STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • *www.cdss.ca.gov*

CDSS
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REASON FOR THIS TRANSMITTAL

[X] State Law Change
[ ] Federal Law or Regulation Change
[ ] Court Order
[ ] Clarification Requested by One or More Counties
[ ] Initiated by CDSS

November 23, 2009

ALL COUNTY LETTER NO. 09-75

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL FOOD STAMP COORDINATORS
ALL CONSORTIA PROJECT MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) PROGRAM: IMPLEMENTATION OF ASSET EXCLUSION REGULATIONS

REFERENCE: AB 2466 (CHAPTER 781, STATUTES OF 2006)
AB 1078 (CHAPTER 622, STATUTES OF 2007)
ALL COUNTY LETTER (ACL) 08-11

The purpose of this letter is to transmit final regulations that amend CalWORKs restricted account and asset exclusion rules due to the enactment of AB 2466 (Chapter 781, Statutes of 2006) and AB 1078 (Chapter 622, Statutes of 2007). The relevant provisions of AB 2466 and AB 1078 were initially implemented through ACL 08-11, dated April 23, 2008. The attached final regulations were approved by the Office of Administrative Law, filed with the Secretary of State on September 22, 2009, and became effective on October 22, 2009. These updated regulation pages and the accompanying EAS manual letter 0904 is posted on the internet at: http://www.dss.cahwnet.gov/ord/PG1943.htm.

AB 1078, in part, amended Section 11155.2 of the Welfare and Institutions (W&I) Code to remove the $5,000 limit on the amount of money that a recipient of CalWORKs may save in a restricted account. AB 2466 and AB 1078, in part, amended W&I Code Section 11155.6 to exclude the principal and interest in 401(k), 403(b) and 457 plan accounts from consideration as property for both CalWORKs applicants and recipients and to exempt Individual Retirement Accounts (IRAs), 529 college savings plans and Coverdell Educational Savings Accounts (ESAs) from consideration as property for CalWORKs recipients only. Lastly, AB 1078, in part, added W&I Code Section 11322.5 to mandate that counties outreach to CalWORKs recipients about the Earned Income Tax Credit (EITC).

NEW OR AMENDED CalWORKs REGULATIONS

- Removes the $5,000 limit on the amount of money that a recipient of CalWORKs may save in a restricted account.
- Moves the restricted account regulations from the demonstration project area of the regulations to the property section of the regulations.
- Excludes the principal and interest in 401(k), 403(b) and 457 plan accounts from consideration as property for both CalWORKs applicants and recipients.
- Exempts IRAs, 529 college savings plans and Coverdell ESAs from consideration as property for CalWORKs recipients only.
- Mandates that counties outreach to CalWORKs recipients about EITC.

FOOD STAMP PROGRAM

Pursuant to food stamp regulations at MPP Section 63-501.3(r), the Food Stamp Program follows CalWORKs rules regarding restricted accounts. Therefore, the removal of the $5,000 limit also applies to food stamp recipient households. Retirement and student accounts as described in this letter are also excluded as resources in the Food Stamp Program.

The CW 86 Restricted Account Agreement is being updated and will be released in a separate ACL. This updated form should be used as soon as it is available.

If you have any questions regarding this letter, please contact your CalWORKs county consultant directly or call the CalWORKs Eligibility Bureau at (916) 654-1322. For questions regarding the Food Stamp Program, please call the Food Stamp Branch at (916) 651-8047.

