

May 3, 2011

COUNTY FISCAL LETTER (CFL) NO. 10/11-65

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY FISCAL OFFICERS  
ALL COUNTY AUDITOR CONTROLLERS  
ALL COUNTY PROBATION OFFICERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO  
KIDS (CalWORKs): COUNTY EXPENSE CLAIM AND TIME  
STUDY CLAIMING INSTRUCTIONS FOR ASSEMBLY BILL  
(AB) 98 SUBSIDIZED EMPLOYMENT PROGRAM DUE TO THE  
PASSAGE OF SENATE BILL (SB) 72

REFERENCES: CFL 10/11-36 DATED NOVEMBER 16, 2010; CFL 09/10-67  
DATED JULY 2, 2010; ALL COUNTY LETTER (ACL) 11-32  
DATED APRIL 6, 2011; COUNTY FISCAL INFORMATION  
NOTICE (CFIN) CN-09-1044; WELFARE AND INSTITUTIONS  
CODE (W&IC) SECTION 11322.63

This CFL provides County Welfare Departments with amended claiming instructions for the AB 98 (Chapter 589, Statutes of 2007) subsidized employment program through the enactment of SB 72 (Chapter 8, Statutes of 2011).

**Background**

Previously, pursuant to W&IC section 11322.63, payment of the state's portion in wage subsidies for AB 98 was to be made in addition to, and independent of, the Single Allocation. The state contribution was limited to 50 percent of the CalWORKs participant's wage subsidy not to exceed 50 percent of the maximum aid payment (MAP) for the Assistance Unit (AU).

However, as of March 24, 2011, SB 72 amended W&IC section 11322.63 to increase the state contribution to 50 percent, less \$56, of the AB 98 subsidized employment participant's total wage cost. The state contribution is also not to exceed 100 percent of the computed grant amount for the AU in the month prior to participation in subsidized employment. This change is designed to be cost neutral to the state's budget and as such, the \$56 reduction is necessary to offset the impact of the \$112 earned income disregard, which is effective July 1, 2011, also under SB 72.

### **Total Wage Costs**

Pursuant to SB 72, total wage costs are defined as the amount of the actual wage paid directly to the participant by the county social services agency (as the employer), the employer, and/or third party. This amount is used to establish how much a county may claim for the state's contribution outside of the Single Allocation as described above and does not include other non-wage costs. Non-wage costs are the costs for unemployment insurance, employee benefits, workers' compensation insurance, and other costs associated with the subsidized employment program. Furthermore, non-wage costs also include administrative costs incurred by a contractor that is reimbursed or paid by the county. More specifically, a contractor's administrative activities would be those necessary for planning and coordination of the program, salary, and benefit costs, as well as associated overhead costs (lease/rent, supplies, utilities, etc.). For more information regarding a contractor's administrative costs versus non-administrative costs, please see CFL 09/10-67 dated July 2, 2010.

For more programmatic information regarding the amended AB 98 subsidized employment program, please see ACL 11-32 dated April 6, 2011.

### **Claiming Instructions for the AB 98 Subsidized Employment Program**

Counties will claim the state's contribution of 50 percent of the total wage costs, less \$56, not to exceed 100 percent of the computed grant amount for their AB 98 entitlement. Although non-wage costs are not used in establishing how much the state contributes outside of the Single Allocation, counties may claim their non-wage costs, in addition to the wage costs, to AB 98 funding codes. Counties may utilize the program identifier number (PIN) 403098 and PIN 404098 for claiming wage and non-wage costs for AB 98. If a county has contractor administrative and/or contractor non-administrative costs included in their non-wage costs, counties must separate those costs out and directly charge to PINs 403070, 403071, 404070, and/or 404071 as appropriate. For the remaining county costs of operating the subsidized employment program, counties may utilize the Single Allocation and/or third party codes.

Please see the below program code (PC) descriptions for more details on how to utilize these codes:

#### **Claiming Codes for AB 98 Subsidized Employment - Federally Eligible Population**

Counties claiming the state's contribution (as described above) for a **federally** eligible AB 98 subsidized employment participant (see CFIN No. CN 09-1044 dated March 4, 2010) will utilize:

PC	403	AB 98 Subsidized Employment
PIN	403098	Work Subsidy
PIN	403070	Contractor Admin
PIN	403071	Contractor Non-Admin

Costs in PC 403 will be funded at 100/00/00/00  
(Federal/State/Health/County).

