

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



September 14, 1987

ALL-COUNTY LETTER NO. 87-126

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY AUDITORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY ADMINISTRATIVE OFFICERS

SUBJECT: NEW CLAIMING FORMAT FOR THE AID TO FAMILIES WITH DEPENDENT CHILDREN -
FAMILY GROUP AND UNEMPLOYED (AFDC FG&U) ASSISTANCE CLAIMS EFFECTIVE
JULY 1, 1988 AND CLAIMING INSTRUCTIONS FOR AFDC FG&U EFFECTIVE
JULY 1, 1987

REFERENCE: ALL-COUNTY INFORMATION NOTICE (ACIN) NO. I-30-87, DATED APRIL 17, 1987

In ACIN No. I-30-87, counties were advised that significant changes to the assistance claims for the AFDC FG&U Programs were being planned in order to comply with federal requirements and therefore avoid future deferrals and disallowances. State Department of Social Services (SDSS) Fiscal Policy and Procedures Bureau (FPPB) staff have worked with the County Welfare Directors Association (CWDA) Fiscal Committee Workgroup and final policy decisions and claiming instructions have been developed. This letter also transmits minor interim changes prior to the July 1, 1988 implementation date, as well as clarifications of existing policies.

SECTION A - FUTURE CLAIMING INSTRUCTIONS

The following changes to the claiming system will be effective July 1, 1988 and any claims for July 1988 submitted on the old (now current) format will not be accepted. For ease of presentation and future reference, the new requirements are listed below in numerical order:

1. Submission of Separate Claims and Payrolls

- o Separate payrolls of transactions claimed for each aid code will be required. This will be the monthly submission of four payrolls and four Summary Reports as follows:

<u>Aid Code</u>	<u>Summary Report Form and Payroll</u>
30	CA 800 FG-Fed
32	CA 800 FG-State-only
33	CA 800 U-State-only
35	CA 800 U-Fed

- o The system of four separate payrolls will provide a cleaner audit trail in that the volume of each payroll will be reduced. The locating of specific case information will be made easier, and erroneously claimed items will be more easily identifiable.
 - o A draft of the revised Form CA 800, Summary Report of Assistance Expenditures - Aid to Families With Dependent Children, is attached for information purposes only. Other claiming forms affected by these changes will also be revised and final revisions will be sent under a subsequent All-County Letter, followed by an initial supply sent under separate cover.
2. Separation of Prior Month Negative Adjustments from Prior Month Positive Adjustments
- o It is necessary to separate the claiming of items for prior months which decrease current month expenditures (Negative Adjustments) from the claiming of items for prior months which increase current month expenditures (Positive Adjustments).
 - o Negative adjustments are defined as:
 - (a) Warrants issued in a prior month and cancelled in the current month.
 - (b) Recoveries of Aid (includes all items previously defined as abatements and repayments).
 - (c) Any adjustment for a prior month which has a decreasing affect on the current month expenditures; e.g., deleting a warrant which was erroneously claimed on the wrong aid code in a prior month.
 - o Positive adjustments are defined as any adjustment for a prior month which has an increasing effect on the current month expenditures; e.g., a warrant which was issued to an eligible recipient of Federal AFDC/FG, the payment was properly authorized as a Federal AFDC/FG payment prior to the issuance of the warrant, the month of issuance was within the 18 month time limitation for claiming federal participation but the warrant was erroneously claimed under a wrong aid code or never claimed. The adjustment to claim this warrant on the Federal AFDC/FG, Aid Code "30" claim would be a positive adjustment.
 - o Prior month positive adjustments will no longer be integrated in computer produced payrolls; i.e., an adjustment for a case will not be claimed in the same location in the payroll as current action for that case is claimed; instead all prior month positive adjustments will be listed in ascending state case number order in a separate run.

Exceptions:

- Adjustments to add persons counts only (no money) may be integrated as this type of adjustment will have no effect on federal financial participation after July 1, 1988.
- A county may still integrate positive adjustments if they also provide a separate listing of all positive adjustments.