Sincerely,

Original Document Signed By:

CHARR LEE METSKER
Deputy Director
Welfare to Work Division

Attachment

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October 29, 2009

Regulation Package # 0608-05

CDSS MANUAL LETTER NO. EAS 09-04

TO: HOLDERS OF THE ELIGIBILITY AND ASSISTANCE STANDARDS MANUAL

Regulation Package # 0608-05 **Effective 10/22/09**

Sections 40-107, 42-213, and 89-130

This manual letter has been posted on the Office of Regulations Development website at http://www.dss.cahwnet.gov/ord/PG1943.htm

Current regulations provide that an Assistance Unit (AU) which includes a recipient shall be allowed to retain cash reserves totaling a maximum of $5,000 in a restricted account at a financial institution. Current regulations direct county welfare departments to follow food stamp regulations pertaining to personal property and resources to be excluded from consideration when evaluating property limits. Assembly Bill (AB) 2466 (Chapter 781, Statutes of 2006) and AB 1078 (Chapter 622, Statutes of 2007) made changes to the asset exclusion rules for California Work Opportunity and Responsibility to Kids (CalWORKs) applicants and recipients. The intent of these bills is to promote savings and self-sufficiency in CalWORKs families. AB 2466 added three retirement account exemptions for CalWORKs recipients and inadvertently took away three retirement account exemptions for CalWORKs applicants. AB 1078 reinstated the three exemptions for applicants, added three more exemptions for recipients, removed the $5,000 limit on restricted accounts for CalWORKs recipients, and increased Earned Income Tax Credit (EITC) outreach and education.

These regulations will establish the expansion of the CalWORKs asset exclusion rules as mandated by AB 2466 and AB 1078. Current CalWORKs recipients, therefore, are being disadvantaged until these regulations and procedures can be put in place.

These regulations were considered at the Department's Public Hearing held on March 18, 2009.

FILING INSTRUCTIONS

Revisions to all manuals are indicated by a vertical line in the left margin. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Eligibility and Assistance Standards Manual changes was EAS-09-03.

Page(s)	Replace(s)
61	Page 61
65	Page 65
178 through 181	Page 178 through 181
921	Page 921
939	Page 939 through 948

Attachment

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40-107 COUNTY RESPONSIBILITY (Continued) **40-107**

(d) Grant Determination

Once the applicant's eligibility is established, the county is responsible for determining the applicant's financial and medical needs. The county is further responsible for developing and carrying out plans for meeting such needs within the limitations of the W&IC, the Regulations of the State Department of Social Services and the Department of Health.

(e) Notification of the Right to a State Hearing

At the time aid is granted or denied and whenever there is a change in eligibility or amount of payment, the applicant or recipient shall be advised of the right to request a state hearing. If the applicant or recipient expresses dissatisfaction, the county shall make every effort to resolve the problem. However, if the applicant or recipient chooses to have a state hearing, the county shall assist the individual in preparation of the state hearing request, and advise the applicant or recipient of the right to be represented by counsel or other authorized representatives as set forth in Chapter 22-000.

(f) Provision of Informational Materials

(1) Informational materials required by DSS shall either be given to applicants during the application interview or mailed with Notice of Action forms approving or restoring AFDC grants or Certifications for Medical Assistance (see 40-171(b)(1)).

(A) For AFDC-FG/U, brochures describing benefits available under the Child Health and Disability Prevention (CHDP) program and how and where these benefits are provided within the county shall be given to the applicant during the application interview. Provision of CHDP informational materials shall be documented by notation upon the CA 2 form.

(B) For AFDC-FC, the placement worker shall assess the applicant child's need for CHDP services, and shall provide information to the foster care provider and/or, as appropriate, to the child. Provision of CHDP informational material shall be documented in the service case record, as specified in Section 30-209.66.

(2) The CWD shall inform all AFDC applicants/recipients of the availability of family planning services. For those AFDC applicants/recipients who voluntarily request such services, the CWD shall provide information and referral for family planning services. (See Section 40-131.3(h).)

(A) The CWD shall designate personnel who shall:

1. Be generally knowledgeable in the area of family planning.

2. Be responsible for the coordination of family planning services activities within the CWD and with family planning resources outside of the CWD.

40-107 COUNTY RESPONSIBILITY (Continued) **40-107**

(B) The CWD shall display in waiting rooms and make available to AFDC applicants/recipients, copies of notices, pamphlets and other written materials which contain information concerning the availability of family planning services.

