

July 31, 2013

CalWORKs Program Guide Letter No. 294

Subject **CHANGES TO THE EARNED INCOME DISREGARD (EID)**

Effective Date October 1, 2013

Reference All County Letter (ACL) No. 13-42; Senate Bill (SB) 1041.

Purpose The purpose of this letter is to inform staff of the restoration of the \$225 Earned Income Disregard (EID) in the CalWORKs program.

In addition, this letter provides an informing notice, new and revised forms, notices of action (NOAs), and messages, which reflect the reinstated EID.

Background Prior to July 1, 2011, the Net Nonexempt Income (NNI) was calculated by disregarding the first \$225 of Disability-Based Income (DBI) and/or any earned income and 50 percent of any remaining earned income.

Effective July 1, 2011, SB 72 changed the EID methodology. The income disregard structure retained the \$225 disregard for DBI, but limited the EID to any remainder of the \$225 disregard or \$112, whichever was less.

SB 1041 restores the EID provisions to allow the unused amount of the \$225 DBI disregard, plus 50 percent of the remaining earned income.

Summary of Updates The following CPG section has been loaded to the CPG online:

CPG Section	Title	Program Updates
44-100.I.	Countable Income of the Assistance Unit	Section updated to reflect the changes to the Earned Income Disregard

Changes to the CPG are noted with **highlighted text**.

**Human
Services
Specialist
(HHS) Action**

Effective immediately:

- HSS is required to provide a TEMP 2252 (05/13) informing notice to all CalWORKs applicants and recipients of the changes to the EID and how it can affect their cash aid.
- The informing notice is required to be included both in the intake and annual redetermination form packets.
- **HSS will document in the case comments that the informing notice was explained and provided to the applicant/recipient.**

A copy of the TEMP 2252 (05/13) is attached to this letter.

**Semi-Annual
Reporting
(SAR) Impact**

CalWORKs and CalFresh cases that currently require Quarterly Reporting (QR) will transition to Semi-Annual Reporting (SAR) beginning August 10, 2013 with CalWIN Release 34.

The EID change is considered a county-initiated action, therefore the HSS may be required to decrease benefits mid-period with timely notice. Any mandatory change resulting in mid-period decrease, timely notice is also required.

Under QR, if the household voluntarily reports a change, such as reporting new income (under IRT), no mid-quarter action is taken, unless the change results in a grant increase. For SAR, no action will be taken mid-period for any voluntary report unless the change will result in an increase to the grant amount.

For QR and SAR, a No Change NOA will be issued when a voluntary report requires no action to be taken.

CalWORKs reminder

Whenever a mandatory or county-initiated change requires the grant to be recalculated, the AU must be notified of their applicable Income Reporting Threshold (IRT).

Program material and staff instructions for SAR will be issued under separate cover by both CalWORKs and CalFresh Programs.

**RCA, ECA
and TCVAP
Impact**

The instructions described in this letter also apply to Refugee Cash Assistance (RCA), Entrant Cash Assistance (ECA), and Trafficking and Crime Victims Assistance Program (TCVAP) applicants and recipients, since cash aid payments under these programs are based on CalWORKs regulations.

Mass Informing Notice

The CalWIN Project will send mass informing notice (**TEMP 2252 (05/13) - STATE LAW CHANGES THE CALWORKS INCOME DISREGARDS**) to all CalWORKs recipients by August through a statewide mailer.

The informing notice explaining the change to the EID is also attached. HSS is required to use this notice to provide information to their applicants and recipients.

CalFresh Program Impact

When the CalWORKs grant is recalculated and a supplement is issued, the HSS will budget the new PA grant received (the original CalWORKs grant amount plus the CalWORKs supplement), for the remainder of the SAR certification period.

The HSS will provide timely and adequate notice prior to reducing CalFresh benefits.