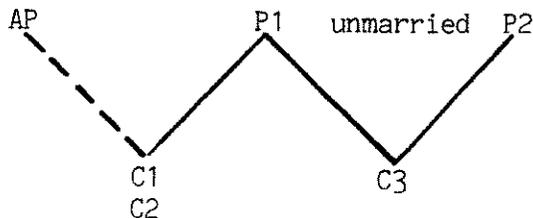
3. Claiming of Grant Payments to Mixed Cases

- o A "mixed" case is an AU in which there is at least one federally eligible recipient and at least one state-only (nonfederal) eligible recipient.
- o There will be no change to the current method of determining basic AFDC program eligibility, nor will there be any change to the total grant amount payable to the AU.
- o In all instances, the state-only portion of the AU will be treated as an "add-on" to the federally eligible AU; therefore, the federally eligible portion of the grant will be computed first; the case will be claimed under aid code "30" or "35" even though the state-only portion of the AU may have been receiving aid before specific members of the AU became federally eligible.

The budget will be computed by first allowing MAP for the federally eligible portion of the AU. The MAP for the state-only eligible portion of the AU will be the difference between the MAP for the federally eligible AU and the MAP for the total AU (MAP differential).

Example:

The AU consists of 5 persons: two federally eligible children (C1, C2) deprived due to an absent parent (AP), the mother (P1) of C1 and C2 who is also federal, and two state-only eligible recipients: the common child (C3) deprived due to the unemployment (state-only basis) of the father (P2). The parents of the common child are unmarried, therefore, P2 is not considered a federal essential person (stepparent).



MAP for AU of 5 \$837
 MAP for AU of 3 617 (Federal MAP)
 MAP differential 220 (State-only MAP)

For cases with no net nonexempt income (NNI), the federal grant is \$617 and the state-only grant is \$220.

Any NNI of the federally eligible members of the AU will be used first in computing the grant for the federal AU. Any excess will be used in computing the grant for the state-only AU.

	<u>AU</u>	<u>MAP</u>	<u>NNI</u>	<u>Grant</u>
Example A.	Federal	\$617	\$100	\$517
	State	220	0	220
	Total	<u>837</u>	<u>100</u>	<u>737</u>
Example B.	Federal	617	637	0
	State	220	0 (20)*	200
	Total	<u>837</u>	<u>637</u>	<u>200</u>

* The \$20 excess (\$637 - 617) must be applied to the state-only MAP.

Conversely, any NNI of the state-only eligible members of the AU will be used first in computing the grant for the state-only AU. Any excess will be used in computing the grant for the federal AU.

	<u>AU</u>	<u>MAP</u>	<u>NNI</u>	<u>Grant</u>
Example C.	Federal	\$617	\$ 0	\$617
	State	220	100	120
	Total	<u>837</u>	<u>100</u>	<u>737</u>
Example D.	Federal	617	0 (30)*	587
	State	220	250	0
	Total	<u>837</u>	<u>250</u>	<u>587</u>

* The \$30 excess (\$250 - 220) must be applied to the federal MAP.

If NNI received by the entire family cannot be identified as strictly applicable to federally eligible AU members or as strictly applicable to state-only eligible members, it shall be prorated based upon the status of the AU members. In the above example, three-fifths of the unallocable income will be applied to the federal AU and two-fifths to the state-only AU.

	<u>AU</u>	<u>MAP</u>	<u>NNI</u>	<u>Grant</u>
Example E.	Federal	\$617	\$300	\$317
	State	220	200	20
	Total	<u>837</u>	<u>500</u>	<u>337</u>

Counties will continue to issue one warrant for the total payment to the AU. The payment will be claimed as a federal case, aid code "30" or "35". On the federal payroll, the federal and state-only portions of the payments must be identified as separate amounts. Further, federal vs. state-only persons counts must be reflected for these cases. The total federal payments will be carried forward to the CA 800 Summary Reports and claimed at the 50/44.6/5.4 percent federal/state/county sharing ratios. Similarly, the total state-only payments will be reflected in the same federal CA 800, shared at the 0/89.2/10.8 percent ratios.

