions for the changes that go into effect on July 1, 2011 which are as follows:

- an eight percent reduction to the Maximum Aid Payment (MAP) levels (ACL 11-29)
- changes to the AB 98 (Chapter 589, Statutes of 2007) subsidized employment program (ACL 11-32)
- a new 48-month time limit for adults (ACL 11-33)
- changes to CalWORKs mental health and substance abuse funding (ACL 11-34)
- the extension of the CalWORKs Short-Term exemptions for cases with young children and cases with good cause for lack of supportive services (ACL 11-34)
- the suspension of the Cal-Learn Program (ACL 11-36)

The CalWORKs Long-Term Reforms, which were due to be implemented on July 1, 2011, have been repealed.

**Implementation of the New Time Clock and Incremental Grant Reductions (IGRs) for Child-Only Cases:**

On July 1, 2011, new time clocks will be established for children. Certain Child-Only cases will be subject to IGRs at the 61<sup>st</sup>, 73<sup>rd</sup>, and 85<sup>th</sup> months. Child-Only cases are cases in which there is no aided adult, and only the eligible children in the Assistance Unit (AU) are receiving aid. The Child-Only cases that are affected by this new rule include, but are not limited to, those cases where the adult or caretaker relative is:

- Timed-out and the children are receiving aid in the Safety Net program;
- An undocumented non-citizen;
- Fleeing to avoid prosecution of a felony or custody and confinement after conviction;
- Violating a condition of their parole or probation;
- A drug felon with a conviction after December 31, 1997;
- Welfare-to-Work (WTW) sanctioned adult or minor head-of-household that has been removed from the AU;
- A non-needy caretaker relative; or
- Excluded by law.

Penalized adults are still considered to be in the AU and aided; therefore, the IGR cannot be applied to cases in which the adults are penalized for failure to comply with immunization and school attendance requirements or who are guilty of committing fraud after January 1, 1998 pursuant to MPP Sections 40-105.4 (g)(1), 40-105.5 (d), and 40-105.17, respectively.

Similarly, if the AU has received a 25 percent penalty for failure to cooperate with Child Support requirements, the adult remains in the AU, and an IGR would not be applied. ACL 98-37 includes a chart on page 17 that will help guide CWDs. It identifies when penalties and sanctions would result in the adult being removed from the AU and when there is a financial penalty but the adult remains aided. Please note that for two-parent Safety Net cases, this Child-Only time clock and IGR policy applies only when both parents have been removed from the AU.

**Exceptions to the IGRs:**

This new Child-Only time clock shall not be applied under the following conditions:

- All unaided caretaker relatives of the aided child are receiving Supplemental Security Income/State Supplementary Payment (SSI/SSP) benefits under WIC Section 12200. If one parent receives SSI/SSP and the other parent is unaided due to other reasons, IGRs will apply to this Child-Only case.
- If one parent receives SSI/SSP and the other person is an optional step-parent who chooses to be excluded, IGRs will not be applied.
- For Child-Only non-needy caretaker relative cases, only the designated non-needy caretaker relative must be in receipt of SSI/SSP for the case to be exempt from the IGRs. The non-needy caretaker relative's spouse does not need to be receiving SSI/SSP for the exemption from IGRs to apply. Please note: Although CWDs are unable to request SSI/SSP information from non-needy caretaker relatives, the IGR NOA informs these clients of their ability to volunteer such information.
- If at any time in a Child-Only case in which an IGR has been applied meets one of these exceptions, the IGR shall be stopped.

**Application of IGRs:**

Effective July 1, 2011 when these Child-Only cases reach 60, 72, and 84 months of aid, they will be subject to a grant reduction on the first day of the following month. IGRs are considered to be county-initiated mid-quarter actions and must therefore take effect mid-quarter. IGRs are to be computed after the eight percent July 1, 2011 MAP reduction has been applied and after the eligible grant amount has been calculated for the Child-Only case. This means, IGRs are applied after income has been subtracted and all penalties, overpayment adjustments and sanctions have been calculated. Please note that for two-parent Safety Net cases this Child-Only time clock and IGR policy applies only when both parents have been removed from the AU.

