



CDSS

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



EDMUND G. BROWN JR.  
GOVERNOR

October 10, 2014

ALL COUNTY LETTER (ACL) 14-57

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 CALFRESH PROGRAM SPECIALISTS  
ALL COUNTY REFUGEE PROGRAM COORDINATORS  
ALL CONSORTIUM PROJECT MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs): TREATMENT OF CHANGES DURING THE APPLICATION PROCESS

REFERENCES: MANUAL OF POLICIES AND PROCEDURES (MPP) MANUAL SECTIONS 40-105.14(SAR); 40-115.225; 40-128.11; 40-131.3(b); 40-171.11 and .221(g); 40-181.1(e)(SAR); 41-400; 44-171.11; 41-440; 44-207.11 and .221; 44-316.312(b)(SAR); 44-317; 44-350.18; AND 44-400; ACL No. 03-18, ACL No. 12-25, ACL No. 12-49, ALL COUNTY INFORMATION NOTICES (ACINs) I-84-03 and I-10-04

The purpose of this letter is to clarify the process the County Welfare Departments (CWDs) shall employ when changes in applicant circumstances occur during the period after the application has been initiated, but before eligibility has been determined. This letter will first provide the applicant-reporting rule, and will follow with examples to illustrate how to treat various changes that may occur during application processing. This letter will only address actions to be taken on the CalWORKs case. The CalFresh Policy Branch will address how CWDs should act on changes in circumstances during the application period for CalFresh applicants under separate cover.

**CalWORKs**

CWDs have up to 45 days to process a CalWORKs application. During that time, the applicant's circumstances may change, potentially affecting the family's eligibility and/or

grant determination. When determining eligibility and cash aid amount, all information available to the CWD shall be taken into consideration. Applicants are required to report any change in the family's circumstances, which may affect eligibility and grant amount within five calendar days of the occurrence (MPP section 40-105.14[SAR]). Eligibility changes can include, but are not limited to: any changes in income and resources, Assistance Unit (AU) composition, marital status, etc. CWDs shall ensure that the application interview includes a full discussion of the applicant's responsibility for reporting all facts and for notifying CWDs immediately of all changes of circumstances material to a correct determination of eligibility and grant amount (MPP section 40-131.3[b]). Before the caretaker relative signs the SAWS 2 Plus, the discussion during the applicant interview process should clarify, in detail, what changes in circumstances must mandatorily be reported to the CWD. The possible consequences for failure to disclose any changes to the facts as they are stated on the SAWS 2 Plus should be reviewed by the CWD, with the applicant, during the course of the initial application dialogue.

Any changes reported by the AU while the CWD is still determining eligibility for CalWORKs shall be used to make a correct final determination of eligibility and grant amount. If changes take place after the legal beginning date of aid, but before the determination of eligibility, and the change results in applicant ineligibility, the CWD shall deny aid (MPP section 40-171.221[g]). If the changes do not result in ineligibility, but will have an effect on the grant amount, they shall be used to determine the correct grant amount for the AU. Conversely, if the applicant is ineligible at the time of the application, but will become eligible within 60 days, the CWD shall withhold action on the application until the applicant family will be eligible (MPP section 40-171.11). Using the appropriate NOA, the applicant must be notified that the application is being held and the date when action will be taken.

### Income Changes

CWDs shall use information provided in the SAWS 2 Plus to determine eligibility and grant amount for applicants based on actual and reasonably anticipated income. Actual income is used to determine if the applicant passes the first applicant income eligibility test (MPP section 44-207.11). The second financial eligibility test is based on the family's combined reasonably anticipated monthly net non-exempt income for the upcoming payment period (MPP section 44-207.221). CWDs shall use any and all information available to them, including income that they identify through other sources, such as information from the Income Eligibility Verification System (IEVS) or the Employment Development Department (EDD), when determining eligibility and grant amount (MPP section 40-115.225). The CWD shall not delay the determination of eligibility pending receipt of IEVS information if other information establishes the individual's eligibility (MPP section 40-115.225).

