

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



August 31, 2004

ALL COUNTY LETTER NO. 04-34

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 FOOD STAMP COORDINATORS
ALL COUNTY REFUGEE COORDINATORS
ALL COUNTY CONSORTIUM PROJECT MANAGERS
ALL QUALITY CONTROL SUPERVISORS

SUBJECT: COST OF LIVING ADJUSTMENT (COLA) INCREASE TO THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) MAXIMUM AID PAYMENTS (MAP) AND MINIMUM BASIC STANDARD OF ADEQUATE CARE (MBSAC) LEVELS

REFERENCE: WELFARE & INSTITUTIONS CODE (W&I) SECTIONS 11450, 11452, 11453, EXECUTIVE ORDER S-01-03

The purpose of this letter is to inform counties of increases to the CalWORKs MAP, MBSAC, and Income In-Kind (IIK) levels effective as of July 1, 2004. This year's COLA increases the MAP, MBSAC, and IIK levels by 2.75 percent. W&I Code Section 11453 provides that for the State Fiscal Year (SFY) 2004, the CalWORKs MAP and MBSAC shall be increased. However, the budget trailer bill, Senate Bill 1104, signed by the Governor August 16, 2004, suspends the MAP COLA for a three-month period beginning with the first month following the signing of the bill. Attachments to this letter provide detailed instructions regarding:

- Implementation of the 2004 COLA for the MBSAC, MAP and IIK levels effective July 1, 2004
- Instructions and examples as how the COLAs will be treated in the Quarterly Reporting/Prospective Budgeting system (QR)
- Suspension of the MAP and the IIK COLA for the months of September, October, and November for applicant and recipient cases
- Restoration of the MAP and IIK COLA effective December 1, 2004
- Treatment of the COLA in the Food Stamp Program and the Refugee Cash Assistance Program

- MAP, MBSAC, and IIK level charts, including charts for the three month suspension
- Informing notices which are required to be sent to recipients

CalWORKs AND FOOD STAMP MAP MASS INFORMING NOTICE

For the CalWORKs Program, Attachments 3A and 3B provide the mass informing notices counties are to use to notify CalWORKs recipients of the new MAP levels. Attachment 3A is designed for residents of Region 1, and Attachment 3B for residents for Region 2. These notices provide information about changes in cash aid standards and serve as advance notification to CalWORKs recipients. Both attachments contain language to inform households that food stamps may be reduced due to the increase in cash aid.

For the Food Stamp Program (FSP), adjustments in food stamp benefits resulting from general cash aid changes are considered a mass change as provided in MPP 63-504.392. The mass informing notice provided in Attachments 3A and 3B contain the necessary information to advise Public Assistance Food Stamps households of benefit changes. An individual Notice of Change (DFA 377.4) is not required if the sole reason for the change in benefits is the MAP increase per MPP 63-504.392.

In addition, the notice includes the State's toll free number for public inquiries for both the CalWORKs program and the FSP. Those calling the number will hear a taped message concerning the changes and hearing rights associated with law changes. The taped message will be provided in English and Spanish. Since the CalWORKs retroactive payments must be issued promptly in accordance with MPP 44-340.13, these notices must be sent to current CalWORKs recipients as soon as administratively feasible.

FORMS AND NOTICES OF ACTIONS (NOAs)

The following forms and NOAs are provided in this ACL:

- CalWORKs Payment Standards Tables
- M44-315 (8/04) Law Change-Increase in MAP NOA
- Temp 2160 (8/04) Region 1 - Mass Informing Notice
- Temp 2160A (8/04) Region 2 - Mass Informing Notice

CAMERA-READY COPIES AND TRANSLATIONS

If your office has Internet access, you may obtain copies of the English forms from the CDSS web page at: www.dss.cahwnet.gov/cdssweb/On-lineFor 271.htm. For questions on the English forms, please call Forms Management Unit at (916) 657-1907.

For copies of forms in other languages, including Spanish forms, you may go to the CDSS web page at: www.dss.cahwnet.gov/cdssweb/formsandPu 274.htm. Translated materials are posted on an ongoing basis as soon as they are completed. For questions on translated materials, please contact Language Services at (916) 445-6778.

