

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



March 17, 1998

ALL-COUNTY LETTER 98-19

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL

- ☐ State Law Change
- ☐ Federal Law or Regulation Change
- ☐ Court Order or Settlement Agreement
- ☒ Clarification Requested by One or More Counties
- ☐ Initiated by COSS

SUBJECT: IMPACT OF THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKS) PROGRAM CHANGES ON THE FOOD STAMP PROGRAM (FSP)

The purpose of this letter is to summarize the California Work Opportunity and Responsibility to Kids (CalWORKs) Program contained in Assembly Bill 1542 and the impact on the Food Stamp Program (FSP). Many of the cross over issues in the attached document have been presented in the California Welfare Directors' Association meetings which took place in the last several months, or have been discussed with individual counties.

More significant clarifications regarding FSP policy in certain CalWORKs situations such as diversion payments, fleeing felons, vendor payments and child care reimbursements are discussed within this letter and then summarized in the attached information guide, along with other cross over issues needing only minor clarifications. The attachment also includes the required FSP action resulting from the CalWORKs changes and whether the household retains categorical eligibility.

The following are descriptions of FSP policies pertaining to lump sum diversion payments, fleeing felons, vendor payments and child care reimbursements.

Diversion Payments

CalWORKs lump sum diversion payments are treated as a resource in the FSP as provided in Manual of Policies and Procedures (MPP) sections 63-501.111 and 63-502.2(b). However, if the diversion payment is given in the form of a vendor payment, the payment could be excludable if made for medical assistance, child care assistance, housing assistance made to a third party on behalf of a homeless household or for emergency assistance provided to a third party on behalf of a seasonal farmworker household during the period the household is in the job stream. In an instance where the family reapplies for and begins receiving CalWORKs benefits within the period intended to be covered by the diversion payment and the recipient is asked to repay the diversion payment, the regulations prohibiting increased food stamp benefits do not apply. Recoupment of a diversion payment is not viewed as a failure of the individual to perform an action required by the CalWORKs program.

Fleeing Felons

Fleeing felons' income and resources are to be counted in their entirety as provided in MPP section 63-503.441(a), and as stated in All County Information Notice I-57-97. The household is not categorically eligible.

Cal WORKs Vendor Payments

Under CalWORKs requirements, a county must issue vouchers or vendor payments for at least rent and utility payments for any assistance unit in which any parent or caretaker relative has been subject to a sanction of a consecutive period of not less than three months. In this situation, the CalWORKs vendor payment is considered income to the food stamp household as provided in MPP section 63-502.2(b).

Child Care Reimbursements

Vendor payments for child care made by the CalWORKs program or the California Department of Education are not considered income to the household and cannot be used as a child care deduction.

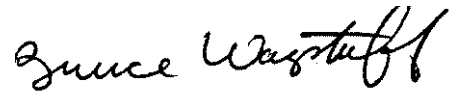
An expense covered (either already paid and reimbursed or anticipated to be reimbursed) by an excludable reimbursement payment or vendor payment (63-502.2(b)(2)) is not a deductible expense when computing the households coupon benefits. However, if the child care payment is not reimbursed and results in an out-of-pocket expense to the recipient, food stamp benefits must be recalculated to provide either a benefit supplement in the current issuance month or a restoration of lost benefits.

If there is a non-reimbursed share of cost to the recipient for child care expenses, which is the difference between the reimbursement rate and the total child care cost, the share of cost is deductible per existing food stamp regulations at 63-502.34 and 63-1101.22. The share of cost must be verified and must not exceed the allowable deductible amount of \$175 or \$200, depending on the age of the child.

In addition to the above, the attached reference also includes other topics, such as drug felons, Intentional Program Violations, failure to comply with CalWORKs work requirements,

and restricted accounts. Please note that certain current policies may be revised depending on additional Food and Nutrition Service (FNS) clarifications or changes in federal regulations.

If there are any questions on FSP policies pertaining to lump sum diversion payments, underpayments or child care reimbursements, please call Ernie Villalobos at (916) 657-1680. If you have any questions on fleeing felons, please call Maria Tarango at (916) 654-1883.

A handwritten signature in black ink, reading "Bruce Wagstaff", followed by a vertical line.