Counties will claim the remaining balance of this cost for a **federally** eligible AB 98 subsidized employment participant using their Single Allocation and/or Third Party Contributions to (See “Funding with County and/or Third Party Contributions” section of this letter for more information):

PC	633	WTW General
PIN	633098	Work Subsidy
PIN	633070	Contractor Admin
PIN	633071	Contractor Non-Admin

Costs in PC 633 will be funded at 100/00/00/00  
(Federal/State/Health/County).

Claiming Codes for AB 98 Subsidized Employment - Non-Federally Eligible Population

Counties claiming the state’s contribution (as described above) for a **non-federally** eligible AB 98 subsidized employment participant (see CFIN No. CN 09-1044 dated March 4, 2010) will utilize:

PC	404	AB 98 Non-Federal Subsidized Employment
PIN	404098	Work Subsidy
PIN	404070	Contractor Admin
PIN	404071	Contractor Non-Admin

Costs in PC 404 will be funded at 00/100/00/00  
(Federal/State/Health/County).

Counties will claim the remaining balance of this cost for a **non-federally** eligible AB 98 subsidized employment participant using their Single Allocation and/or

Third Party Contributions to (See “Funding with County and/or Third Party Contributions” section of this letter for more information):

PC	451	Non-Federal WTW
PIN	451098	Work Subsidy
PIN	451070	Contractor Admin
PIN	451071	Contractor Non-Admin

Costs in PC 451 will be funded at 00/100/00/00  
(Federal/State/Health/County).

The non-federal population is only the recent non-citizen entrant population, where the individual has resided in the country for less than five years, and is not eligible to receive Temporary Assistance for Needy Families (TANF) assistance and services. Under federal law, persons who legally entered the United States are ineligible for any means-tested public benefit for a period of five years; unless that person meets an exception based on their immigration status (i.e. this excludes refugees and asylees).

Funding with County Funds and/or Third Party Contributions

The California Department of Social Services has established PIN 781098 to provide counties with a mechanism to utilize county funds or third party contributions in a combination with, or a substitution for, their Single Allocation. **Please note that counties shall only report the county/third party contributions that are Maintenance of Effort (MOE) countable and must also have a Memorandum of Understanding (MOU) or agreement in place with the third party. The agreement must specify that the third party's contribution is not funded through federal funds or through funds that are used or will be used to satisfy a cost-sharing or matching requirement of another federal program (non-TANF). This code also excludes any in-kind contributions. For more information, please see ACL 10-43E.**

PC	781	Third Party - Subsidized Employment
PIN	781098	Work Subsidy

Costs in PC 781 will be funded at 00/00/00/100  
(Federal/State/Health/County).

Time Study Instructions

Time study hours will be reported to PC 6331 and PC 4511 for the county administrative activities associated with operating the AB 98 subsidized employment program.

**Advances and AB 98 Entitlement**

Counties will not receive advances for AB 98 funding. The state's contribution for AB 98 funding outside of the Single Allocation is not a capped amount and is not on a first-come, first-serve basis. Instead, counties are entitled to receive, in AB 98 funds, a limit of 50 percent of a participants' total wage cost, less \$56, not to exceed 100 percent of the computed grant amount.

**Retroactive Claiming**

Retroactive to the March 2011 quarter, AB 98 subsidized employment costs may be claimed for costs incurred after March 24, 2011, using the codes as provided in this letter. These aforementioned codes were not available on the original March 2011 quarter claim. If a county wishes to retroactively claim the AB 98 subsidized employment costs, the county must request the codes be made available on the adjustment claim for the March 2011 quarter by contacting the Fiscal Systems Bureau at [fiscal.systems@dss.ca.gov](mailto:fiscal.systems@dss.ca.gov).

If you have any questions regarding this CFL, please direct them to the Fiscal Systems Bureau at [fiscal.systems@dss.ca.gov](mailto:fiscal.systems@dss.ca.gov).

Sincerely,

***Original Document Signed By:***

FRAN MUELLER  
Deputy Director  
Administration Division