Child support income is counted differently from other types of income when initially determining eligibility and grant amount of an AU. When an AU is receiving direct child support income, the CWD must count the income for purposes of determining whether the AU passes the initial applicant financial eligibility test. However, since the child support will be assigned to the CWD and will not be received by the claimant once they are receiving CalWORKs, that child support income cannot be counted as income for purposes of determining the AU's grant amount. Please note that CWDs must treat direct child support received by AUs assigned to the K1 or 3F aid codes differently than other applicant AUs if child support payments are to be sent directly to

the K1/3F AU either by the non-custodial parent or the Local Child Support Agency. The AUs in these aid codes will receive child support directly as unearned income. A detailed ACL regarding the treatment of child support income for AUs in the K1 and 3F aid codes will be released in the near future.

Once eligibility and grant amount is determined, aid shall be granted back to the date of application (presuming the AU was eligible on that date) or the date on which the applicant meets all eligibility conditions, whichever is later, pursuant to beginning date of aid regulations in MPP section 44-317. Once aid is granted, no overpayment shall be assessed based on any differences between the amount of income the CWD and the applicant reasonably anticipated the AU would receive during the payment period and the income the AU actually received during that period, provided the recipient's reports were complete and accurate (MPP section 44-350.18[SAR]). However, if it is determined that the recipient did not report all required changes during the application process, their reporting would be considered incomplete and an overpayment may be assessed.

#### Deprivation Changes

In order to be eligible for CalWORKs the child for whom aid is being requested must be deprived of parental support or care (MPP section 41-400). If deprivation is established based on unemployment, the principal earner must have been employed for less than 100 hours during the four-week (28-day) period prior to the date of eligibility for CalWORKs (MPP section 41-440). If at the time of application, the family does not meet deprivation requirements based on the 100-hour rule, the CWD shall hold action on the application (MPP section 40-171.11). Once the family meets the 100-hour rule, their financial eligibility shall be determined based on their current circumstances. The California Department of Social Services (CDSS) has created a new Notice of Action (NOA) message (M41-440G [7/14]) that CWDs shall use in these situations as soon as administratively possible (see Attachment Two).

On the contrary, if the family meets deprivation standards at the time of application, but the principal earner has a full-time job offer for a job that will not start until a later date, the family will still be determined eligible as long as they meet the 100-hour rule at the time their application is processed and their reasonably anticipated income would not result in financial ineligibility.

#### Household Composition Changes

Applicants must report within five days if their household composition changes during the application process (i.e. if anyone moves in or out of the home). If aid has not yet been granted, these changes will be taken into account when determining initial eligibility and grant amount. If aid has already been granted, these reports will be treated as voluntary mid-period reports and will only be acted on if the change results in an increased grant (MPP section 44-316.312[b][SAR]). The exception is for Annual Reporting/Child-Only (AR/CO) cases. As described in ACL No. 12-49, household composition changes under the AR/CO system are mandatory mid-period reports and must be reported within ten days. CWDs must take action on the reported change regardless of whether the change results in a grant decrease.

### Other Changes

The Quarterly Reporting/Prospective Budgeting (QR/PB) rules changed the recipient reporting rules, but did not change the applicant reporting rules. Similarly, this also applies to SAR and the AR/CO reporting system which have replaced QR/PB. Under QR/PB rules, recipients had very few mandatory, mid-quarter reports that could result in a decrease to the grant or a discontinuance of aid. Other than these few mandatory mid-quarter reports, changes that took place mid-quarter were only acted on if they resulted in an increase to the grant amount. In addition, actual income may not be reconciled with reasonably anticipated income, as long as the recipient's reports were complete and accurate (MPP section 44-350.18).

With SAR the mandatory reports are required twice annually (at annual redetermination and with the SAR 7 report) and for AR/CO, it is at annual redetermination. Under both reporting types there are also mandatory mid-period reports, if circumstances warrant. However, these rules do not apply to applicants. All changes that take place before the application has been approved for aid shall be taken into account when determining eligibility and the correct grant amount (MPP section 40-181[e][1][SAR]). This includes changes to the household composition, changes in income or resources, changes in need, any changes to the determination of deprivation, and any other changes that may have an effect on eligibility or grant amount. Please see Attachment One for examples of how to treat eligibility changes that occur and are appropriately reported during the application process in the CalWORKs program.

### Annual Reporting/Child Only (AR/CO)

The rules regarding changes in applicant circumstances as discussed in this ACL also apply under AR/CO. However, household composition rules differ and are discussed in the household composition section of this letter.

