

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



March 1, 1994

ALL COUNTY LETTER NO. 94-19

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL

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

SUBJECT: REVISED REGULATIONS ON INCREASED PROPERTY LIMITS AND RESTRICTED ACCOUNTS PROVISIONS FOR RECIPIENTS OF AFDC

REFERENCE: MPP SECTION 42-200 - PROPERTY  
MPP SECTION 89-500 - INCREASED PROPERTY LIMITS FOR RECIPIENTS  
SB 35 (CHAPTER 69, STATUTES OF 1993)  
SB 1078 (CHAPTER 1252, STATUTES OF 1993)

HANDBOOK: THIS LETTER CONTAINS INFORMATION UPDATING THE AFDC NOTICE OF ACTION HANDBOOK

The purpose of this letter is to transmit copies of draft regulations, Notices of Action (NOAs), an informing notice and a copy of the restricted account agreement which you will need to implement new provisions pertaining to increased property limits for recipients of AFDC. These provisions do not apply to applicants for AFDC. These provisions were enacted with the State Budget and the accompanying legislation, Senate Bill 35, Chapter 69, Statutes of 1993 and SB 1078, Chapter 1252, Statutes of 1993.

The intent is to file the attached draft regulations with the Secretary of State to become effective April 1, 1994, pending approval of the necessary federal waivers. We expect final approval of these waivers by March 11, 1994. We are providing the enclosed materials and draft regulations to assist you in implementing these provisions on April 1, 1994. We will notify you when these regulations are approved by the Office of Administrative Law and a copy of the adopted regulations will be provided as soon as they are available. Should the regulations not be approved we will notify you immediately.

**REGULATIONS (ATTACHMENT 1)**

These regulations adopt three welfare reform provisions that will allow an increase in the property limits for AFDC recipients as follows:

- o Raise the property limit from \$1000 to \$2000;
- o Raise the exempt value of a motor vehicle from \$1500 to \$4500; and
- o Allow the retention of additional funds up to \$5000 in restricted account(s) for the purpose of the postsecondary education or vocational training of a child, or the start up of a business, or the purchase of a home.

**TEMP 2061, GENERAL MASS INFORMING NOTICE (ATTACHMENT 2)**

The TEMP 2061 provides information about the change in property limits and the restricted accounts. It is intended to be a one-time only stuffer, to be included with a mailing to all recipients, as soon as administratively feasible. Additionally, until the narrative can be incorporated on the SAWS 2A, Rights and Responsibilities document and/or the CA 1030, AFDC Informing Document, counties are required to provide the TEMP 2061 as part of the application packet.

The TEMP 2061 is a master only; stock will not be produced.

**CALIFORNIA WORK PAYS DEMONSTRATION PROJECT (CWPDP) RESEARCH COUNTIES (Los Angeles, San Bernardino, San Joaquin, Alameda) TEMP 2061A, GENERAL MASS INFORMING NOTICE FOR CWPDP COUNTIES (ATTACHMENT 2A)**

Cases assigned to experimental status will be subject to the new changes in the property limits. Cases in control status will not be subject to these regulation changes. It is recommended that the mass informing notice not be sent to control cases. However, if this is not feasible, research counties are requested to use the TEMP 2061A, not the TEMP 2061. The TEMP 2061A includes approved narrative for your control cases.

**CA 86 (4/94), AGREEMENT-RESTRICTED ACCOUNT (ATTACHMENT 3)**

The CA 86 is to be used to establish a restricted account. The form is comprised of a coversheet, outlining the requirements to initiate a restricted account, and an agreement that is to be entered into between the county and the recipient.

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~~This is a master only form because of expected low usage. No state stock will be produced at this time; however, this decision may be modified if a substantial usage warrants it.~~

**IMPLEMENTATION INSTRUCTIONS FOR THE CA 86 (ATTACHMENT 3A)**

Attachment 3A provides instructions for the use of the form and direction regarding distribution of copies to the recipient.