Counties may issue two warrants with the federal portion being claimed as "30" or "35" and the state-only portion claimed as "32" or "33."

5. Claiming of Hardship Supplemental Payments

- o Although the funding of hardship supplemental payments is on a state-only basis, such payments to federally eligible AUs (pure and/or mixed cases) will be claimed on the Federal Summary Reports under aid codes 30 or 35. These payments must be clearly identified in the payrolls and carried forward to the Summary Reports as state-only payments.
- o Hardship supplemental payments to state-only eligible AUs will be claimed via the state-only Summary Reports under aid codes 32 or 33.

6. Claiming of Overpayment Recoveries

- o Recoveries of overpayments are currently identified as abatements and repayments. Effective with the new claiming format, no such distinction will be made in cash recoveries received from a current recipient or a former recipient. All cash recoveries will be claimed in Line 11, Recoveries of Aid, on the Summary Report of Expenditures and federal, state and county participation computed at the current sharing ratio.
- o When an overpayment accounts receivable is established for a mixed case, it can be established as an aid code "30" or "35" as if the case was all federal, and all cash recoveries can be shared according to the current month's federal, state and county sharing ratios. However, if a county elects to differentiate between federal vs. state-only overpayments in mixed cases, it may do so.
- o Recoveries through grant adjustment of overpayments from cases which have transferred between programs (e.g., from state-only AFDC-U to federal AFDC-FG) will be addressed in a subsequent ACL.

- o All Overpayment Accounts Receivable for overpayments made prior to July 1, 1988, can be considered as an overpayment in which there was federal participation in the overpayment. All cash recoveries for such overpayments can be claimed as aid code "30" or "35" as if the case was all federal and shared according to the current month's federal, state and county participating ratios. However, if a county elects to differentiate prior overpayments between federal and state-only, it may do so.
- o Cash recoveries for overpayment accounts receivable which are established beginning July 1, 1988, will be identified as to federal or state-only status because the aid code will designate the status.

SECTION B - CURRENT CLAIMING INSTRUCTIONS EFFECTIVE IMMEDIATELY

Recent reviews of AFDC FG&U assistance claims by SDSS staff and the Office of Family Assistance (OFA) Region IX, Department of Health and Human Services (DHHS) have identified numerous unallowable items claimed for federal and/or state participation. To date, the erroneously claimed or questionable items appear to occur in specific problem areas. In order to avoid future deferrals and disallowances, the following instructions must be adhered to.

1. Effective with the July 1987 claims (the claims for July 1987 which were due to the SDSS in August 1987) person counts for any type of zero grant case are no longer claimable. Effective with the July 1987 claims, state staff have been deleting zero grant person counts, recomputing the Summary Report and notifying each county of this policy change via a claim letter as a copy of the audited, approved July 1987 AFDC FG&U Expenditures Summary Report (Form CA 800) was routinely returned to each county. Effective with the October 1987 Summary Reports (or sooner if possible) counties should not carry zero grant persons counts forward to the Summary Report.

As the Summary Report for each program (including programs other than AFDC-FG&U) is revised, the line for claiming person counts for zero grants will be deleted. Counties may still continue to show zero grant cases and person counts on the payroll but such person counts shall not be carried forward to the Summary Report.

2. Prior Months Positive Adjustments shall be claimed for federal or state participation only when:
 - a. The monthly claim on which the adjustment is being claimed is submitted to and received by SDSS within the 18 month period following the quarter in which the expenditure was made.
 - b. The recipient met all conditions of eligibility for the program for the month(s) for which the retroactive adjustments are being claimed.

- c. The adjustment is supported by a determination in the case record that the individual in fact met the criteria for AFDC eligibility.

Examples of prior months positive adjustments are:

- a. Claiming in the current month a cash grant payment (warrant) issued in a prior month which was never claimed.
- b. Claiming a cash grant payment in the current month which was initially claimed under an incorrect program and the county is now adjusting to claim the warrant on the claim for the correct program.
- c. Claiming positive person counts in either of the above instances.