### NOA Messages and Translations

Counties with internet access can obtain copies of NOA Messages from the CDSS webpage at [http://www.cdss.ca.gov/cdssweb/NoticeofAc\\_2383.htm](http://www.cdss.ca.gov/cdssweb/NoticeofAc_2383.htm). When translations are completed per MPP section 21-115.2, they are posted on an on-going basis to our web site. Copies of translated NOA messages can be obtained at [http://www.dss.cahwnet.gov/cdssweb/FormsandPu\\_274.htm](http://www.dss.cahwnet.gov/cdssweb/FormsandPu_274.htm). Counties without internet access can call the Language Services Bureau at (916) 651-8876 for assistance.

For questions on translated materials, please contact the Language Services Bureau. Until translations are available, recipients who have elected to receive materials in languages other than English should be sent the English version of the form or notice along with the GEN 1365-Notice of Language Services and a local contact number to receive translation services.

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

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county's responsibility to provide these services if an applicant or recipient requests it. More information regarding translations can be found in MPP section 21-115.

If you have any questions regarding this letter, please contact your CalWORKs County Consultant or call the CalWORKs Eligibility Bureau at (916) 654-1322.

Sincerely,

***Original Document Signed By:***

***KÄREN DICKERSON for***

TODD R. BLAND  
Deputy Director  
Welfare to Work Division

Attachments

c: CWDA  
CSAC

**CalWORKs Examples: How to Treat Changes During the Application Period.**

**Example 1:** Mary applies for CalWORKs for herself and her two children on June 9<sup>th</sup>. She is unemployed. She comes in for her interview on June 22<sup>nd</sup>. On June 20<sup>th</sup> she was hired at a new job. She tells this to her worker and verifies that her start date is June 25<sup>th</sup>. Mary also provides verification to her worker that she will be working 20 hours a week at \$9.00 an hour and is paid weekly. Her first paycheck is expected July 8<sup>th</sup>. With that information, the worker can reasonably anticipate no monthly income in the month of June and a monthly income of \$779 beginning in July using a weekly conversion factor ( $\$9.00 \times 20 \times 4.33 = 779$ ). Her actual, current income of \$0 will be used to see if she passes the first applicant financial eligibility test (MPP section 44-207.1), and her reasonably anticipated income from her new job, across the June-November Semi-Annual Reporting (SAR) period, will be used to determine the AU's eligibility and grant amount (MPP section 44-207.2). The CWD will prorate the June grant amount back to the date Mary applied for CalWORKs (June 9<sup>th</sup>).

The Maximum Aid Payment (MAP) in Mary's county for an AU of three is \$670.

Mary has no reasonably anticipated income for the month of June. Mary's current MAP is prorated beginning June 9<sup>th</sup>. Aid is granted in the amount of \$491 for the month of June.

**Example 2:** Same as above, but Mary doesn't find out her start date or know how many hours she will be working until after her application has been approved. Since she cannot reasonably anticipate the income from her new job, no income will be used to determine the AU's eligibility or grant amount. As long as she met her reporting requirements and reported all changes during the application period within five days, the CWD will not assess an overpayment based on her new job or income (MPP sections 44-207.2 and 44-315.3).

The MAP in Mary's county for an AU of three is \$670.

Mary's current MAP is prorated beginning from June 9<sup>th</sup>. Aid is granted in the amount of \$491 for the month of June.

Mary has no reasonably anticipated income for the remaining months of the payment period so aid is granted in the amount of \$670 for the months of July through November.

**Example 3:** John applies for CalWORKs for himself and his two children on August 4<sup>th</sup>. He has applied for unemployment (UIB) but is not sure of the amount that will be authorized or when he will start receiving the payments. At the time of application, his UIB income cannot be reasonably anticipated. Three days after his interview, he receives his first check and reports it to the CWD within five days as required (MPP section 44-105.14[SAR]). However, by the time he reports the income, the application has been approved and he is considered a current recipient. His report will be treated as a mid-period voluntary report and the UIB will not affect the AU's grant amount until the following SAR period (MPP section 44-316.31).

The MAP in John's county for an AU of three is \$670.

John's current MAP is prorated beginning from August 4<sup>th</sup>. Aid is granted in the amount of \$588 for the month of August.

Aid is granted in the amount of \$670 for the months of September through January because John's UIB cannot be used until the following SAR period.