#### AFDC NOTICE OF ACTION (NOA) HANDBOOK REVISION (ATTACHMENT 4)

NOA Message Document M42-207B is being replaced by M89-501. This NOA discontinues cash aid when countable property exceeds the new \$2,000 limit.

New NOA Message Document M89-503 discontinues cash aid for various violations of the restricted account agreement.

Instructions for use are found at the end of each message document. English and Spanish versions are attached. Other standard languages will be issued by the Language Services Bureau in the usual manner.

Update your AFDC NOA Handbook by filing the attached English language message documents in Section 6 and by removing the obsolete message document M42-207B.

#### RESTRICTED ACCOUNT QUESTIONS AND ANSWERS (ATTACHMENT 5)

A series of questions and answers are attached to address many of the implementation questions which have come up during the development of this portion of the regulations.

#### FOOD STAMPS

For Food Stamp (FS) purposes, the Restricted Account will be excluded as a resource as long as the account owner is receiving AFDC. However, once the owner of the account is no longer receiving AFDC, any funds in the Restricted Account will be considered a resource. This is because the Department has been unsuccessful in obtaining a waiver from the Food and Nutrition Service (FNS) which is consistent with all of the terms and conditions set forth in State legislation to exclude the restricted account from resources.

#### TRANSLATIONS

Reproducible copies of the TEMP 2061 SP and the TEMP 2061A SP are attached. A copy of the CA 86 SP will be forwarded when finalized. Camera-ready copies of the TEMP 2061, TEMP 2061A, and CA 86 in Cambodian, Lao, Chinese and Vietnamese will be forwarded to the County Forms Coordinator by the Language Services Bureau when available.

#### CONTACTS

If you have any questions or need further information regarding these changes, please contact the following staff regarding the specific program areas:

**Revised property regulations/Restricted Account Questions and Answers:** Maxine Quitiquit (916) 654-1048, CALNET 464-1048;

**Existing property regulations:** Henry Puga (916) 654-1068, CALNET 464-1068

**General Mass Informing Notice/Restricted Account Agreement:** Elizabeth Allred (916) 657-3350, CALNET 437-3350;

**AFDC NOAs:** John Honeycutt (916) 654-1077, CALNET 464-1077;

**Food Stamps:** Nancy Yee (916) 654-1065, CALNET 464-1065;

**CWPDP:** Leslie Raderman (916) 657-2357, CALNET 437-2357

Sincerely,

  
MICHAEL C. GENEST  
Deputy Director  
Welfare Programs Division

Attachments

Adopt Section 40-022 to read:

40-022 IMPLEMENTATION OF REGULATIONS FOR THE INCREASED PROPERTY LIMITS AND RESTRICTED ACCOUNT PURSUANT TO SENATE BILL 35, CHAPTER 69, STATUTES OF 1993 AND SENATE BILL 1078, CHAPTER 1252, STATUTES OF 1993 FOR THE CALIFORNIA WORK PAYS DEMONSTRATION PROJECT 40-022

.1 Sections Implemented

The following amendments and adoptions comply with the provisions of Senate Bill 35, Chapter 69, Statutes of 1993 and Senate Bill 1078, Chapter 1252, Statutes of 1993. This regulatory action applies to recipients who are subject to the California Work Pays Demonstration Project and consists of:

Changes to increase the real and personal property limit from \$1,000 to \$2,000;

Changes to increase the exemption for one motor vehicle from \$1,500 to \$4,500; and

Allows the AU to retain funds up to \$5,000 in a restricted savings account for specified purposes.