(C) The CWD shall ensure that written notice of the availability of family planning services is sent to: (1) applicants for AFDC upon denial of AFDC benefits; or (2) all AFDC recipients upon termination of AFDC benefits.

(3) Federal Earned Income Tax Credit (EITC)

(A) The CWD shall ask each CalWORKs recipient at their annual eligibility redetermination if he or she is eligible for and utilizing the federal EITC. If the recipient may be eligible for the EITC and does not use it, the CWD shall give the recipient available EITC informational material and encourage him or her to access the EITC.

HANDBOOK BEGINS HERE

(B) To encourage CalWORKs recipients to maximize their use of the EITC, CWDs may inform them that:

1. The receipt of earned income may make them eligible for the federal EITC, retroactive EITC credits, and the Advance EITC. It may also add credits toward their future social security income.

2. The receipt of the federal EITC shall not affect their CalWORKs grants and is additional tax-free income.

3. A CalWORKs recipient that receives the federal EITC may invest these funds in an individual development account, 401(k) plan, 403(b) plan, Individual Retirement Account, 457 plan, 529 college savings plan, Coverdell Education Savings Account, or restricted account. Investments in these accounts will not impact the recipient's CalWORKs eligibility or benefits.

HANDBOOK ENDS HERE

(g) Social Security Number

(1) SSNs shall be confirmed by viewing SSN cards or SSA's form series OA-702. Any one of the following shall be acceptable evidence if the SSN card or SSA's form series OA-702 is not available:

(A) An award letter, Medicare card or a check from the SSA showing the applicant/recipient's name and SSN with the letters A, HA, J, T, or M following the SSN.

(B) Other documentation from the SSA upon approval by the Department.

40-107 COUNTY RESPONSIBILITY (Continued) **40-107**

(QR) (B) Quarterly Reporting Cycle Based on Terminal Digits

The county shall establish three QR cycles, each for a particular set of numbers. Counties shall determine the groupings. The county shall assign a cycle to an applicant/recipient based on the last digit of his/her case number.

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Following is one example of how a county might set up their QR cycle based on terminal digits:

Cycle 1 will be assigned to cases ending in 0, 1, 2, and 3.
Cycle 2 will be assigned to cases ending in 4, 5, and 6.
Cycle 3 will be assigned to cases ending in 7, 8, and 9.

HANDBOOK ENDS HERE

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code. Reference: Sections 10613, 11209, 11265.1, 11268, 11322.5 (as adopted by AB 1078, Chapter 622,Statutes of 2007), 11323.3, 11324.8(a), (b) and (c), 11454(b) and (e), 11495.1, and 11500, Welfare and Institutions Code; Section 37 of AB 444 (Chapter 1022, Statutes of 2002); 42 USC Sections 608(a)(7), 45 CFR 205.42(d)(2)(v)(A) and (B) as printed in Federal Register, Vol. 57, No. 198, Tuesday, October 13, 1992, page 46808; 45 CFR 205.52(a)(1) and (2); 45 CFR 205.55; and California Department of Health Services Manual Letter 77-1.

40-109 APPLICANT RIGHTS WITH RESPECT TO APPLICATION FOR AID - GENERAL **40-109**

.1 Right to Apply for Aid

Subject to the limitations set forth in Section 40-117, any person has the right to apply for aid, either on his/her own behalf or on behalf of another. An applicant who appears ineligible must still be allowed to exercise his/her right to make an application.

.2 Right to Choose Type of Aid

A person or his/her representative who believes the applicant meets the eligibility requirements for more than one category of aid has the right to choose the type of aid for which he/she will apply. For an exception, see the Diversion Services regulations found at Section 81-215.32. For children in or in need of foster care placement who are eligible to and/or receive AFDC-FC, see Sections 45-202.212(a) and 45-302.1.