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Attachment

IMPACT OF CalWORKs WELFARE REFORM CHANGES IN AB 1542 ON THE FSP

CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
<p>Diversion Payments - Counties are required to determine whether an eligible applicant would benefit from receipt of lump sum cash or noncash (vendor/voucher/third party) payments to avoid continuing assistance. (Section 58)</p>	<p>Lump sum non-recurring diversion payments are treated as a resource.</p> <p>A diversion vendor payment could be excludable if that payment is for medical assistance, child care assistance, housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless, or emergency assistance provided to a third party on behalf of a migrant or seasonal farmworker household during the period the household is in the job stream.</p> <p>For a grant adjustment to recoup a diversion payment, the regulations prohibiting increased food stamp benefits do not apply. Recoupment of a diversion payment is not viewed as a failure of the individual to perform an action required by that program.</p>	<p>Treatment of Lump Sum Income - 63-501.111</p> <p>Vendor payments - 63-502.2(b)</p>	<p>No</p>

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CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
Immunizations - The needs of all parents or caretaker relatives shall not be considered until the parents have provided documentation that all non-school age children are immunized. CalWORKs interprets this to mean that the amount that constitutes the needs of the parents will reduce the amount of the CalWORKs grant. The parents are considered to be included in the Assistance Unit (AU). (Section 57)	Food Stamp benefits will not increase due to the penalty reduction in the CalWORKs grant. If the household's income is reduced because of a penalty imposed under a federal, state or local means-tested public assistance program due to the failure of the household to perform an action required by that program, food stamp benefits shall not be increased.	63-503.51 and .512	Yes
School Attendance - When children under sixteen are not attending school regularly, "the needs of all adults in the assistance unit will not be considered" in computing the grant. When a child over 16 years of age is not attending school regularly, his/her needs are also not considered. (Section 54)	Same as above.	Same as above	Yes
Child Support Cooperation - "The applicant's or recipient's family grant shall be reduced by 25% when a custodial parent fails to cooperate with the District Attorney without good cause. (Section 149-150)	Same as above.	Same as above.	Yes
Child Support - Assignment of Rights - Assignment of rights is "a condition of eligibility" for the custodial parent. (Section 149	Failure of the recipient to cooperate in the assignment of child support rights in the CalWORKs program would require a reassessment of food stamp eligibility.	N/A	No

IMPACT OF CalWORKs WELFARE REFORM CHANGES IN AB 1542 ON THE FSP

CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
Fleeing Felons -A fleeing felon or person violating a condition of probation or parole" is not eligible for aid. (Section 154)	Fleeing felons and probation/parole violators are ineligible for the FSP. Income and resources of the fleeing felon are counted in their entirety.	Excluded household member - 63-402.22 Treatment of income - 63-503.441(a) (as amended 9/1/97)	No
Drug Felons - The individual is "ineligible for aid" if the individual has been convicted of a felony for the possession, use or distribution of specified substances. (AB 1260)	Those convicted of a felony for possession, use or distribution of specified substances where conduct occurred after 8/22/96, are permanently disqualified/ineligible from receipt of food stamp benefits. Income and resources of the convicted drug felon are counted in their entirety.	Excluded household member - 63-402.22 Treatment of income - 63-503.441(a) (as amended 9/1/97)	No
Persons Committing Fraud - For all fraud sanctions, the needs of any individual who is a member of a family applying for, or receiving aid shall not be taken into account in making the determination for the grant computation. Length of time varies according to the offense for the IPV (Section 153)	Food stamp benefits will not increase due to the penalty reduction in the CalWORKs grant. IPV sanctions are imposed in accordance with food stamp requirements. The income and resources of the JPV excluded household member are counted in their entirety.	Failure to comply - 63-503.51 and .512 Division 20-300 Excluded household member - 63-402.22 Treatment of income - 63-503.441(a)	No Federal regulation specifically denies CE to households containing an IPV member.