.11 Sections Adopted

- 89-501 Increased Property Limits for Recipients
- 89-502 \$2,000 Property Limit for Recipients
- 89-503 Increased Motor Vehicle Limit for Recipients
- 89-504 Restricted Accounts for Recipients

.12 Sections Amended

- 42-207 Property Which May Be Retained by An Applicant or Recipient
- 42-213 Property Items to Be Excluded in Evaluating Property Which May Be Retained
- 44-352 Overpayment Recoupment
- 80-301 Definitions
- 89-102 Federal Demonstration Project - Introduction

.2 Effective Date

All regulatory action implementing the provisions of Senate Bill 35, Chapter 69,

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Statutes of 1993 and Senate Bill 1078, Chapter 1252, Statutes of 1993 shall become effective April 1, 1994, for recipients who are subject to the California Work Pays Demonstration Project.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 11155.1 and 11155.2, 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 , 1994.

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Amend Section 42-207 to read:

42-207 PROPERTY WHICH MAY BE RETAINED BY AN APPLICANT OR RECIPIENT 42-207  
(Continued)

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.2 See Sections 89-501 and 89-502 for the \$2,000 property limit which applies to AFDC FG/U recipients who are subject to the California Work Pays Demonstration Project, as specified in Division 89.

HANDBOOK ENDS HERE

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155, 11155.1, 11155.2, 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 \_\_\_\_\_, 1994.

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Amend Section 42-213 to read:

42-213 PROPERTY ITEMS TO BE EXCLUDED IN EVALUATING PROPERTY WHICH MAY BE RETAINED 42-213

.1 (Continued)

.123 (Continued)

(a) (Continued)

(b) (Continued)

- (1) Advertising once a week in at least one publication of general circulation that the Property is for sale. When an AU becomes resource eligible it will no longer be required to use out-of-pocket expenditures to market the property but shall continue to comply with Section 42-213.123(a). [Resource eligibility exists when the equity value of the real property (see Section 42-213.124) plus all countable resources is less than \$1,000\*].

\* See Section 89-501 for the higher property and motor vehicle limits for those recipients subject to the California Work Pays Demonstration Project, as specified in Division 89.

(Continued)

.125 (Continued) and the combined value of real and personal property continues to exceed the \$1000 limit\* specified in Section 42-207.

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\* See Sections 89-501 and 89-502 for the higher property and motor vehicle limits for those recipients subject to the California Work Pays Demonstration Project, as specified in Division 89.

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(Continued)

.2 (Continued)

- z. One motor vehicle the net market value of which does not exceed \$1500\*. If the value of the motor vehicle exceeds the \$1500 limit\*, the excess over \$1500\* shall be treated as a resource included in the property limit described in Section 42-207\*.

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\* See Sections 89-501, 89-502 and 89-503 for the higher property and motor vehicle limits for those recipients subject to the California Work Pays Demonstration Project, as specified in Division 89.

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(Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155, 11155.1, 11155.2, ~~and~~ 11155.5, and 11257, Welfare and Institutions Code; ~~and~~ 45 CFR 233.20(a)(3)(i)(B) and (a)(4)(ii); 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 \_\_\_\_\_, 1994.

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Amend Section 44-352 to read:

44-352 OVERPAYMENT RECOUPMENT

44-352

.115 (Continued)

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(a) See Section 89-501 for the higher property and motor vehicle limits for those recipients subject to the California Work Pays Demonstration Project, as specified in Division 89.

(#b) (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11017, 11155, 11155.1, 11155.2, 11257, 11450, 11452, and 11453, Welfare and Institutions Code; and 45 CFR 233.20(a)(3)(i)(B) and (a)(13)(i)(A)(2); 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 \_\_\_\_\_, 1994.

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Amend Chapter 89-100 to read:

89-100. ASSISTANCE PAYMENTS DEMONSTRATION PROJECT (APDP) AND CALIFORNIA WORK PAYS  
DEMONSTRATION PROJECT (CWPDP)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

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Amend Section 89-102 to read:

89-102 FEDERAL DEMONSTRATION PROJECTS - INTRODUCTION

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.1 Background

Pursuant to state law, the State Department of Social Services has requested and received federal approval for ~~a~~ two California Demonstration Projects entitled the Assistance Payments Demonstration Project and the California Work Pays Demonstration Project. ~~These~~ These ~~Projects enable~~ California, in accordance with ~~its~~ their federally mandated Terms and Conditions, to implement certain new AFDC provisions.