40-109 APPLICANT RIGHTS WITH RESPECT TO APPLICATION FOR AID - GENERAL (Continued) 40-109

.3 Right to be Considered for Another Program

If a recipient becomes ineligible for the type of aid he/she is receiving but appears eligible under another public social service program, his/her request for aid under such other program is to be recorded and any required additional investigation completed promptly so that there will be no interruption in aid payments to him/her (see Section 40-117). If an eligible recipient in one program appears to be eligible for aid in another program and wishes to take advantage of such eligibility, the same procedure shall be followed.

.4 Applicant's Right to Self-Determination

.41 The right to be self-determining is of paramount importance for the individual in clarifying when, how, and what the individual wants for him/herself. However, his/her freedom of choice may be limited by his/her capacity for self-determination and by the function of the agency as expressed in law and regulations.

.42 It is necessary to respect the individual's right to accept or reject what the agency has to offer him/her.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Section 11266.5, Welfare and Institutions Code (Ch. 270, Stats. 1997).

40-115 THE APPLICATION PROCESS 40-115

.1 Purpose

The basic purpose of the application process is to assist the individual in establishing his/her eligibility for aid and services.

.2 Steps in the Application Process

.21 Discussion of Circumstances Leading to Application

.211 The individual with the help of the worker tells why he/she is applying for aid or services, with the worker explaining agency requirements, program limitations, the applicant's rights and responsibilities and what he/she can expect from the agency.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(c) The net proceeds of the sale are determined by subtracting from the gross amount of the sale the costs verified by the county to be directly related to the sale of the property, such as:

(1) Loans and liens of the seller that are secured by the property,

(2) Title insurance fees paid by the seller,

(3) Brokers fees paid by the seller,

(4) Prepaid interest or loan processing fees (points) paid by the seller,

(5) Appraisal fees paid by the seller,

(6) Fees paid by the seller to advertise the property, i.e., newspaper aids and for sale signs.

.125 The county shall inform the applicant/recipient at the time this exemption is granted that it is time-limited; and, at the end of nine months the assistance unit will be ineligible if the property has not been sold and the combined value of real and personal property continues to exceed the property limit specified in Section 42-207.

.126 The county shall retain sufficient documentation to determine the amount of repayable aid that will be collectible when the property is sold.

.2 Personal Property and Vehicles to Be Excluded: The county shall determine personal property items and vehicles to be excluded in evaluating property in accordance with methods established under the Food Stamp Program (see Food Stamp regulations at Manual of Policies and Procedures Sections 63-501.3, .52, and .53)

.21 401(k), 403(b), 457, 529, IRA and ESA accounts shall be excluded for CalWORKs recipients.

.22 401(k), 403(b) and 457 accounts shall be excluded for CalWORKs applicants.

.23 Restricted accounts shall be excluded for CalWORKs recipients.

.231 Restricted Accounts

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(a) General

An AU which includes a recipient shall be allowed to retain cash reserves in one or more restricted accounts at a financial institution. There shall be no limit to the amount of money that can be saved in a restricted account.

(1) Additional Funds

The funds shall be in addition to the $2,000 property limit specified in Section 42-207.2.

(b) Written Agreement

Before an account can be designated as "restricted," the caretaker relative shall sign an agreement with the county welfare department which sets forth the requirements, restrictions and penalties specified in Section 42-213.231.

(1) Advice

The written agreement shall include a statement which advises recipients to first retain resources close to the $2,000 limit to pay for unexpected expenses or emergencies before they enter into a written agreement.

(c) Account Information

The AU shall provide verification to the county of the following information for each account within 30 calendar days from the date of the written agreement. Failure to comply will result in termination of the agreement.

(1) Names of Persons On the Account(s)

Names of persons as shown on the restricted account;

(2) Institution

Name and address of the financial institution;

(3) Number

Account number; and

(4) Balance and Activity

Account balance and activity since the date the agreement was signed.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(d) Specific Purpose

The funds must be retained for one or more of these specific purposes:

(1) Home

purchase of a home;

(2) Education or Training

any education or vocational training expenses of the account holder or any person who is claimed or could be claimed by the account holder as a dependent for federal income tax purposes; or

(3) Business

start up of a new business.

