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STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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EDMUND G. BROWN JR.
GOVERNOR

October 12, 2011

ALL COUNTY INFORMATION NOTICE NO. I-59-11

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALWORKs PROGRAM SPECIALISTS
ALL CALFRESH COORDINATORS
ALL CONSORTIUM PROJECT MANAGERS
ALL REFUGEE PROGRAM COORDINATORS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS
(CalWORKs) PROGRAM: CHANGES TO RESTRICTED ACCOUNTS

REFERENCE: SENATE BILL (SB) 1341 (CHAPTER 485, STATUTES of 2008);
WELFARE AND INSTITUTIONS CODE SECTIONS 11450
AND 11155.2; AND MANUAL OF POLICIES AND PROCEDURES
SECTIONS 42-207.2, 44-211.5, AND 42-213.23

<p><u>REASON FOR THIS TRANSMITTAL</u></p> <p><input checked="" type="checkbox"/> State Law Change</p> <p><input type="checkbox"/> Federal Law or Regulation Change</p> <p><input type="checkbox"/> Court Order</p> <p><input type="checkbox"/> Clarification Requested by One or More Counties</p> <p><input type="checkbox"/> Initiated by CDSS</p>
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The purpose of this letter is to inform County Welfare Departments (CWDs) of the changes resulting from the passage of SB 1341 in regard to Restricted Accounts for CalWORKs and CalFresh recipients. These changes establish a new allowable purpose for restricted accounts and change the spend down rules for eligibility to Homeless Assistance (HA) payments. These changes enacted by SB 1341 became effective on January 1, 2009. The California Department of Social Services (CDSS) is in the process of filing implementing regulations. Until implementing regulations are released, CWDs are strongly advised to follow the rules described below.

Background

Existing regulations allow applicants/recipients to retain up to \$2,000 in real and personal property (this increases to \$3,000 for the assistance unit which includes at least one member who is 60 or older, or disabled), including savings accounts, in order to be eligible for aid under the CalWORKs program. In addition, per Manual of Policies and Procedures (MPP) Section 42-213, CalWORKs and recipients are allowed to maintain an unlimited amount of savings in restricted accounts for the following purposes:

- Education/job training expenses;
- Purchase of a new home; or
- Starting a business.

CalWORKs regulations also include provisions to help families who are homeless or who are in danger of becoming homeless. Per MPP Section 44-211.5, special need payments in the form of HA benefits are available to help eligible CalWORKs recipients prevent eviction and/or secure permanent housing.

Amended Statute

SB 1341 adds a new allowable purpose for recipients to spend funds held in restricted accounts. Effective January 1, 2009, families are also able to spend funds held in restricted accounts to help pay for costs associated with securing permanent rental housing or to pay for rent arrearages to avoid becoming homeless. In addition, any savings that are held in a restricted account are now considered exempt from being counted toward the \$100 limit when determining eligibility for HA.

We encourage CWDs to refer to the amended Welfare & Institutions (W&I) Code Sections 11155.2 and 11450 (provided as an attachment to this letter) and follow the new rules as specified in those sections of the law. CWDs should ensure that no CalWORKs recipients have been discontinued from January 1, 2009, forward, due to withdrawing funds to pay for costs associated with securing permanent rental housing or to pay rent arrearages to avoid becoming homeless. If discontinuances are discovered, they should be rescinded and eligibility re-determined retroactively, as necessary.

Forms

Before an account can be designated as "restricted," the caretaker relative shall sign the CW 86 Agreement - Restricted Account form, which sets forth the restrictions and penalties specified in MPP Section 42-213.231. The recipient shall provide verification to the county of each account within 30 calendar days from the date of the written agreement. Failure to comply will result in termination of the agreement. The recipient is allowed 30 calendar days from the date of a withdrawal to expend funds for one or more of the allowable expenses. If the recipient fails to expend funds or to provide verification of a withdrawal or expenditure within the required time limit the county shall calculate a period of ineligibility, unless good cause exists for exceeding the time limit, as specified in Section 42-213.231(j).