Welfare and Institutions Code Section 10604.5, effective July 1, 1985 prohibits SDSS from approving for federal or state reimbursement any cost which is not received in the Department within 18 months after the close of the quarter in which the cost was paid by the county. Therefore, a grant paid by the CWD in the first calendar quarter of 1986 must be claimed on a claim received in SDSS by September 30, 1987 or it is not allowable for federal or state participation. Attached is a chart (Attachment A) for your reference in claiming positive adjustments for prior periods. The same timing is applicable for adjustments claiming person counts.

Adjustments resulting from an audit exception and adjustments which directly result from a court-ordered retroactive payment are exempt from this time limitation. The only audit exceptions which currently meet the exempt status are those resulting from an audit performed by a Federal Agency or by the California State Controller's Office. If you should have any questions regarding the allowability of such adjustments please consult the contact person on this letter before claiming.

- 3. Under no circumstances shall a person count be claimed with a Hardship Supplemental Payment.
- 4. Our review of mixed cases revealed that the majority of these AUs were erroneously claimed. It is requested that all counties review their caseload of mixed cases to ensure that the claiming of federal financial participation is appropriate. We have listed below examples of the erroneous claiming, the way the person counts should have been claimed and why the claiming was erroneous.

Example 1:

Incorrect				Correct			
<u>Federal</u>		<u>State-only</u>		<u>Federal</u>		<u>State-only</u>	
<u>Adult</u>	<u>Children</u>	<u>Adult</u>	<u>Children</u>	<u>Adult</u>	<u>Children</u>	<u>Adult</u>	<u>Children</u>
0	1	1	0	1	1	0	0
						or	
				0	0	1	1

In most of these cases, the county found that the state-only adult had been a single pregnant woman and the eligibility worker (EW) failed to adjust the person count to federal status at the beginning of the third month prior to the anticipated birth of the child. In many instances, the mother continued to be reflected as state-only even after the birth of the child. In a couple of instances, the county found that some EWs had misunderstood the Simon Court case instruction and believed that when the adult applicant chose to exclude one (or more) children from the AU, the adult lost federal eligibility but the remaining child(ren) would remain federally eligible. This is incorrect. In a Simon case, all remaining members of the AU have lost federal eligibility, i.e., all members of the AU must be state-only.

Example 2:

<u>Incorrect</u>	<u>Correct</u>
1 - 0 - 0 - 1	0 - 0 - 1 - 1

It was verified that this was a Simon case. The EW thought the essential person (unemployed stepfather) had to be claimed federal. In a Simon case, all members are state-only.

Example 3:

<u>Questionable</u>	<u>Correct</u>
0 - 1 - 2 - 1	?
1 - 1 - 1 - 1	Category "30" ?
1 - 1 - 1 - 0	?

In the above types of mixed cases, SDSS knows of no eligibility criteria which would allow these types of claiming. In the first case, the two adults and one child being aided as state-only could have been a Shaw case but it is recommended that all such cases be reviewed.

The repayment sharing ratios as computed for State Fiscal Year (SFY) 1986/87 for all programs and as published in All-County Letter No. 86-61, dated July 9, 1986 shall be applicable to repayments claimed in SFY 1987/88.

As the need arises, more detailed claiming instructions or clarifications will be issued in subsequent All-County Letters. If you should have any questions, please call Ms. Willa Wallen, Fiscal Policy and Procedures Bureau, at (916) 322-9288 or ATSS 492-9288.