The Assistance Payments Demonstration Project provisions are contained in Division 89. They include work incentive provisions, MAP reductions and a relocation grant restriction. The California Work Pays Demonstration Project provisions contained in Division 89 include increased property limits, restricted accounts, and the California Alternative Assistance Program. (for "Cal Learn" see Division 42)

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2.

The county shall not apply the Division 89 Assistance Payments Demonstration Project and the California Work Pays Demonstration Project provisions to those applicants and recipients who are designated as members of the Project/s' control groups. The designation and treatment of the control groups shall be accomplished pursuant to the Project/s' mandated parameters outlined in the Federal Terms and Conditions as approved by the Secretary of the Department of Health and Human Services.

NOTE: Authority Cited: Sections 10553, 10554, 11201.5, 11209, and 11450(g), Welfare and Institutions Code. Reference: Sections 11155.1, 11155.2, 11201.5, 11450.01, and 11450.03, Welfare and Institutions Code; 45 CFR 233.20(a)(i)(B); and Federal Terms and Conditions for the Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992 and the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on , 1994.

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Amend Section 80-301(r)(1) to read:

80-301 Definitions (Continued)

80-301

(r) (1) Recipient "Recipient" means a person who is receiving AFDC.

(A) A person becomes a "recipient" on the date on which both of the following conditions are met:

1. the person meets all conditions of eligibility, and

2. the county signs authorization documents to approve the application for AFDC. ~~certifying that all eligibility requirements are met.~~

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(B) An applicant who has been approved for an immediate need and/or homeless assistance payment based on his/her apparent eligibility is not considered to be a recipient, as specified in Section 40-129. In these cases, the county has not signed authorization documents to approve the AFDC application.

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Authority Cited: Sections 10553, 10554, and 10604, Welfare and Institutions Code.

Reference: 45 CFR 233.10(a)(1) and Section 11450, Welfare and Institutions Code.

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The AU is overpaid from July through October, but is eligible in November and will have the higher property limits beginning November 1st.

.22 Example 2

In September a family applies for aid and is approved; they have the following property:

\$ 300 checking account  
+600 savings account  
\$ 900 total countable property

In October the AU opens a restricted savings account with a balance of \$200.

In November the caretaker relative reports that he has just discovered a paid-up life insurance policy he had forgotten about which had a cash surrender value (CSV) of \$500 since September.

The AU's property is as follows:

\$ 300 checking  
+600 savings  
+500 CSV life insurance  
\$ 1400 total  
-1000 limit for applicants  
\$ 400 excess property September & October

+ 200 restricted account opened in October  
\$ 600 excess property beginning November

The county sends a timely notice to discontinue aid effective November 30th. The caretaker relative immediately withdraws the \$200 from the restricted account and \$400 from the savings account to buy a new refrigerator on November 29th.

The new date of eligibility for increased property limits is December 1st (the first day of the month following the date the AU was at or below the \$1000 limit for applicants). The AU is overpaid for September, October, and November.

Since the AU exceeded the \$1000 property limit when the application was approved, the AU was not eligible for any of the higher property limits and the "restriction" on the second savings account is not applicable. As such, a

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period of ineligibility for a nonqualifying withdrawal also does not apply.

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Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155, 11155.1, 11155.2, 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 \_\_\_\_\_, 1994.

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Adopt Section 89-502 to read:

89-502 \$2,000 PROPERTY LIMIT FOR RECIPIENTS

89-502

.1 General

When an AU includes a recipient, the county shall apply a \$2,000 limit to the net market value of the AU's countable property without regard to the \$5,000 restricted account specified in Section 89-504.