CONTACTS

If you have any questions regarding this ACL please contact the following CDSS staff:

| | |
|-------------------------------|-----------------------------------|
| CalWORKs MBSAC and MAP levels | Eden Eulingborough (916) 654-2236 |
| CalWORKs U/P and O/P | Charissa Miguelino (916) 657-3665 |
| CalWORKs Forms and Notices | Vince Toolan (916) 654-1808 |
| CalWORKs QR Cycles | Beverly Thomas (916) 654-6127 |
| Food Stamp Program | Consultants (916) 654-1896 |
| Fiscal Policy Bureau | Consultants (916) 654-3440 |
| Refugee Cash Assistance | Kathy Noble (916) 654-0495 |

Sincerely,

***Original Document Signed By
Bruce Wagstaff on 8-31/04***

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

c: CWDA
CSAC

Attachments

**PROGRAM INSTRUCTIONS TO IMPLEMENT THE 2004-05 COST OF LIVING
ADJUSTMENT (COLA) INCREASE TO THE CalWORKs MAXIMUM AID PAYMENTS
(MAP) AND MINIMUM BASIC STANDARD OF ADEQUATE CARE (MBSAC) LEVELS**

MBSAC INCREASE

The new MBSAC levels are to be used in determining applicant financial eligibility for those families that apply for CalWORKs on or after July 1, 2004. The COLA increase for the MBSAC does not have a three month suspension. The new CalWORKs MBSAC Standards tables for Region 1 and Region 2 are included in Attachments 2A and 2B, and are provided to assist in implementing the changes.

Since the effective date for the COLA increase for the MBSAC levels is July 1, 2004, counties are instructed to review only previously denied applications which were denied solely for failing the applicant financial eligibility income test for July and August 2004 due to the lower MBSAC level. Counties must make any necessary retroactive and all prospective changes effective as soon as administratively possible to implement the increase in the MBSAC levels and retroactively approve those applications, if appropriate.

RETROACTIVE ELIGIBILITY AND QR

If the applicant's initial application is re-evaluated and still denied due to excess income, the county has no further action to take. However, to establish eligibility for any QR Payment Quarter following the approval of the original/initial application, the applicant will be required to provide the necessary information and documentation for each individual QR Payment Quarter. Under QR, eligibility and cash aid for the QR Payment Quarter are based on the QR 7 information and on mid-quarter reports and mid-quarter county initiated actions.

The county is to use the QR 7 and mid-quarter information known or reported to the county as the method to document and approve cash aid for each subsequent QR Payment Quarter. It is the applicant's responsibility to provide the county with the relevant and necessary information needed to determine eligibility for all subsequent QR Payment Quarters to which the applicant believes they would be eligible. The applicant will have 45 days in which to provide the appropriate documentation to the county for the establishment of eligibility for the subsequent QR Payment Quarters.

Scenario 1:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels, and there was no subsequent CalWORKs approval but their FSP application was approved, the county will take the following steps:

- Review the original applications for July and August 2004 that were denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) of the established FSP QR Payment Quarter;
- Follow current application processing regulations, including applying all appropriate income disregards and eligibility factors;
- Approve the application, if appropriate, and align the cash aid QR Payment Quarter with the established FSP QR Payment Quarter.

Example:

A family of three applies for CalWORKs in July 2004. The applicants were denied cash aid due to the fact that their income exceeded CalWORKs MBSAC levels. However, FSP benefits were approved. The family did not reapply for CalWORKs. In September 2004, the county reviews their original application for July 2004 and determines that the family's income did not exceed the increased July 2004 MBSAC levels. After approving the originally denied CalWORKs application, the county will align the cash aid QR Payment Quarter with the already approved FSP QR Payment Quarter and issue the correct cash aid amount for the months of the existing QR Payment Quarter.

Scenario 2:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels, but their FSP application was approved, and the applicant applied for and was approved for CalWORKs in a subsequent month during the FSP QR Payment Quarter, the county will take the following steps:

- Review the original applications for July and August 2004 that were denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) previously denied;
- Approve the application, if appropriate;
- Treat those CalWORKs month(s) that were previously denied as separate from the month(s) in the QR Payment Quarter that was established when aid was reapplied for and approved. The cash aid amount for the newly approved month(s) (i.e., the month(s) in which aid was previously denied) is to be determined based on the original application and will not include the income used in calculating the cash aid for the month(s) already used in the prior established QR Payment Quarter.

Example:

A family of three applies for CalWORKs in July 2004. The applicants were denied cash aid due to the fact that their income exceeded CalWORKs MBSAC levels. However, FS benefits were approved. In August 2004, the family reapplies for cash aid and is approved.

In September 2004, the county reviews their original application for July 2004 and determines that the family's income did not exceed the increased July 2004 MBSAC levels. The county uses the CalWORKs application information to calculate the cash aid payment for the month of July 2004 only and issues a retroactive supplemental payment for that month.

Scenario 3:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels and no application was made for FSP, the county will take the following steps:

- Review the original application for July and August 2004 that were denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) of the retroactive eligibility and establish the QR Payment Quarter that corresponds with the date of the original CalWORKs application;
- Approve the application, if appropriate, using current application processing regulations including applying all appropriate income disregards and eligibility factors;
- The county must obtain and evaluate any information provided by the recipient to establish eligibility for any subsequent QR Payment Quarters.

