

**DEPARTMENT OF SOCIAL SERVICES**

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December 12, 1980

ALL-COUNTY LETTER NO. 80-78

TO: ALL COUNTY WELFARE DIRECTORS

ATTENTION: AFDC QUALITY CONTROL STAFF

SUBJECT: CHANGES IN AFDC QUALITY CONTROL REVIEW PROCEDURES

REFERENCE:

Amended AFDC regulations and policy, have made it necessary to revise Quality Control (QC) procedures as outlined below. These revisions are to be implemented immediately.

The affected issues outlined in the following order are:

- Requirements for Social Security Enumerations
- Earned Income Tax Credit
- Renter's Credit
- Deprivation Due to Continued Absence
- Bank Accounts
- Employment

Requirements for Social Security Enumerations, (Element 181)

During the review of a County's case record look for either:

1. Social Security Number (SSN) for each FBU member, or
2. For those FBU members with no SSN in the case record, (a) an application for a SSN - the recipient's written statement of application is acceptable (EAS 40-115.22), or (b) proof of attempted application (Social Security Administration may not accept an application in the absence of certain documents such as birth certificate), and

3. Indication that the case is being reviewed every 90 days (a) to ensure that the recipient furnish the SSN when received, or (b) for status of SSN application and to ensure that recipients are cooperating in obtaining such (EAS 40-107.71).

For cases with an application date or a redetermination date of January 1, 1980 or later, all of the above applies, and pertinent documentation must be in the case record. Cases out of compliance are in error - ineligibility exists for FBU members lacking the appropriate document action outlined above. Refusal to cooperate is no longer an issue to consider. However, cases which have not had a redetermination since January 1, 1980 should be reviewed in accordance with regulations and procedures which were in effect prior to January 1, 1980 - i.e., the only time an error exists is when there is indication of the recipient's refusal to cooperate and aid continues to be paid to the individual lacking a SSN or application.

When only an application for SSN is in the case record, the recipient is to be questioned relative to receipt of the actual number. If it has not been received there is no error. If it has been received but not reported to the county, and the date of receipt was during the second month prior to the review month, ineligibility exists for the individual with the unreported number. In this case, the recipient's statement is accepted as to the date of receipt of the number. This statement is to be obtained in writing with the recipient's signature.

Example: Review month is June. During home visit, the recipient stated the social security number was received in April (second month prior to review month) but had not yet been reported to the county. In this situation, the person for whom the SSN was intended, is ineligible for the QC review month.

#### Federal Earned Income Tax Credit

EAS Sections 42-213.2(s) and 44-111.3K(1)(3) provides that the exemption of the Earned Income Tax Credit (EITC) from consideration as income or resources is effective until January 1, 1980. The correct application of these regulations is to exempt as income and resources any EITC for the taxable year (calendar year) 1979, even if the payment was received in 1980. (See All County Letter No. 80-41.)

The EITC payment and any tax refund due will be combined in one check. The EITC portion will be identified on the check as "EIC". If the refund check is not available, the amount of EITC will have to be verified through other means, such as the U.S. Individual Income Tax Return (Form 1040 or 1040A).

#### California Renter's Credit

Now that April 15 has passed, QC analysts should be checking to see if recipients have received their income tax refunds and/or Renter's Credit payments. The Renter's Credit is available to almost anyone who rented as of

March 1, 1979. When QC analysts encounter a recipient who has applied for and received a Renter's Credit payment, the payment is to be considered personal property rather than income. Also, effective April 8, 1980, the Renter's Credit payment will be excluded from consideration as personal property when it is kept separate from other monies retained by the recipient and it can be identified as such [EAS Manual Section 42-213.2(x)].

For those recipients who have filed a State Income Tax return, the California Renters Credit will be included in the State Income Tax refund check. However, Franchise Tax does not provide any information on the refund check as to what portion of the refund is the Renter's Credit. At the home visit, the Q. C. Analyst should ask for the recipient's copy of their State Tax return and State Form 540 RC (see attached). If the recipient does not have a copy of either, the Q. C. Analyst will have to make a determination of the amount of the credit using the instructions on Form 540 RC. If the amount of the credit, as calculated by the Q. C. Analyst, is equal to or less than the amount reported to the agency as a refund, the refund is actually the Renter's Credit, and is considered exempt income. When the amount of the reported refund exceeds the calculated credit, deduct the credit from the refund and the balance is unearned income.