Sincerely,



ROBERT L. GARCIA
Deputy Director
Administration

cc: CWDA

Attachment A

Federal/State Limitation on
Reimbursement of
Assistance Claims

July 1987

<u>CASH GRANTS AND PERSON COUNTS PAID BY CWD</u>	<u>LAST MONTHLY CLAIM ON WHICH COSTS MAY BE CLAIMED</u>	<u>LAST DATE RECEIVED IN SDSS</u>
January - March 1986	August 1987	September 30, 1987
April - June 1986	November 1987	December 31, 1987
July - September 1986	February 1988	March 31, 1988
October - December 1986	May 1988	June 30, 1988
January - March 1987	August 1988	September 30, 1988
April - June 1987	November 1988	December 31, 1988
July - September 1987	February 1989	March 31, 1989
October - December 1987	May 1989	June 30, 1989

SUMMARY REPORT OF ASSISTANCE EXPENDITURES AID TO FAMILIES WITH DEPENDENT CHILDREN

FEDERAL

FOR STATE USE DSS COUNTY WELFARE COUNTY AUDITOR

COUNTY	DATE (MONTH YEAR)
CLAIM CONTACT PERSON	TELEPHONE ()

- FAMILY GROUP (FG)
 UNEMPLOYED (U)

(INSTRUCTIONS ON REVERSE SIDE OF FORM)

A. Federal Persons Counts		B. State-Only Persons Counts		C.	Source Documents
Adults	Children	Adults	Children	Total Aid	

<u>Current Month</u>				
()	()	()	()	()
9320	10,289	3	5	532,893.00

1. Main Payroll
2. Cur. Month Supp. Payroll
3. Cur. Month Cancellation Contra Roll
4. Prior Month Supp. Payroll
5. Cur. Month Adjustments
6. Subtotal D.

43,304.80
687.00
43,991.80

7. Amount Payable with State and County Funds Only
8. Amount Payable with State Funds Only
9. 7A + 8A

246,950.60

7. (6C - 9A) X .5

Prior Month Negatives

()	()	()	()	()
()	()	()	()	()
()	()	()	()	()
(953)	(687)	(1)	(2)	(63,432.00)

10. Prior Month Cancellation Contra Roll
11. Recoveries of Aid
12. Prior Month Negative Adjustments
13. Subtotal D.

(5,302.00)
(187.00)
(5,494.00)

14. Amount Payable with State and County Funds Only
15. Amount Payable with State Funds Only
16. 14A + 15A

(28,991.50)

14. (13C - 16A) X .5

Prior Month Positives

613	213	-	-	9,502.00
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17. Prior Month Positive Adjustments D.

2,133.00
87.00
2,220.00

18. Amount Payable with State and County Funds Only
19. Amount Payable with State Funds Only
20. 18A + 19A

3,341.00

18. (17C - 20A) X .5

**SUMMARY REPORT
OF ASSISTANCE EXPENDITURES
AID TO FAMILIES WITH
DEPENDENT CHILDREN**

FAMILY GROUP (FG)

UNEMPLOYED (U)

(INSTRUCTIONS ON REVERSE SIDE OF FORM)

A. Federal Persons Counts		B. State-only Persons Counts		C. Total Aid	D. 21. Total (Lines 6 + 13 + 17)
Adults	Children	Adults	Children		
6,980	9,415	2	3	484,158.00	
					22. Total Federal Persons Col. A (Ad + Ch) 199.00
					22. 26A X .5
					23. Numbers of Assistance Units Represented by 22A 2,184.00
					23. 27A X .5
					24. Amount Payable with State & County Funds Only (7A+14A+18A) 218,739.10
					24. 7D+14D+18D-(22D+23D) E.
					25. Amount Payable with State Funds Only (8A+15A+19A) 3,999.00
					25. \$1.00 X 23A
					26. Amount Payable with Federal and County Funds Only 2,184.00
					26. 27AX .5
					27. Amount Payable with Federal and State Funds Only 4,290.00
					27. 25E+ 26E+ 25A

DRAFT

	C.	D. Federal 22D+23D +24D	E. State 21C-(25A+26A+27A +24D+25E) X .892	F. County 21C-(27E+28E +28E)
Line 21C 28.		221,920.10	229,344.84	28,323.00
29. Grand Totals	484,158.00	221,920.10	234,114.84	28,323.00
		(28D)	(27E+28E)	(28F)