IGRs shall occur as follows:

Reduction shall occur on the first day of the:	Amount of reduction shall be:
61st month of aid	5 percent of the computed Child-Only grant
73rd month of aid	10 percent of the computed Child-Only grant
85th month of aid	15 percent of the computed Child-Only grant

For purposes of computing the IGR, the prior IGR (if applicable) shall be removed prior to taking the next IGR. For example, if an AU was assessed a five percent IGR in month 61, when the AU reaches 73 months of aid, the five percent IGR shall be removed before applying the 10 percent IGR in month 73.

Child-Only cases will be subject to IGRs based on the total cumulative number of months of aid received by a child in the AU who has received aid for the longest period in any AU, going back to January 1, 1998 (for initial time-on-aid (TOA) determination purposes). Since the TOA determination is based on the child in the AU who has been on aid the longest, months in which an adult may have been exempt from time limits due to a time limit exemption or extender under MPP Sections 42-302.11-12 and 42-302.21, as well as months in which the adult has been in sanction status count for purposes of this IGR TOA determination. All months of aid received by that child AU member shall be counted toward the IGR time clock for that case regardless of whether the adult was aided, or not.

The following months of aid shall not be counted toward the Child-Only time clock for purposes of determining when to apply the IGR:

- Any month in which the child was a Maximum Family Grant (MFG) child pursuant to MPP Section 44-314.
- Any month in which the AU was in a Zero Basic Grant status pursuant to MPP Section 44-315.9.
- Any month in which the cost of aid for the AU is fully reimbursed by child support pursuant to MPP Section 42-302.21(g).
- Any month in which the cost of aid for the AU is fully reimbursed by an overpayment collection pursuant to MPP Sections 44-350 through 44-355.
- Any month in which the child was a member of an AU which received a lump-sum diversion payment and the AU's payment was fully repaid to the CWD.
- Out-of-state and Tribal TANF months of aid.

Each individual child will now be assigned a time clock based on the total cumulative number of months in which they have been aided. This time clock will follow the child until they are no longer considered a child per CalWORKs regulations. Each time the household composition changes as a result of a child moving in or out of an AU or a child becomes ineligible for aid, the CWD must reassess the IGR calculation for the AU. This new calculation shall be based on the remaining child in the AU who has received aid the longest. CWDs are reminded to make the grant changes as a result of an addition or deletion of a child subject to IGR reductions in accordance with Quarterly Reporting (QR) rules at MPP Section 44-316.

For example, if a child leaves the AU, the AU is not required to report that change in AU composition until their next QR 7 is due. If the household chooses to not report the child leaving the AU until their next QR 7, the CWD will recalculate Child-Only TOA when the QR 7 is processed. In this case, any grant change would occur at the beginning of the next payment quarter. However, if the AU voluntarily reports mid-quarter that the child with the longest TOA has left the AU and the combined effect of removing the child and removing the IGR results in an increase to the AU's grant, the increase must be made mid-quarter. This same rule applies when a child with the longest TOA enters the AU. If any voluntarily reported change in AU composition results in a decrease to the AU's grant, the CWD cannot decrease the grant until the first day of the next QR payment quarter.

In determining the months of TOA for members of an AU, CWDs should consult any and all resources available to verify months of aid received by members. Months on aid should be counted toward the TOA calculation if the CWDs possess documentation that the member received aid in a particular month.

These IGRs do not occur until the AU becomes a Child-Only case. If at any time an adult returns to aided status, the IGR must be removed from the grant computation. However, if the case ever becomes a Child-Only case again, the application of IGRs will resume.

For example, if a case is subject to an IGR because the adult is in sanction status, once the adult cures their sanction and returns to aided status, the IGR must be removed from the grant computation as long as the adult remains aided. If the adult is removed and the case becomes a Child-Only case again, IGRs will again be assessed, based on the Child-Only TOA on the computed grant amount at that time. In addition, if the child whose TOA was used to determine the Child-Only TOA for the AU moves from one AU to another, the TOA assessed for both AU's will be reassessed based on the new

household composition. The new IGR percentage will depend on which AU member (child) has received aid the longest. CWDs should ensure that when unaided caretaker relatives in CalWORKs households become eligible for assistance, e.g. they remove a drug conviction, clear a felony warrant, gain legal status, cure a sanction or become eligible for a time limit exemption or extension the IGR is stopped until the adult or adults become unaided once again.

Additional examples that illustrate how IGRs are to be determined and calculated are included in Attachment A.