The CW 86 Agreement-Restricted Account coversheet and form have been revised to reflect the changes made by SB 1341. CWDs shall use this new form immediately. Since the passage of SB 1341, California has opted to implement Modified Categorical Eligibility (MCE) in the CalFresh program. MCE allows the state to no longer take into account resources in determining eligibility for CalFresh. Therefore, for CalFresh Non-Assistance households, counties will no longer need to use forms FS 28, FS 28A, and FS 28B. These CalFresh Non-Assistance forms are now obsolete and more information will be transmitted under separate cover.

Camera Ready Copies and Translations

For a camera-ready copy of the English version of the CW 86, contact the Forms Management Unit at fmudss@dss.ca.gov. If your office has internet access, you may obtain this form from the CDSS web page at:

http://www.dss.cahwnet.gov/cdssweb/FormsandPu_271.htm. When all forms translations are completed per Section MPP 21-115.2, including Spanish forms, they are posted on an on-going basis on our web site. Copies of the translated forms and publications can be obtained at:

http://www.dss.cahwnet.gov/cdssweb/FormsandPu_274.htm. For questions on translated materials, please contact the CDSS Language Services Bureau at (916) 651-8876.

Contacts

If you have any questions regarding this letter, please contact the CalWORKs Eligibility Bureau at (916) 654-1322. For any questions regarding the CalFresh Non-Assistance program and Restricted Accounts, please call (916) 651-8047.

Sincerely,

Original Document Signed By:

KÄREN DICKERSON, Chief
Employment and Eligibility Branch

Attachments

Attachment

Excerpt from Welfare and Institutions Code (WIC) Sections, 11155.2 and 11450 (SB 1341, Chapter 485, Statutes of 2008), Highlighter indicates new provisions.

11155.2:(a) In addition to the personal property permitted by this part, recipients of aid under CalWORKs shall be permitted to retain savings and interest thereon for specified purposes. Interest earned from these savings and deposited into a restricted account shall be considered exempt as income for purposes of determining eligibility for aid and grant amounts if the interest is retained in the account. If the interest is not deposited by the financial institution into the account, the interest shall be treated as a nonqualifying withdrawal of funds from the account as specified in subdivision (b). This section shall not apply to applicants. Funds may be used by the family for education or job training expenses for the account holder or his or her dependents, for starting a business, for the purchase of a home, or for costs associated with securing permanent rental housing or to make rent payments to overcome an episode of homelessness. Recipients who wish to retain savings for these purposes shall enter into a written agreement with the county to establish a separate account with a financial institution, with the account to be used solely for the purpose of accumulating funds for later withdrawal for a qualifying expenditure. A qualifying expenditure shall be defined by department regulations and shall be verified by the recipient. The recipient shall agree to provide periodic verification of account activity, as required by department regulations. The agreement shall notify the recipient of the penalty for nonqualifying withdrawal of funds.

Section 11450 (f) After a family has used all available liquid resources, both exempt and nonexempt, in excess of one hundred dollars (\$100), with the exception of funds deposited in a restricted account described in subdivision (a) of Section 11155.2, the family shall also be entitled to receive an allowance for nonrecurring special needs.

AGREEMENT - RESTRICTED ACCOUNT CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) Program

WHAT IS A RESTRICTED ACCOUNT?

A “restricted account” is a savings account where a family who is getting cash aid can keep money to be spent for certain purposes. The savings account can be in any financial institution, such as a bank, credit union, savings and loan, etc. You can have more than one restricted account.

Money in your restricted account does not count against the property limit you can have and keep getting cash aid. (The property limit is \$2,000, or \$3,000 if there is at least one person in the household who is age 60 or older.) But money in a restricted account DOES count against your property limit if you are applying for cash aid. So if your cash aid stops and you reapply for cash aid, your total countable personal property, including any money in your restricted account(s), cannot be more than the property limit.

Money saved in a restricted account can only be spent for one or more allowable expenses directly related to:

- Costs associated with securing permanent rental housing or to make rent payments to overcome an episode of homelessness.
- Buying a home for you to live in.
- Starting up a new business.
- Education or job training for the account holder and his/her dependents.

FACTS YOU SHOULD KNOW ABOUT STARTING A RESTRICTED ACCOUNT

Before starting a restricted account, you should have cash and other resources (such as bank accounts, stocks, real estate, etc.) close to your family’s property limit. Here’s why:

You cannot use any of the money in your restricted account(s) to pay for emergencies, not even when the emergency is due to a death or life-threatening situation.