IMPACT OF CalWORKs WELFARE REFORM CHANGES IN AB 1542 ON THE FSP

CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
Failure to Comply with Work Requirements - For adults, "sanctions shall be imposed" for failing or refusing to comply with program requirements. The failure shall cause a reduction in the family's grant by removing the noncomplying family member from the assistance unit for a specified period of time. (Section 119)	Either food stamp benefits will not increase due to the penalty reduction in the CalWORKs grant; or, the individual is also sanctioned in the FSP for failure to comply with work requirements. However, individuals who are food stamp work registration exempt are not sanctioned for a failure to comply with CalWORKs work requirements.	63-407.21 (Regulation to be updated) Food stamp work registration sanctions 63-407.5 and .54	No
Failure to Participate in Community Service Activities - An individual not participating in community service activities "shall not be eligible for aid" beyond a cumulative period of more than 18 months for applicants and 24 months for recipients. (Section 87)	Since the parent or caretaker relative is not eligible for CalWORKs benefits due to noncompliance with the requirements of that program, food stamp benefits will not increase due to the penalty reduction in the CalWORKs grant.	63-503.51 and .512	No
California Savings and Asset Project - Recipient families may have up to \$5,000 in a restricted savings account for use to purchase a home, for the education of a child or to start a business. These funds are exempt from consideration when determining continued eligibility for aid and the amount of the grant. This project has not yet been implemented. (Section 21)	Computations of resource limits for Public Assistance households are deferred to the CalWORKs program due to CE.	63-301.7 - Categorically Eligible Households	Yes
CalWORKs Restricted Accounts - CalWORKs recipients may retain savings in a restricted savings account up to a maximum of \$5,000 per family for specified purposes such as education, job training expenses, business start-ups or home purchase. (Section 44)	Same action as specified for the California Savings and Asset Project account listed above.	63-301.7 - Categorically Eligible Households	Yes

IMPACT OF CalWORKs WELFARE REFORM CHANGES IN AB 1542 ON THE FSP

CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
Voucher or Vendor Payments - A county must issue vouchers or vendor payments for at least rent and utilities payments, for any assistance unit in which any parent or caretaker relative has been subject to sanction of a consecutive period of not less than three months.	CalWORKs payments which go directly to protective payees are income to the household.	Vendor payments - 63-502.2(b)	Yes
Child Care • Three stages of child care are established. Stage I begins with a recipient's entry into welfare; Stage II begins after six months or when the county determines that a recipient's work/work activity is stable or when a recipient is transitioning off welfare and Stage II child care is available; and Stage III begins when a funded space is available for current and former CalWORKs recipients and diversion recipients. Stages I and II will be managed by the CWDs and Stage III will be administered through Alternative Payment Program (APP) agencies contracting with the California Department of Education (CDE). (Sections 6 & 11)	<p>Vendor payments for child care made by the CalWORKs program or the CDE are not considered income to the household and cannot be used as a child care deduction.</p> <p>An expense covered (either already paid and reimbursed or anticipated to be reimbursed) by an excludable reimbursement or vendor payment is not a deductible expense. However, if the child care payment is not reimbursed and is an out-of-pocket expense to the recipient, then food stamp benefits must be recalculated to allow the deduction to provide a benefit supplement to the household.</p> <p>If there is an unreimbursed share of cost to the recipient, which is the difference between the reimbursement rate and the total child care cost, the share of cost is deductible per existing food stamp regulations but <i>must</i> be verified to allow the deduction.</p>	<p>Vendor payments – 63-502.2(b)</p> <p>Excludable vendor payment- 63-502.2(b)(2)</p> <p>Child care deduction • 63-502.34 and 63-1101.22</p>	Yes

IMPACT OF CalWORKs WELFARE REFORM CHANGES IN AB 1542 ON THE FSP

CalWORKs Components in AB 1542	Food Stamp Program Action	Food Stamp Authority	Is the Household Categorically Eligible (CE)
Self-Employed Business-Related Expenses – Applicants and recipients may choose to deduct a standard deduction of 40% of gross income or verified actual self-employment expenses to the same extent allowed in the FSP.	<p>Actual allowable costs of doing business are deducted from gross self-employed income.</p> <p>A federal option is available to the state to elect a 40% standard deduction from gross self-employed income. The option requires that FCS be kept cost neutral if the 40% standard is elected. The State is currently in the process of determining if this option is workable.</p>	63-503.413	Yes