

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 10, 1987

ALL COUNTY LETTER NO. 87-98

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: IMPLEMENTATION OF FOOD STAMP TREATMENT OF EDUCATIONAL GRANTS AND LOANS FUNDED UNDER TITLE IV OF HIGHER EDUCATION ACT, PUBLIC LAW (P.L.) 99-498

REFERENCE: ALL COUNTY LETTER NO. 87-43, DATED MARCH 24, 1987 (attached)

The purpose of this letter is to clarify the information contained in the above referenced All County Letter and to provide additional instructions concerning the implementation of the provisions of Public Law (P.L.) 99-498 which impact a portion of the emergency regulations which became effective February 1, 1987, (RDB #1186-51) "Treatment of Certain Education Grants and Loans."

Prior to the February 1, 1987 change, the portion of any reimbursement (federal and nonfederal) which was specifically earmarked by the grantor for educational expenses (not living expenses) was excluded as income.

The February 1, 1987 regulation change limited the income exclusion for federal educational grants and loans to tuition and mandatory fees. This provision was effective retroactive to August 22, 1986.

Public Law 99-498 now provides an additional income exclusion for the portion of federal educational assistance funded under Title IV of the Higher Education Act which is intended for specified educational costs, including transportation, miscellaneous personal expenses, books and supplies. As a self-implementing law this provision is effective on the date the law was enacted, which is October 17, 1986. Because the provision of P.L. 99-498 allows more exclusions than the February 1, 1987 regulation change that was effective retroactive to August 22, 1986, benefits should be restored back to October 17, 1986 where appropriate.

Categories of Student Assistance under Title IV of Higher Education Act

A list of the major categories of grants and loans that are funded under Title IV of the Higher Education Act was included in ACL 87-43. However, it has come to our attention that some of these categories may be known to you by another name.

- oa Grants to State for Student Incentives (Section 415A) provides federal matching funds for CAL Grants.a
- oa Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork (Section 418A) is commonly referred to as CAMP.a
- oa Perkins Loan (Part E) is a new name for National Direct Student Loan known as NDSL.a
- oa The Guaranteed Student Loan Program (Part B) is also known as the National Guaranteed Student Loan (NGSL), or the California Guaranteed Student Loan Program.a

Programs funded in whole or in part under Title IV of the Higher Education Act will receive exclusions for books, supplies, transportation and miscellaneous personal expenses in addition to tuition and mandatory fees.

Verification/Information Needed

In order for the CWD to identify income and income exclusion for the portion of federal grants and loans funded under Title IV which is intended for specified educational costs, the student will be responsible for providing the CWD with the following documentation:

- oa A copy of the standard Student Budget used by his/her individual educational institution, including information that identifies the specific category of a budget used for that individual (e.g. single commuter).a
- oa A copy of the Award Letter which will provide the CWD with the grant amount actually awarded to the student as well as the type of a grant/loan.a

Excludable Income for all Federal Grants and Loans under Title IV of Higher Education Act

When computing the excludable income the following must be considered:

- oa All excludable income (i.e., budget line items for Books and Supplies, Miscellaneous Personal, Fees, and Transportation from the student budget) will be deducted from the grant amount. Any remaining amount will be counted as income. Even though the client may receive more than one grant or loan under a Title IV, these allowable exclusions are applied only once to the total of all grants.a

- oe Miscellaneous Personal includes all other items students may need which have not been included in other line items. This line item is a part of the excludable income regardless of what categories a school budget used to make up this line item.e
- oe Treatment of other costs such as room and board and dependent care expenses are unaffected by this change. Dependent care and shelter costs are handled in accordance with M.S. 63-502.3.e

Treatment of Work Study Program Grants

Income from the Work Study Program will now be treated as an educational grant and not earned income. The new income exclusions allowed under P.L. 99-498 shall be applied to work study income if the program is funded under Title IV. For the coming school year income exclusions for tuition and mandatory school fees will be allowed for income from any other Work Study Program.

Work study program grants funded under Title IV of the Higher Education Act may be handled differently from other Title IV grants since the grant amount is determined based on the hours a student works and could be paid monthly. The student will receive the full grant only if the required hours are worked.

Work Study Example

Excludable income =	\$1,000.00	
Sept 1987 excludable	- 275.50e	Sept 1987 Work Study Income = 275.50
Balance of excludable income	724.50e	
Oct 1987 excludable	- 252.75e	Oct 1987 Work Study Income = 252.75
Balance of excludable income	471.75e	
Nov 1987 excludable	- 220.75e	Nov 1987 Work Study Income = 220.75
Balance of excludable income	251.00e	
Dec 1987 excludable	= 301.25e	Dec 1987 Work Study Income = 301.25
	- \$ 50.25e	

Actual income to be counted for February equals \$50.25 (food stamp budget). Any Work Study income received subsequently will be counted in its entirety as the total excludable income has been exhausted.

If the Work Study Program Grant were awarded along with another Title IV grant or loan, the excludable income would first be deducted from the regular grant/loan. Any remaining excludable income would then be deducted from the work study monthly gross income.

Calculation for Restoration of Benefits under Public Law 99-498.

The CWD shall convert affected continuing cases at household request, at recertification, or when the case is next reviewed, whichever occurs first. Benefits will be restored back to the date of application or October 17, 1986 whichever occurred later.

Any affected household whose application was denied between October 17, 1986 and implementation of these provisions and who is otherwise entitled to benefits, shall have their benefits restored back to the date of application or October 17, 1986 whichever occurred later upon household request of a review of its case or when the CWD otherwise becomes aware that a review is needed.

- oo Upon receipt of the student budget, determine the total amount of excludable income.
- oo Using the new amount of excludable income above, recalculate the new monthly countable income and determine the new allotment based on that income.
- oo Compare the new allotment to what was issued monthly. The difference between these amounts will be the amount of benefits to be restored each month except the October budget month.
- oo The amount of benefits to be restored for the October budget month must be prorated based on the proration table (M.S. 63-1101.4) because the law became effective on October 17, 1986.

Example

Pell Grant for September through June \$3,800

September 1986	October 1986 (P.L. 99-498)
\$3,800 Grant	\$3,800 Grant
- 1,800 Excludable Income (i.e., fees/tuition)	<u>2,700</u> New Total
\$2,000 divided by 10 months equals \$200 monthly average income	\$1,100 Excludable Income divided by 10 school months equals \$110 monthly average income

New FS Allotment=	\$48 (\$110 income)
Original FS Allotment=	<u>20</u> (\$200 income)
Difference	\$27 (Restoration for all budget months except Oct)
Proration from Oct. 17th	x .4839
October Benefit= \$13.06 =	\$13

We have recently received interim federal regulations implementing the provisions of P.L. 99-498. State regulations will be developed and filed on an emergency basis with an anticipated effective date of September 1, 1987.

These interim regulations provide for a hold harmless implementation period for Quality Control (QC) purposes. QC will not identify variances resulting solely from either implementation or nonimplementation of these provisions in cases with review dates between October 17, 1986 and August 31, 1987.

Because of the changes explained in this ACL and ACL No. 87-43 and other recent changes, some of the FSQUADS are outdated or obsolete. Affected FSQUADS will be deleted or revised during the next FSQUAD update. Questions regarding the applicability of individual FSQUADS should be directed to the Food Stamp Policy Implementation Unit.

If you have any questions regarding the implementation or specific information contained in this letter, please contact Kathie Birmingham of the AFDC and Food Stamp Policy Implementation Bureau at (916) 322-5330.

  
ROBERT A. HORELE  
Deputy Director

Attachment

cc: CWDA