RULES FOR A RESTRICTED ACCOUNT:

- **Within 30 calendar days** after you sign and date the Agreement, you must give the county:
 - the name and address of the bank, credit union, etc.
 - the name(s) as shown on the account(s)
 - the account number(s)
 - all account balance(s) and activity since the date you signed this agreement. Attach proof of the account.
- You must be getting cash aid.
- You must sign an Agreement-Restricted Account before starting each restricted account.
- You must keep the money in a licensed financial institution, such as a bank, credit union, savings and loan, etc.
- You can **only** spend the money on an allowable expense. (See page 2 for allowable expenses.)
- You must keep the money, and any interest earned, in a restricted account(s) separate from any other account.
- Interest earned on the restricted account(s) must be deposited directly into the account(s) by the bank, credit union, etc.
- Interest sent to you and not deposited into the restricted account within 30 days will be counted as a withdrawal that is not allowable.
- **Within 30 calendar days** after a withdrawal, you must give the county proof of the withdrawal and how you spent the money. (See Page 2 for types of proof.)
- **If money from a restricted account is spent on an expense that is not allowable, your cash aid can stop for a period of time called a period of ineligibility. The more money you had in the restricted account(s) before the withdrawal that was not allowable, the longer your family will not get CalWORKs. Your cash aid can be stopped even if there is no money left in your restricted account(s). (See Page 2 for facts about a period of ineligibility.)**

ALLOWABLE EXPENSES

You have the right to spend the money from the restricted account(s) for one or more allowable expenses directly related to the:

- **Purchase Of A Home For You To Live In**

Allowable expenses include:

- deposits, fees, down payment, principal payment
- closing costs
- repairs and fixtures

Allowable expenses do not include the purchase of furniture or household goods.

- **Education Or Job Training For The Account Holder(s) And His/Her Dependent(s)**

Allowable expenses include:

- fees, tuition, books, school supplies, equipment, special clothing needs
- student housing and meals
- cost of transportation to and from school/vocational training
- child care services needed to attend school.

- **Starting Up A New Business**

Allowable expenses include:

- purchase, repair and upkeep of business equipment
- tools, uniforms or other protective or required clothing and shoes
- payment on loan principal and interest for business assets or durable goods
- rent and utility payments for office or floor space
- employee salaries
- inventory; shipping and delivery costs
- business fees, taxes, insurance, bookkeeping or other professional services.

Allowable expenses do not include personal expenses, such as entertainment.

- **Costs Associated With Securing Permanent Rental Housing**

- overdue rent payments
- deposits, such as cleaning deposits
- first and last month rent deposits
- utility deposits

Allowable expenses do not include the purchase of furniture or household goods.

PROOF

You need to give the county proof about the restricted account(s) and how you spent money withdrawn from the account(s).

Examples of proof include:

passbook, bank statement, or receipt from a bank, credit union, etc., that shows the name and address of the bank, the name(s) on the account(s), account number(s), and all account balances and activity since the date you signed this Agreement.

Examples of proof to show how you spent the money include: a receipt, cancelled check, or a signed statement from the provider of goods or services that shows the type and amount of expense(s) paid.

PERIOD OF INELIGIBILITY

A period of ineligibility stops your CalWORKs for a period of time. You will have a period of ineligibility if anyone:

- withdraws money from the restricted account(s) for an expense(s) that is not allowable.
- within 30 calendar days after a withdrawal:
 - does not spend the money on allowable expenses.
 - does not put back into the restricted account(s), any money that wasn't spent when the allowable expense didn't happen or was less than expected.
 - does not give proof to the county of the amount withdrawn; the balance before the withdrawal; and what the money was spent on.
- gets interest from a restricted account sent by the bank, credit union, etc. **and** does not put the interest back into the restricted account within 30 calendar days after getting it.