**Example 4:** Suzie applies for CalWORKs for herself and her two children on September 1<sup>st</sup>. She works part-time 20 hours a week making \$9.00 per hour and has no other household income. Her monthly income is calculated using a weekly conversion factor ( $\$9.00 \times 20 \times 4.33 = \$779$ ). On September 10<sup>th</sup> she loses her job and reports it to the CWD along with verification of her job loss. The application has not yet been approved, so the CWD uses the information regarding her job loss and reasonably anticipates no income when determining the AU's eligibility and grant amount for the September-February SAR period.

The MAP in Suzie's county for an AU of three is \$670.

Aid is granted in the amount of \$670 for the months of September through February.

**Example 5:** Same as above, but when Suzie makes the timely report of her job loss, the application has already been approved on September 5<sup>th</sup> and the AU's grant has been calculated. The AU's first aid payment is issued on September 5<sup>th</sup> when the application is approved. Per MPP section 44-316.311(a)(SAR), the report of decreased income due to the job loss is treated like a voluntary mid-period report and the AU's grant amount will be recalculated based on recipient SAR rules. Any supplemental payments will be provided to the AU within ten days (MPP section 44-316.312[a][4][SAR]).

**Example 6:** On September 8<sup>th</sup> when Steve applies for CalWORKs for himself, his wife and their two children, he is working 30 hours per week. When Steve comes into his scheduled interview on September 21<sup>st</sup>, he tells the CWD about his job but provides a lay-off notice that verifies he will be laid off as of September 30<sup>th</sup>. The only basis for deprivation for this family would be unemployed parent deprivation; but because John worked more than 100 hours in the four weeks prior to applying for CalWORKs, John and his family are not eligible for the month of September (MPP section 41-440.1[a][2]). However, as of October 28<sup>th</sup>, he will meet the 100-hour rule for unemployed parent deprivation. The worker pends the application and sends Steve a notice (Attachment Two) that he is not currently eligible, but his application will be re-examined on October 28<sup>th</sup>. On November 3<sup>rd</sup> the CWD meets with Steve and verifies that no other changes have taken place since he completed his application, he is still unemployed, has not yet been granted UIB, and his current and reasonably anticipated income is zero. The AU's application is granted for the October-March SAR period with an October 28<sup>th</sup> beginning date of aid.

The MAP in Steve's county for an AU of four is \$800. Steve's current MAP is prorated beginning from October 28<sup>th</sup>. Aid is granted in the amount of \$100 for the month of October.

Aid is granted in the amount of \$800 for the months of November through March.

**Example 7:** James applies for CalWORKs for himself, his wife, and their child on September 8<sup>th</sup>. He is the principal earner, but has been unemployed for three months. When he goes to his interview on September 26<sup>th</sup> he reports that he has just gotten a job offer for a full-time job that will start on October 17<sup>th</sup> and will pay a monthly salary of \$1,385. Based on this job offer, he anticipates earning \$0 in October as his first payday will begin on November 1<sup>st</sup>. In November he reasonably anticipates earning a partial month salary of \$625. His full monthly salary will begin in December. Since he has not worked more than 100 hours in the four weeks prior to his application date, his family still meets the unemployed parent deprivation requirement. His current income is zero, so his family passes the applicant eligibility test. Next the CWD must determine recipient eligibility and grant amount. The SAR period is September-February and his reasonably anticipated, net, nonexempt monthly income for the upcoming SAR period will be calculated as follows.

James has no reasonably anticipated income for the month of September. James' current MAP is prorated beginning from September 8<sup>th</sup>. Aid is granted in the amount of \$506 for the month of September.

The MAP in James' county for an AU of three is \$670.

\$670	MAP for three
<u>÷ 30</u>	Days in the month
\$ 22	Subtotal
<u>X 23</u>	Number of days in the month James is eligible for
\$506	Grant amount for September

James has no reasonably anticipated income for the month October. Aid is granted in the amount of \$670 for the month of October.

James' countable income for the month of November is \$200. Aid is granted in the amount of \$470.

Determining the NNI Used to Determine the November Grant Amount:

\$625	Earned Income
<u>- 225</u>	Unused DBI disregard
\$400	Subtotal
<u>÷ 2</u>	EID – 50 percent of the remaining earned income
\$200*	NNI *The NNI is rounded down to the next whole dollar amount.

