STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

September 7, 1988

ALL COUNTY LETTER NO. 88-121

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FEDERAL CONNECTION WITH THE LABOR FORCE

REFERENCE: MPP 41-440 FEDERAL AFDC-U: UNEMPLOYED PARENT PROGRAM

The purpose of this letter is to provide clarification to counties concerning the eligibility requirements principal earners (PE) must meet in order to establish deprivation for the Federal AFDC-U Program. Specifically, the focus is on three issues: 1) PE's who seek to establish a connection with the labor force through earnings, 2) PE's whose basis of deprivation changes from unemployment to incapacity while in receipt of aid, and 3) PE's whose status changes from Federal AFDC-U to State-Only AFDC-U and then back to Federal AFDC-U after a period of ineligibility.

CONNECTION WITH THE LABOR FORCE BASED ON EARNINGS (MPP 41-440.4)

It is important that counties, and applicants and recipients have a clear understanding of what constitutes qualifying earnings in order to insure that a PE has an appropriately established connection with the labor force. In order for earnings to qualify in establishing a Federal connection with the labor force, the earnings must be derived from either an employer-employee relationship or self-employment. Manual of Policies and Procedures Section (MPP) 44-101.51 defines earned income as the receipt of wages, salary, commissions or profit from activities in which a person is engaged as an employee or self-employment (emphasis added). The PE establishes a connection with the labor force if he or she earned gross income of at least $50 during a calendar quarter in any six calendar quarters of any 13 consecutive calendar quarter period that ends within one year before the date of application or request for aid on the basis of the unemployment of a parent (MPP 41-440.411). Earnings which are acceptable in establishing a connection with the labor force also include earnings in-kind. Earnings from work performed either inside or outside the United States, including work performed in refugee camps are acceptable, as long as they meet the definition of earned income contained in MPP 44-101.51.

EXAMPLE (1)

A refugee PE states on the CA 2 (Statement of Facts) under penalty of perjury that he/she worked in a refugee camp and had

earnings in-kind. The earnings information is reported on the CA 2. Additional evidence reveals that the refugee received only food, clothing, and shelter: items which were provided to all inhabitants in the camp whether or not they performed any work. In this situation the items received in-kind are not clearly linked to an employer-employee relationship. Nor is there any evidence or indication of self-employment. Therefore, a connection with the labor force determination based on earnings would be incorrect.

EXAMPLE (2)

Same situation as above except that while in the camp the PE engages in the making of crafts and is permitted to sell these items within or outside the camp. The PE is considered self-employed and any income received is considered earnings which count toward the qualifying six quarters, if the income meets or exceeds the $50/quarter criterion.

EVIDENCE

In some situations it may be practically impossible to obtain hard evidence to substantiate the PE's work history. As provided in MPP Sections 40-115.22 and 41-440.43, the PE's sworn statement as to earnings is sufficient to document his/her earnings, if evidence is not available. The sworn statement may cover any or all of the required six quarters. However, the sworn statement, in and of itself, does not establish a connection with the labor force or Federal AFDC-U eligibility, if it is determined that the information listed is not correct.

Information provided on a sworn statement, the CA 2 and/or other evidence provided by the PE is subject to thorough review. Closer scrutiny of the earnings and work history information provided should reduce the number of ineligible cases and overpayments that result when a PE is determined to not have an appropriate connection with the labor force.

CHANGE IN BASIS OF DEPRIVATION-WHEN THE PE GOES FROM UNEMPLOYMENT TO INCAPACITY (MPP 41-401.3; 41-440.21; 41-440.1(d))

When an Assistance Unit (AU) is receiving aid based on the PE's unemployment and he/she subsequently becomes incapacitated, the basis of deprivation must be changed. State regulations (MPP 41-

401.3) require that when a child is deprived of parental support or care for more than one reason, Federal AFDC-U shall not be selected if the child is eligible under another federal basis of deprivation.

When the basis of deprivation for a PE is changed from U to incapacity and he/she subsequently recovers from the disability the PE must be considered for Federal AFDC-U benefits. Counties will be required to use the original date of application for Federal U to determine the labor force connection. Since the PE initially established Federal eligibility he/she retains that determination through the period of incapacity and upon return to Federal U. Use of the original date of application in these situations will maximize Federal financial participation.

EXAMPLE:

Family applies for AFDC-U based on the unemployment of the father. Father is determined to be the PE. After careful evaluation of the PE's work history, the county determines that he has a federal connection with the labor force based on qualifying earnings. After receiving two months of AFDC-U, the PE becomes incapacitated. The county is required to change the basis of deprivation from unemployment to incapacity, since the family's circumstances have changed. The PE remains incapacitated for a year. When the PE recovers from his disability, the county must again consider unemployment as the basis of deprivation. In this situation the county must use the original date of application for AFDC-U in accordance with MPP 41-440.1(d) to establish a connection with the labor force.

STATUS CHANGE-WHEN THE PE GOES FROM FEDERAL AFDC-U TO STATE-ONLY AFDC-U AND RETURNS TO FEDERAL AFDC-U (MPP 41-440.1 (d)

This situation is different from the preceding example. In the above example the PE initially establishes Federal U eligibility and retains it through the period of incapacity. In this situation he/she loses his/her federal eligibility when the case is discontinued or transferred to State Only AFDC-U. For example, in some situations a Federal AFDC-U AU may experience a change in circumstances which causes the AU to move from Federal AFDC-U to State-Only AFDC-U, if otherwise eligible. If this has occurred, a new connection with the labor force must be established for the PE when the AU is being evaluated for return to Federal AFDC-U. Use of the original date of application for Federal AFDC-U to establish a connection with the labor force is not appropriate in this situation, whether or not a break in aid occurs during the family's period of ineligibility for Federal AFDC. In this situation a new connection with the labor force must be established. Families that usually fall into this category are those that are in receipt of

Federal AFDC-U who receive a lump sum payment (SHAW v. McMAHON) and those who elect to exclude a child with income and/or property from the AU (SIMON v. McMAHON).

We would also like to remind you of the regulatory requirements with regard to timely and adequate notice. Prior to county action to change the basis of deprivation the recipient should be notified in accordance with MPP 40-173 of any change which relates to his/her aid payment or status.

If you have any questions or need further information on these issues, please contact Henry Puga of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2663 or ATSS 454-2663.

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Deputy Director

cc: CWDA