(e) Separate Account

The AU must establish and maintain a restricted account separately from any other accounts.

(f) Interest Exemption

The county shall exempt interest payments for purposes of determining CalWORKs eligibility and grant amount when the interest is deposited directly into the account by the financial institution.

(1) Direct Receipt

The county shall determine that interest which is not deposited directly into the restricted account is a nonqualifying withdrawal.

(2) Erroneous Receipt

When interest is not deposited directly into the account due to an error caused by the financial institution, the AU is allowed 30 calendar days from the date of receipt to deposit the interest into the restricted account.

(A) Failure to deposit the interest within 30 calendar days shall result in a determination that a nonqualifying withdrawal has occurred, unless good cause exists for exceeding the 30-day limit as specified in Section 42-213.231(j).

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(g) Qualifying Withdrawal

The AU is allowed 30 calendar days from the date of a withdrawal to expend funds for one or more of the following expenses:

(1) Purchase of a Home

Expenses associated with the purchase of a home that will be the principal residence of the AU.

(A) These expenses include, but are not limited to, deposits, fees, down payment, principal payment, repairs, fixtures and closing costs.

(B) Expenses for furniture and household goods are not allowable.

(2) Education or Training

Expenses associated with any education or vocational training for the account holder or any person who is or could be claimed by the account holder as a dependent for federal income tax purposes.

(A) These expenses include, but are not limited to, the following:

1. fees, tuition, books, school supplies, equipment, special clothing needs, student housing, meals, transportation costs to and from school, child care services necessary for school attendance.

(3) Start Up of a New Business

Business expenses that are directly related to the start up costs of a new business.

(A) Allowable expenses shall include, but are not limited to, the following:

1. purchase and maintenance of capital equipment, uniforms or other protective or required clothing and shoes; tools; inventory; payments on loan principal and interest for capital assets or durable goods; rent for office or floor space and associated utilities; shipping and delivery costs; employee salary; fees; business taxes; insurance; and bookkeeping or other professional services.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(B) Personal expenses such as entertainment are not allowable.

(4) No Expense Incurred

Funds, which are withdrawn in anticipation of an expense that does not occur or are less than anticipated, shall be redeposited into the restricted account within 30 calendar days from the date of the withdrawal.

(A) Failure to timely redeposit the funds shall result in a determination that a nonqualifying withdrawal has occurred, unless good cause exists as specified in Section 42-213.231(j).

(h) Verification

The AU shall provide verification of the following items within 30 calendar days from the date of expenditure:

(1) Date and Amount

date and amount of the withdrawal; and

(2) Receipts

a receipt, cancelled check, or signed statement from the provider of goods or services which verifies the type and the amount of expense paid.

(i) Nonqualifying Withdrawal

The county shall determine that a nonqualifying withdrawal has occurred when:

(1) Noncooperation

the AU fails to expend funds or to provide verification of a withdrawal or expenditure within the required time limit unless good cause, as specified in Section 42-213.231(j), exists for exceeding the time limit;

(2) Nonallowable Purpose

the AU withdraws or spends the funds for purposes or expenses other than those allowed under Section 42.213.231(g); or

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(3) Receipt of Interest Income

the interest payment was not deposited directly into the account by the financial institution.

(j) Good Cause

The county shall determine that good cause exists for exceeding the time limits specified at Sections 42-213.231(f)(2), (g), and (h) when any of the following situations exist.

(1) Beyond AU's Control

Circumstances exist which are beyond the AU's control.

(A) These circumstances include, but are not limited to, illness or medical emergency, failed or delayed completion of a home purchase, lack of transportation, or other extenuating circumstances found by the county.

(B) When good cause is found to exist, the AU will be allowed to fulfill the necessary requirement within a reasonable period of time based on the circumstances for the delay, as determined by the county, to avert a determination of a nonqualifying withdrawal.