HOW TO FIGURE A

PERIOD OF INELIGIBILITY

A family of 3 saved \$7,000 in a restricted account. The family withdrew \$4,500. They only spent \$3,000 on allowable expenses and did not put the remaining \$1,500 back in the restricted account. The county will:

- Take the balance** in their restricted account just before withdrawal \$7,000
- Subtract** the amount they spent for allowable expense(s)..... - \$3,000
Difference = \$4,000
- Divide** the \$4,000 difference by the minimum basic need amount (for example, if the basic need amount for an assistance unit of 3 is \$1,058)..... = 3.78 months
- Round down** to the nearest whole number of months 3 months

This family's cash aid stops for 3 months starting the first day of the month after the withdrawal. And if this family gets a cash aid payment for any months after the withdrawal, the family will be overpaid and will owe the county for that payment(s).

AGREEMENT - RESTRICTED ACCOUNT**California Work Opportunity And Responsibility To Kids (CalWORKs) Program**

CASE NAME	CASE NUMBER	WORKER NAME	WORKER NUMBER
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SECTION A: Read and initial each of the rules for starting, keeping and ending a restricted account before signing this Agreement. You must fill out an Agreement - Restricted Account (CW 86) for each restricted account.

I have read the coversheet. I understand the rules and my responsibilities for starting and keeping a restricted account; the rules for a period of ineligibility; and the need to have resources close to my \$2,000 property limit (\$3,000 if there is at least one household member who is age 60 or older) for emergencies or other expenses before I start a restricted account. I understand and agree that:

_____ Money saved in a restricted account can **only** be spent for one or more allowable expenses directly related to:

- Caretaker
Relative's
Initials
- Purchase of a home that I will live in.
 - Costs associated with securing permanent rental housing or to make payments to overcome a episode of homelessness.
 - Starting up a new business.
 - Education or job training for the account holder and his/her dependent(s).

_____ Money must be kept in a financial institution, such as a bank, credit union, savings and loan, etc., and all money in my restricted account must be kept separate from any other account.

_____ If my cash aid stops for any reason, and if I reapply for cash aid, my total countable personal property, including any money in the restricted account(s), cannot be more than the \$2,000 property limit (or \$3,000 if there is at least one household member who is age 60 or older).

_____ I will get a period of ineligibility if money from my restricted account(s) is withdrawn and is not spent for an allowable expense, even when I have expenses for a death or life-threatening emergency.

_____ I will get a period of ineligibility if the balance in my restricted account(s) before the nonallowable withdrawal is more than my minimum basic need standard and I do not follow the rules:

- I must spend any money on an allowable expense(s) within 30 calendar days of the date of the withdrawal.
- I must give proof to my worker of the amount withdrawn, the balance prior to the withdrawal, and how I spent the money within 30 calendar days of any withdrawal.
- If the expense did not happen or was less than expected, I must put back any unspent money within 30 calendar days of the date of the withdrawal.
- Interest earned on my restricted account(s) must be deposited directly into the account(s). If interest is sent to me, I must put it back into the restricted account(s) within 30 calendar days of getting the interest.
- I will ask my worker if I'm not sure what is an allowable expense, what proof I need, or when the proof must be given to the county.

This Agreement stops when:

- I don't give the worker proof about the restricted account(s) within 30 calendar days from the date I signed this Agreement.
- My family is discontinued from cash aid for two or more months.
- The restricted account is closed.
- The law about restricted accounts changes.

SIGNATURE OF PARENT OR CARETAKER/RELATIVE	DATE OF AGREEMENT	SIGNATURE OF OTHER PARENT (IF LIVING IN THE HOME)	DATE
SIGNATURE OF WITNESS TO MARK OR INTERPRETER			DATE

I certify that the parent/caretaker relative has been given a copy of the CW 86, "Agreement - Restricted Account." The parent/caretaker relative says he/she understands the rules and his/her responsibilities for starting, keeping and ending a restricted account(s). The parent/caretaker relative also says he/she understands the rules for a period of ineligibility.

SIGNATURE OF COUNTY WORKER	DATE
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SECTION B: You must fill in the information below when you start the restricted account. Sign, date, and give the original of this Agreement to the county with proof of the account within 30 days from the "Date of Agreement" in Section A above.

ACCOUNT HOLDER(S) (NAME(S) ON THE ACCOUNT)		
NAME AND ADDRESS OF BANK, ETC.	ACCOUNT NUMBER	CURRENT BALANCE
SIGNATURE OF PARENT/CARETAKER RELATIVE		DATE