Medi-Cal Program Impact

Any CalWORKs recipients who lose eligibility due to the new EID shall be evaluated for Medi-Cal eligibility under Section 1931(b) or another Medi-Cal program before Medi-Cal benefits are discontinued.

General Relief Program Impact

No impacts to the General Relief Program.

Child Care Program Impact

When recipients are discontinued from CalWORKs and are receiving Child Care Supportive Services, the Child Care Case Manager must evaluate ongoing child care benefits under Post Aid.

Refer to [CPG 10-010.P Child Care Income](#) , and [How To #855 Add Child Care Post Aid to a Closed CalWORKs Case](#).

County Medical Services Impact

No impacts to the County Medical Services Program.

Automation Impact

The reference tables in CalWIN to calculate the cash aid under the new EID structure are a work in progress and scheduled to be updated in the near future.

**ACCESS
Impact**

ACCESS Customer Service Agents may receive questions from callers requesting clarification on the EID change. The agents are required to provide information to callers regarding the regulations change.

If regulations cited in the material have not been followed, the agents are required to send a SharePoint message to the FRC's appropriate Task Group for follow up.

Agents are required to apply the new EID regulations described in this material when processing any SAR 7.

Forms Impact The following forms and notices have been revised to calculate the cash aid amount under the new EID structure.

New and revised forms:

- **TEMP 2252 - (5/13) State Law Changes the CalWORKs Disregard**
- **CW 30 - (4/13) CalWORKs Budget Worksheet**
Replaces QR 30 and will calculate the countable income and grant amount for the semi-annual and annual reporting cycles.
- **CW 2166 - (5/13) Work Pays Notice**
The form shows CalWORKs applicants and recipients the advantages of working and how the new EID allows them to keep more of their income.

New and revised NA Budgets:

- **NA 200 - (4/13) Notice of Action - Multipurpose**
- **NA 271 - (5/13) Continuation Page - Family Income Computations - Cash Aid**
- **NA 274G - (5/13) Continuation Page - Overpayment Computations**
To be used to calculate all overpayments occurring on or after October 1, 2013.
- **NA 281B - (5/13) Continuation Page - (Underpayment Computations)**
To be used to calculate all underpayments occurring on or after October 1, 2013.
- **NA 300 - (4/13) Continuation Page - Recipient Financial Eligibility Test**
- **NA 531 - (4/13) Continuation Page - 48 Month Time Limit Reached**
- **NA 532 - (4/13) Continuation Page - 48 Month Time Limit Discontinue**
- **NA 1239 SAR - (10/12) Continuation Page**
Replaces NA 1239 AR and to be used for both Semi-Annual and Annual Reporting effective October 1, 2013.

New NOA message:

- **TEMP 44-111C – (4/13) - Income Disregards - Change**
Informs recipients of an increase to their grant due to the EID increase.

The forms and notices will be available in CalWIN in the near future. In the meantime, staff can copy and use the attached forms/NOAs.

**Intake and
Renewal Form
Packets**

The prior versions of the **CW 2166 - Work Pays Notice** become obsolete on September 30, 2013; existing supplies of the CW 2166 notice need to be recycled and staff is required to use the revised form **(05/13)** effective with the October 2013 applications and renewals form packets.

**Document
Capture
Impact**

All of the forms and manual NOA mentioned in this program material will need to be filed under the KOFAX imaging Template 16-139: Benefit Recovery.

**Scratch
Budget**

The Scratch Budget has been updated to evaluate under the new EID regulation and been placed in the Enterprise/QR Excel Spreadsheet folder on the shared "S" drive.

Budgets for the period of July 2011 to September 2013 will continue to use the lesser of the remainder of the \$225 disregard or \$112.

**Quality
Control (QC)
Impact**

QC will cite the appropriate error when the regulations cited in this program material have not been followed.

**Director
Approval**



RICK WANNE, MA, MFT
Eligibility Operations Director

**Manager
Contact**

CalWORKs Program

RP