(2) AU Complies Before the Effective Date of the Notice

Good cause also exists when the AU complies with the necessary requirement before the effective date of the notice of action. In these situations, the county shall rescind the notice of action.

(k) Period of Ineligibility

When the county determines that a nonqualifying withdrawal exists, the county shall calculate a period of ineligibility.

(1) Calculation

To calculate the period of ineligibility, the county shall first determine the total amount in all of the restricted accounts immediately prior to the nonqualifying withdrawal or prior to the issuance of an interest payment when it is not directly deposited into the account by the financial institution, and:

(A) subtract any portion which the county determines to be a qualifying withdrawal;

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(B) divide the result by the minimum basic standard of adequate care (MBSAC) for the number of persons in the AU, plus any special needs; and

(C) round down the result to the nearest whole number for the number of months of ineligibility.

(l) Applying the Period of Ineligibility

Section 42-213.231(l)(MR) shall become inoperative and Section 42-213.231(l)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When the county determines that a period of ineligibility is applicable, the period of ineligibility shall begin on the first day of the month following the nonqualifying withdrawal.

(QR) When the county determines that a period of ineligibility is applicable, the period of ineligibility shall begin on the first day of the month of the next QR Payment Quarter following the reported nonqualifying withdrawal on the QR 7 and continue for the determined number of months.

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(m) Examples

(1) Example 1:

An AU of three is in an April/May/June Quarter.

Bank balance prior to May withdrawal:	$5,000
Amount withdrawn from account:	$4,500
Amount used to purchase home:	$3,000
Amount used to buy furniture:	$1,500

HANDBOOK CONTINUES

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

HANDBOOK CONTINUES

(A) Since the AU used a portion of the withdrawal on a nonallowable expenditure, the county shall calculate a period of ineligibility as follows:

1. $5,000 balance prior to withdrawal
   -3,000 allowable expense for purchase of home
   $2,000 remainder

2. Divide the remainder ($2,000) by MBSAC + special needs for an AU of three
   ($2,000 divided by $891 = 2.24 months)

3. Round down the result to the nearest whole number (two months).

4. The AU is ineligible for two months. The AU shall be discontinued at the end of June. The AU can reapply for aid on September 1.

Example 2: An AU of three is in the April/May/June Quarter and has the following property:

$ 100 checking account
+1000 restricted account
+ 800 savings account
$ 1900 Total

(A) The AU wants to buy new furniture and withdraws all of their funds from their accounts, including the restricted account, to pay for the purchases in May. The county determines that the AU made a nonqualifying withdrawal.

(B) Although the AU's total property reserve prior to the nonqualifying withdrawal is under the $2,000 property limit, the county will calculate a period of ineligibility as follows:

1. Balance prior to nonqualifying withdrawal in May $1000
2. Divide by MBSAC for 3 ($715)
3. Result 1.3
4. Round down to nearest whole number For number of months of ineligibility 1

HANDBOOK ENDS HERE

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(n) Shortening The Period of Ineligibility

The county shall shorten the period of ineligibility when the AU reapplies for aid and the standard of need increases.

(1) An increase in the standard of need includes any increase in AU size, general increase in the MBSAC (COLA increases), or a determination that the ineligible family would be eligible for a special need item as specified in Section 44-211.

(2) Calculation

To shorten the period of ineligibility due to an increase in the standard of need, the county shall:

(A) Identify the restricted account balance used to calculate the original period of ineligibility.

(B) Identify the original MBSAC plus any special needs allocated to the ineligible family unit and multiply it by the number of ineligible months prior to the increase. Subtract the total from the amount in Section 42-213.231(n)(2)(A).

(C) Divide the result calculated in Section 42-213.231(n)(2)(B) by the increased standard of need. Round down the result to the nearest whole number.

(D) The revised period of ineligibility is the final result in Section 42-213.231(n)(2)(C) plus the number of ineligible months prior to the increase.

(E) The revised period of ineligibility shall begin in the same month as the original period of ineligibility.