### **Recipient Noticing Requirements:**

#### **Notices of Action (NOAs) For June 2011 through December 31, 2011:**

Due to the significant impact this new policy will have on our recipients, SB 72 requires CWDs to provide 30-day NOAs to cases that will be affected by the change during the initial six months of transition. This 30-day NOA will replace the existing 10-day NOA requirement through December 2011. Consistent with 10-day noticing provisions at MPP Section 22-072.4, in computing the notice period, the 30-day notice period shall not include the date of mailing or the date the action is to take effect. Thus, for these cases, the 30-day NOA is the only notice required to be provided for notifying the AU of an IGR-related action.

#### **Noticing Requirements After January 1, 2012:**

Beginning January 1, 2012, recipients who are subject to a decrease of benefits due to the IGRs shall receive a NOA 10 days prior to the decrease of aid in accordance with MPP Section 22-071.

### **Overpayment Instructions**

As noted in the "Recipient Noticing Requirements" section of this letter, until December 2011, CWDs will be required to issue 30-day NOAs when imposing IGRs. It is likely that the reprogramming of the Statewide Automated Welfare Systems (SAWS) will not be completed in time to generate NOAs by May 31, 2011, as required by the statute, in order to issue the first NOA 30 days in advance of the July 1, 2011 effective date. If NOAs cannot be issued by May 31, 2011, overpayments would be incurred for the month of July 2011. However, because those July overpayments will not be cost-effective to establish and recover, CWDs may forgo overpayment determinations and collection efforts for overpayments related to the IGRs that meet the cost-effectiveness criteria for the month of July 2011.

If appropriate action (e.g. grant reduction) does not occur or if the CWD was not able to provide a timely 30-day NOA for actions effective on or after August 1, 2011, an Administrative Error Overpayment shall be assessed for all months in which the AU received aid to which they were not entitled. Please see MPP sections 44-352.46, and 44-350.161(b) for additional instructions regarding OP collections.

**WTW Impact:**

The new Child-Only IGR policies do not change the WTW noncompliance and good cause provisions pursuant to MPP Sections 42-713 and 42-721. The only change for the WTW sanction policy is related to the amount of aid the family can receive while the adult is in sanction status described in the "Application of IGRs" section of this letter.

Instructions for imposing an IGR for families who are newly sanctioned will be issued in a separate ACL.

**Welfare Data Tracking Implementation Project (WDTIP) Tracking Recipient Across California (TRAC) Impact:**

To assist CWDs in tracking the new CalWORKs IGRs, the WDTIP system and the SAWS systems will need to be modified to track TOA for all CalWORKs children.

WDTIP will be ready by mid-July to begin receiving children's records from the three SAWS consortia to implement the provisions in this ACL. The children's time clocks must be ticked in the SAWS systems when the records are sent to WDTIP. Once WDTIP receives the TOA records on children from each consortium, the TRAC system will be updated and WDTIP will send the updated records, as a one-time instance, to the other consortia to update the CWD records. Discussions are currently taking place between the Office of Systems Integration (OSI) and the SAWS consortia to set a date by which the consortia will have sent all the children's TOA records to WDTIP. Further instruction will be sent once a date is established.

CWDs must ensure that applicable Child-Only time clock exemptions are identified and tracked appropriately on the WDTIP TRAC system. The first three codes have been in existence for adult time limits since the inception of WDTIP and are being recycled for the Child- Only cases. The fourth code is new for the Maximum Family Grant (MFG) exemption. CWDs must use the following codes when applicable:

<b>Exemption Type</b>	<b>Program Exception Code (PEC)</b>	<b>Program Exception Reason Code (PERC)</b>
CalWORKs Exemption - Any Month in which the Cost of the Aid is Fully Reimbursed by Child Support	03	376
CalWORKs Exemption - Recipient child does not Receive a Cash Grant Payment for the Month as Grant Amount is \$10 or Less	03	377
TANF/CalWORKs Repayment - An entire month of aid, to which the AU was not eligible, that is fully repaid by grant reduction or any other means	07	700
CalWORKs Exemption - Any month in which the child was an MFG child	03*	318*

\*Exemption Code 03-318 is a new Exemption Code for IGRs.