Determining the Grant Amount:

\$670	MAP for AU of three
<u>- 200</u>	NNI
\$470	Grant amount for the month of November



James' countable income for the months of December-February is \$580. Aid is granted in the amount of \$90 for the months of December-February.

Determining the NNI Used to Determine the Grant Amount for the Remaining Payment Period:

\$1,385	Earned Income
<u>- 225</u>	Unused DBI disregard
\$1,160	Subtotal
<u>÷ 2</u>	EID – 50 percent of the remaining earned income
\$ 580*	NNI *The NNI is rounded down to the next whole dollar amount.

Determining the Grant Amount for the Remaining Payment Period:

\$670	MAP for AU of three
<u>- 580</u>	NNI
\$ 90	Grant amount for December through February

**Example 8:** Same as above, but James will be earning \$14 an hour and his job will start on October 1<sup>st</sup>. He anticipates earning \$2,424 per month beginning in November. His reasonably anticipated, NNI for the upcoming SAR period is as follows.

The MAP in James' county for a family of three is \$670.

James has no reasonably anticipated income for the month of September. James' current MAP is prorated beginning from September 8<sup>th</sup>. Aid is granted in the amount of \$506 for the month of September.

\$670	MAP for three
<u>÷ 30</u>	Days in the month
\$ 22	Subtotal
<u>X 23</u>	Number of days in the month James is eligible for
\$506	Grant amount for September

James has no reasonably anticipated income for the month of October. Aid is granted in the amount of \$670 for the month of October.

James' countable income for the month of November-February is \$1,099. Beginning in November, the family will become financially ineligible for CalWORKs.

James' reported reasonably anticipated income for November through February is \$2,424.

\$14.00	Hourly wage
<u>x 40</u>	Hours worked per week
\$ 560	Subtotal Weekly Income
<u>X 4.33</u>	Conversion Factor
\$2,424	Monthly Gross Income

Determining the NNI Used to Determine the Grant Amount for the Remaining Payment Period:

\$2,424	Earned Income
- 225	Unused DBI disregard
\$2,199	Subtotal
÷ 2	EID – 50 percent of the remaining earned income
\$1,099*	NNI *The NNI is rounded down to the next whole dollar amount.

James is ineligible for CalWORKs beginning November 1<sup>st</sup> because his NNI exceeds the MAP for an AU of three (\$670).

**Example 9:** Jane applies for CalWORKs for herself and her child on January 15<sup>th</sup>. She is unemployed. When she goes to her interview on February 3<sup>rd</sup>, she reports that her child's father has moved into the home and is full-time employed. Because Dad hasn't lived in the home for over two years, Mom is the principal earner, so the AU still has unemployment deprivation. However, Dad's income makes the AU financially ineligible and the application is denied.

State of California  
Department of Social Services

Noa Msg Doc No.: M41-440G Page 1 of 1  
Action : Suspend Application  
Issue: Deprivation, CalWORKS-U  
Title: 100 Hour Work Rule

Auto ID No.:  
Source :  
Issued by :  
Reg Cite : 40-171.11; 41-401, 41-440

Use Form No. : NA 290  
Original Date : 07-14-2014  
Revision Date :

MESSAGE:

The County has put your application for cash aid dated \_\_\_\_\_ on hold.

Here's why:

The principal earner in your family worked more than 100 hours in the four weeks before the date of application, so (s)he is not considered unemployed. Your family does not meet the unemployed parent rule to be eligible for CalWORKs. However, the principal earner in your family recently:

- lost his/her job
- OR
- had his/her work hours reduced

On (date) the principal earner in your family will have worked less than 100 hours in the four weeks before your family might be eligible for CalWORKs and will meet the definition of unemployed. At that time, we will look at your application and other household conditions again and decide your eligibility for CalWORKs from that date forward.

A principal earner is the person who has earned the most money in the 24 months before your application for CalWORKs.

The principal earner in your family is \_\_\_\_\_.

INSTRUCTIONS: Use to suspend an application for CalWORKs-U when the principal earner worked more than 100 hours in the four weeks prior to the application date, but has since lost his/her job or had his/her hours decreased. Specify the date that they will meet the 100-hour rule. Specify the name of the principal earner in the space provided.