HANDBOOK BEGINS HERE

(3) Example

An AU of two is in a period of ineligibility due to a nonqualifying withdrawal. The pertinent facts of the period of ineligibility are as follows:

HANDBOOK CONTINUES

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

HANDBOOK CONTINUES

(A)

$ 2000	original balance used to calculate the period of ineligibility
$ 576	original MBSAC
3	number of months of ineligibility
January	first month of ineligibility

The AU size increased to three people in February and the need standard increased to $715.

(B)

$2000	original balance
- 576	MBSAC for one month of ineligibility
$1424	result; divide by increased MBSAC for 3 ($715)
1.99	result
1	number of ineligible months after increase (rounded down)
1	number of months before increase
+ 1	number of months after increase
2	revised period of ineligibility (number of months)

The prior period of ineligibility has been reduced from three months to two months; January and February are the ineligible months.

HANDBOOK ENDS HERE

(o) Establishing a Separate AU for Other Eligibles

A separate AU may be established for an otherwise eligible person whose needs were not considered in the calculation of the period of ineligibility.

(p) Termination of the Written Agreement

The written agreement for the restricted account terminates when:

(1) the AU is discontinued from CalWORKs; or

(2) the restricted account is closed; or

(3) the AU does not provide timely verification of the account information as specified in Section 42-213.213(c); or

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

(4) state or federal law changes the conditions or no longer permits these restricted accounts.

.3 A home, regardless of its value, occupied by the assistance unit shall be excluded in evaluating property which may be retained.

.31 Any house, mobile home, camper, trailer, houseboat or any other dwelling whether assessed as real or personal property by the county assessor is excluded if such an item or property is occupied by the AU as a home (place of residence). Property shall continue to be considered the home during temporary absence for reasons such as illness, seasonal employment, visits, extreme climatic conditions, etc., provided the recipient plans to, and it appears will be able to, return to the home when such circumstances no longer exist.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

.32 The excluded home may be the unit of a multiple-dwelling unit that is occupied by the assistance unit as a home. A home and a separate unit adjacent to the home shall be treated as a multiple dwelling unit.

.321 The unit(s) of the multiple dwelling that is (are) not occupied by the assistance unit shall be treated as a resource and the value must be included in the property limit described in Section 42-207. See Section 42-215 for the method of determining the value of real property.

(a) If the assistance unit is making a good faith effort to sell the unit(s) that is (are) not occupied as a home, the unit(s) may be exempt from consideration in the resource limit for a period of time under the conditions specified in Section 42-213.12.

(b) If the unit(s) that is (are) not occupied as a home cannot be sold separately, the unit(s) is (are) unavailable to meet current needs and shall be excluded in evaluating property. (See Section 44-113.1 for the treatment of income received from the rental of real property.)

.4 The home which was the usual home of an applicant/recipient who has entered into marital separation shall be treated as follows:

.41 The usual home shall be exempt in determining an applicant's eligibility for CalWORKs and for three months following the end of the month in which aid begins.

HANDBOOK BEGINS HERE

See Section 44-317.

HANDBOOK ENDS HERE

.411 Section 42-213.411(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the exemption period ends mid-quarter, the county shall not act on the information during the QR Payment Quarter. The usual home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended.

.42 The usual home shall be exempt in evaluating a recipient's retained property during the month of separation and for three months following the end of the month in which the separation occurs.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

.421 Section 42-213.421(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) If the exemption period ends mid-quarter, the county shall not act on the information during the QR Payment Quarter. The usual home shall be used to determine eligibility for the QR Payment Quarter following the QR Payment Quarter in which the exemption period ended.

.43 The applicant/recipient shall be informed when the exemption is granted that it is time-limited and that the expiration of the three month period may result in ineligibility.

.44 See Sections 42-213.3 and 42-201.1 for situations which require the home to remain excluded from property evaluation following the three month exemption period.

.5 Other property which is mandatorily and specifically exempt by federal law and shall be exempt from the effective date as specified in federal law.