In the situations listed below, there are no exception codes to send to WDTIP:

- Out-of-state or Tribal TANF months of aid do not count toward the Child-Only time clock. The consortia should not submit any out-of-state or Tribal TANF TOA records for children to WDTIP.
- Diversion months will count toward the Child-Only time clock. WDTIP does not use an exception code to untick the repaid diversion months. For the diversion months that are repaid, the SAWS system should send WDTIP a diversion record with the diversion condition code “R”, so that WDTIP will not tick the Child-Only time clock for those repaid months.

**CalFresh Impact:**

Since the Child-Only IGRs are not considered failures to comply with a program requirement of another “means tested” program, the household’s CalFresh benefits shall be recalculated and increased, if appropriate, as a result of the reduction of the cash grant, regardless of whether the adult or caretaker relative is in sanction or not (MPP Section 63-503.71).



Consistent with QR regulations, if the IGRs that occur mid-quarter result in an increase in CalFresh benefits, these increases shall also be made mid-quarter. No additional report or verification shall be required to increase CalFresh benefits mid-quarter as a result in a reduction in CalWORKs benefits due to an IGR.

Examples of CalFresh impact:

**Example 1:** There is an AU of three (one adult and two children). The adult receives a WTW sanction. If the WTW sanction results in a CalFresh sanction, the CalFresh benefits would be recalculated based on the lowered CalWORKs grant for a household of two, as the adult has been removed from the CalFresh household due to sanction (MPP Section 63-407.54). If the adult qualifies for a work registration exemption, then the WTW sanction would not result in a CalFresh sanction and CalFresh benefits would not be recalculated.

**Example 2:** There is an AU of three (one adult and two children). The adult receives a WTW sanction. The sanction lowers the AU's CalWORKs grant from \$638 to \$516. The adult qualifies for a work registration exemption, so CalFresh benefits are not recalculated. The AU then receives an IGR, further reducing the AU's CalWORKs grant by 5 percent for a total of \$490. Since the IGR is not a result of noncompliance with a program requirement of another means tested program, CalFresh benefits would be recalculated based on a reduction in the AU's CalWORKs grant and the full three person household, as the adult qualifies for a work registration exemption. However, this recalculation would be done by utilizing the original AU grant amount minus the IGR of 5 percent ( $\$638 - 5 \text{ percent}$ ), not the AU's CalWORKs grant of \$490, as this amount takes into account a reduction due to failure to comply with a program requirement.

Child Care Impact:

Although the changes described in this ACL will not result in child care policy changes, CWDs are reminded that former CalWORKs recipients who need child care to work or participate in other activities may receive subsidized child care for up to 24 months in Stages One and Two after leaving CalWORKs cash aid as described in MPP Section 47-230, Eligible Former CalWORKs Clients. After exhausting the 24 months of subsidized child care in Stages One and Two, a former recipient may continue receiving subsidized child care services in Stage Three as long as they continue to meet eligibility requirements and funding is available.

Refugee Cash Assistance (RCA)/ Entrant Cash Assistance (ECA) and Trafficking and Crime Victims Assistance Program (TCVAP) Impact:

The information contained in this letter is not applicable to recipients of RCA, ECA, and TCVAP Cash Assistance who are single adults or in families without children.

TCVAP CalWORKs Impact:

The information contained in this letter does apply to recipients of TCVAP CalWORKs.

**Camera Ready Copies and Translations:**

For a camera-ready copy 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 our web site. 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, clients who have elected to receive Spanish, Russian, Vietnamese, and written Chinese materials should be sent the GEN 1365 interpretation informing notice with a local contact number.

**Forms/NOAs:**

The new 30-day discontinuance and grant reduction NOAs are contained in this letter (Attachment B). However, additional forms and NOAs that will need to be modified or developed as a result of these changes will be issued in a separate ACL.

**Data Reporting:**

Instructions will follow in a subsequent ACL.

If you have any questions or need further information regarding this letter, please contact the following CDSS representatives:

- CalWORKs Eligibility County Consultant (916) 654-1322
- Employment County Consultant (916) 654-2137
- Child Care Programs (916) 657-2144
- Fiscal Policy [fiscal.systems@dss.ca.gov](mailto:fiscal.systems@dss.ca.gov)
- CalFresh Policy (916) 651-8047
- Program Integrity (WDTIP) (916) 654-2125
- Refugee Programs (916) 654-4356

Sincerely,

***Original Document Signed By:***

CHARR LEE METSKER  
Deputy Director  
Welfare to Work Division

Attachments