Example:

A family of three applies for CalWORKs in July 2004. The applicant was denied aid due to the fact that their income exceeded the CalWORKs MBSAC levels. The family never reapplied for cash aid nor received FSP benefits. In September 2004, the county reviews the previously denied application and determines that the family's income did not exceed the increased July 2004 MBSAC levels. The county reviews income and eligibility factors provided on the application made in July 2004 and any relevant mid-quarter information and calculates what the aid payments should have been for July and any remaining months of the QR Payment Quarter. The QR Payment Quarter assigned to the AU is based on the month of July. The county determines that income eligibility existed based on the application. The county approves the previously denied application and issues retroactive cash aid to the family for the month of July and for any remaining months of the QR Payment Quarter. The AU must submit any necessary QR 7s and any information that would have to be mandatorily reported mid-quarter for any additional QR Payment Quarters to ensure continued eligibility.

MAP INCREASE

The new MAP levels are to be used to determine aid payments for the months of July and August 2004. The three-month MAP suspension period, also applicable to the new IIK amounts, will be effective September 1, 2004 through November 30, 2004. The MAP and IIK COLA increase will resume effective December 1, 2004, the month following the three month suspension.

The new CalWORKs MAP Payments Standards tables for Region 1 and Region 2 are included in Attachments 2A and 2B, and are provided to assist in implementing the changes.

Since the effective date for the COLA increase for the MAP levels is July 1, 2004, counties are instructed to issue retroactive supplemental payments to those recipients who are eligible to receive them.

Counties must make any necessary retroactive and all prospective changes effective as soon as administratively possible to implement the increase in the MAP levels. County actions necessary to implement the MAP level increase and the issuance of retroactive supplemental payments are to be treated as mid-quarter county initiated actions and do not require voluntary recipient reports for the county to take action.

Attachment 4 provides a NOA (M44-315 (8/04) Law Change –Increase in MAP) for county use for the December grant changes. In accordance with MPP 22-071.1, counties are required to provide adequate notice to recipients when there is an increase in the grant. The NOA must be provided to recipients as soon as possible and must be sent in addition to the mass informing notice.

For the FSP, the CalWORKs COLA is to be treated as a mid-quarter county initiated action effective for all FSP public assistance households on December 1, 2004. Any retroactive CalWORKs COLA payments shall be considered a resource to the household in the month received.

MAP COLA AND THE INCOME REPORTING THRESHOLD (IRT)

Changes in the IRT levels that result from the MAP COLA increase will be effective starting December 1, 2004. The updated IRT levels will be issued under separate cover.

MAP, MBSAC, AND IIK RETROACTIVE PAYMENTS

As specified in MPP 44-340.13, the county shall take all reasonable steps necessary to promptly correct any underpayment that comes to the county's attention. The amount of the retroactive corrective underpayment is equivalent to the amount of CalWORKs cash aid to which the applicant would have been entitled had the increased MAP, MBSAC and IIK levels been applied beginning July 1, 2004.

In accordance with MPP Section 44-340.6, CalWORKs corrective underpayments are not considered income or property in the month received or the following month for purposes of determining continued eligibility and aid payments.

When a recipient receives a corrective underpayment, the payment shall be counted against both recipient's TANF and CalWORKs 60-month time limit for each month the retroactive payment was intended to cover. For example, if a recipient receives retroactive payments for July and August, but they are paid in September, the recipient's TANF and CalWORKs 60-month time limit will count for July and August.

CalWORKs retroactive payments are treated as a resource in the FSP in accordance with MPP Section 63-501.111. As a reminder, in both CalWORKs and the FSP, property/resources are determined only once per quarter based on the QR 7 information.

OVERPAYMENT RECOVERY

Retroactive corrective underpayments made to the CalWORKs recipients as head of their own AU, are to be offset against existing cash aid overpayments, as required by MPP Section 44-351.3. However, counties must not use these payments to offset supportive service overpayments. MPP Section 42-751.4 (e) for transportation and ancillary overpayments and Section 47-440.12 for child care overpayments permit a recipient to voluntarily have supportive service overpayments repaid through grant adjustment.

REFUGEE CASH ASSISTANCE (RCA)

Effective July 1, 2004, implementation of these instructions for the MAP and MBSAC COLAs shall also apply to RCA applicants and recipients including the three month MAP COLA suspension. RCA recipients and potential RCA recipients shall be informed and treated in the same manner as stated in this letter for CalWORKs recipients and potential CalWORKs recipients.

FISCAL CLAIMING INSTRUCTIONS

Any approved underpayments are to be reported on the appropriate assistance claim form as a prior month supplemental payroll.