.51 Property which is mandatorily exempt under federal law includes, but is not limited to:

.511 Public Law (PL) 92-254 or PL 94-540 which exempts any funds distributed per capita or held in trust for members of any Native American tribe under PL 92-254 or PL 94-540.

.512 PL 93-134, PL 97-458 and PL 98-64 which exempt as property the funds of Native American tribes including interest earned from, investment income derived from and initial purchases made with such funds when the funds have been:

(a) Distributed by the Secretary of the Interior on a per capita basis; or

(b) Held in trust by the Secretary of the Interior; or

(c) Individually owned trusts or restricted lands.

.513 PL 100-241 which exempts distributions to a household, individual Native or descendent of a Native when received from a Native Corporation established pursuant to the Alaskan Native Claims Settlement Act (ANCSA). Exempt distributions include:

(a) Cash (including cash dividends on stock received from a Native Corporation) to the extent it does not exceed $2,000 total per person per anum, stock, a partnership interest, land or interest in land, and interest in a settlement trust.

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED (Continued) **42-213**

.514 PL 100-383 which exempts payments received as restitution made to U.S. citizens and permanent resident aliens of Japanese ancestry, and payment received as restitution made to Aleuts as a result of being relocated by the United States government during World War II.

.515 PL 100-707 which exempts federal major disaster and emergency assistance provided under the Disaster Relief Act and comparable disaster assistance provided by the state, local governments and disaster assistance organizations.

.516 PL 101-201 and PL 101-239 which exempt payments received from all Agent Orange settlements.

.517 PL 101-426 which exempts payments received under the Radiation Exposure Compensation Act.

.518 PL 101-508 which exempts Earned Income Credit (EIC) payments for the month it is received and the following month.

.519 PL 103-286 which exempts payments received by victims of Nazi persecution.

NOTE: Authority cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11155, 11155.2 (Chapter 622, Statutes of 2007), 11155.5, 11257, 11265.1, 11265.2, and 11450.5, Welfare and Institutions Code; Sidwell v. McMahon, United States District Court (E.D. Cal.) May 7, 1990, civil no. S-89-0445; Public Laws 97-458, 98-64, and 103-286; and Federal Action Transmittal 91-23, 45 CFR 233.20(a)(3)(i)(B).

42-215 DETERMINING VALUE OF PROPERTY **42-215**

.1 Determination of Value of Real Property

For determination of CalWORKs eligibility, an applicant or recipient's net market value interest in real property is determined by subtracting any allowable encumbrance against it from its market value (42-215.21).

.11 Acceptable evidence of allowable encumbrances on real property are listed below:

(a) Mortgages

(b) Notes

(c) Deeds of trust

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89-125 INCREASED MOTOR VEHICLE LIMIT FOR RECIPIENTS 89-125

.1 General

The county shall exempt up to $4,500 for one motor vehicle that is owned by a member of an AU which includes a recipient.

.11 Vehicle Over $4,500

When the vehicle's net market value exceeds the $4,500 limit, the excess value shall be included in the $2,000 property limit specified in Section 89-120. See Section 42-215.4 for determining the value of a motor vehicle.

HANDBOOK BEGINS HERE

.2 Example

An AU which includes a recipient reports they now have the following property (net market values are shown):

1st motor vehicle:	$2,500
2nd motor vehicle:	$1,200
savings account:	$ 500

The county exempts the 1st motor vehicle because it has the highest value. The 2nd motor vehicle's value is added to the AU's other countable property ($1,200 + $500 = $1,700). The AU is property eligible because the countable property does not exceed the $2,000 property limit for recipients.

HANDBOOK ENDS HERE

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11155, 11155.1, and 11257, Welfare and Institutions Code; 45 CFR 233.20(a)(3)(i)(B); and the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994.

89-130 RESTRICTED ACCOUNTS FOR RECIPIENTS 89-130

Renumbered to 42-213 by Manual Letter No. EAS-09-04, effective 10/22/09.