When the recipient has not filed a State Income Tax return, but has filed for the Renters Credit, the Q. C. Analyst should view the recipient's copy of Form 540 RC at the home visit. If the recipient does not have a copy of the form, the Q. C. Analyst will have to make a determination of the amount of the credit using the instructions on the form.

#### Deprivation Due to Continued Absence (Element 143)

The first source of information regarding information about the absent parent(s) is the District Attorney's Office/Child Support Enforcement Agency (CSEA). After the case reading, but before the home visit if possible (to avoid a second home visit), the QC analyst will contact the appropriate county agency and obtain the following information:

1. Whether paternity has been established where there is an "Alleged Father."
2. Last known address for the absent parent(s).
3. If there is a court order/agreement for support. This information is necessary in order to ensure that the proper amount of child support has been applied to the month in which it was received by IV-D in cases where the amount of such receipt is in excess of the court order/agreement. (See EAS 43-203.1 for distribution requirements.) Any information discovered is to be recorded in element 351.
4. Whether support is being received from the absent parent(s). This information is to be recorded in element 351.

Based upon information received from the DA's Office/CSEA, and the interview with the recipient, dissociation can be established by one of the following procedures.

1. When it has been determined by the QC analyst that there is no legal parental obligation, and that paternity has not been established, the deprivation factor is determined to be met.
2. If the recipient is married to an individual other than the absent parent, and that stepparent is currently living in the home, continued absence of the other natural parent will be assumed.
3. For cases where the recipient is unmarried or has not remarried, and there is a legal parental obligation, the deprivation factor will be considered verified when:
  - a. The whereabouts of the absent parent(s) is unknown and the DA's/CSEA's records have indicated that all efforts to locate the absent parent(s) have been unsuccessful.
  - b. Good cause exception has been granted where the recipient has refused to cooperate in CSEA location and collection.
  - c. Continued absence is due to divorce, legal separation, or annulment; evidence to that effect has been documented; and there are obligated support payments being made by CSEA.
4. In all other cases, or in cases where the recipient provides conflicting information, the QC analyst will have to prove dissociation through other sources. Note, that one source by itself may not be sufficient; i.e., outdated DMV information. The minimum review steps are as follows:
  - a. Registered/certified letter to absent parent's last known address.
  - b. Contact DMV Sacramento.
  - c. Check local Post Office (use P.O. Form 1478).
  - d. Check local telephone book or other directories.

#### Bank Accounts (Element 231)

In cases where the recipient alleges no bank accounts, QC analysts are no longer required to make "blind" checks with banks. However, where there is positive allegation, and/or if the case record indicates a history of any bank accounts, banks are to be contacted to verify status of the account(s) - i.e., balance(s) applicable to the review date (see example below), and date account was closed.

Example: In some cases it will be necessary to consider transactions which took place during the administrative period (AP) = the month prior to the review months.

Review Date - April 1, 1980

The bank statement shows a balance in the recipient's bank account as of 4/1/80 of \$680 after a deposit of \$75 on 4/1/80. The QC analyst will subtract the \$75 from the balance, then determine whether the recipient was over the \$600 cash reserve limit (EAS 42-207.6) as of 4/1/80:

$\$680 - \$75 = \$605$  - balance exceeds limit. Therefore the QC analyst must back up through the AP to determine whether there was a point during which the balance was below the \$600 limit.

According to the bank statement, a deposit of \$100 was made on 3/23/80. Since this transaction took place during the AP, this amount will be subtracted from the balance of \$605:  $\$605 - 100 = \$505$ . This indicates that the balance was below the \$600 limit at some point during the AP, but a transaction which took place caused the balance to be in excess of the limit as of 4/1/80. Thus, there is no reportable dollar error relative to this account - instead, there is an AP error.


(NOTE: it is important to keep in mind that this is strictly QC policy. The EW may determine ineligibility for such cases.)

#### Employment (Element 310)

There has been a change in procedures regarding employment verification. QC analysts will continue to check with employers reporting earnings on the DE 507, as well as any other employers reflected in the case record (CA-2, CA-7, case narrative, etc.). In all cases, regardless of whether current employment is alleged, check with all employers reporting earnings in the last two of the five quarters shown on the DE 507. Most employers will answer nonfinancial type questions (i.e., date employee terminated, is employee currently employed, etc.) without a signed release of information.

If you have any questions, please contact the appropriate quality control regional or district manager per All County Information Notice I-133-79.

Sincerely,

  
 PHILIP J. MANRIQUEZ  
 Deputy Director  
 Planning and Review Division

cc: CWDA

Attachment