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.2 Example 1

A family applies for AFDC on February 3rd. The otherwise eligible AU has countable property of \$700. The county approves the application on March 13th. The family reports that on March 15th, they received stocks from an inheritance worth \$1,000. Their total property on March 15th was \$1,700.

The AU is eligible because their property did not exceed the \$1,000 limit for applicants until after their application was approved and they are under the \$2,000 limit for recipients.

.3 Example 2

A minor mother and her child moved out of her senior parent's home to live with her child's father on June 3rd. The minor mother and her child were receiving aid in the senior parent's AU through June 30th.

On June 5th, the minor mother requests aid for herself, her child, and the father of her child; the beginning date of aid is July 1st. The new AU's property is as follows:

<u>\$ 300</u>	<u>minor mother's cash</u>
<u>+1,500</u>	<u>father's savings account</u>
<u>\$1,800</u>	<u>AU's total property</u>

The county applies the \$2,000 property limit for recipients because the minor mother and her child did not have a break in aid, and thus are considered recipients.

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.4 Example 3

An AU which includes a recipient has countable property of \$1,700. The AU reports that another child moved in with them on May 31st. The child has a \$500 savings account. The county determines that the entire AU is ineligible due to excess property effective June 1st:

<u>\$ 500</u>	<u>savings account of new child</u>
<u>+1,700</u>	<u>AU's other property</u>
<u>\$2,200</u>	<u>AU's total property</u>
<u>-2,000</u>	<u>property limit for recipients</u>
<u>\$ 200</u>	<u>excess property</u>

The county sends a timely NOA to discontinue aid effective June 30th and determines an overpayment for June.

If the AU spends down to the \$2000 limit on or before June 30, the county will rescind the discontinuance; however, the overpayment will remain. If the AU does not spend down to the \$2000 limit, it will be subject to the \$1000 property limit for applicants if it reapplies later.

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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 \_\_\_\_\_, 1994.

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Adopt Section 89-503 to read:

89-503 INCREASED MOTOR VEHICLE LIMIT FOR RECIPIENTS

89-503

.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 Limit

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 89-502. See Section 42-215.4 for determining the value of a motor vehicle.

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.2 Example

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

<u>1st motor vehicle:</u>	<u>\$2,500</u>
<u>2nd motor vehicle:</u>	<u>\$1,200</u>
<u>savings account:</u>	<u>\$ 500</u>

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

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 \_\_\_\_\_, 1994.

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Adopt Section 89-504 to read:

89-504 RESTRICTED ACCOUNTS FOR RECIPIENTS

89-504

- (a) General An AU which includes a recipient shall be allowed to retain cash reserves totalling up to a maximum of \$5,000 in one or more restricted accounts at a financial institution.
- (1) Additional Funds The funds shall be in addition to the \$2,000 property limit specified in Section 89-502.
- (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 89-504.
- (1) Advice The written agreement shall include a statement which advises recipients to first retain resources close to the \$2000 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 Account balance and activity since the date the agreement was signed.
- (d) Specific Purpose The funds must be retained for one or more of these specific purposes:
- (1) Home purchase of a home;
- (2) Education postsecondary education or vocational training of a person who is or was a child in the AU on or after the date of the written agreement; and/or
- (3) Business start up of a new business.

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- 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.
- (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 is less than anticipated, shall be redeposited into the restricted account within 30 calendar days from the date of the withdrawal.
- (1) Failure to timely redeposit the funds results in a determination that a nonqualifying withdrawal has occurred, unless good cause exist as specified in Section 89-504(j).
- (h) Verification The AU shall provide verification of the following items within 30 calendar days from the date of expenditure:
- (1) Balance balance prior to the withdrawal;
- (2) Date and Amount date and amount of the withdrawal; and
- (3) 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 Except as specified in Section 89-504(p)(1), the county shall determine that a nonqualifying withdrawal has occurred when:

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- (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 89-504(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 this section; or
- (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 89-504 (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)                    This includes: 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:

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

(1) Applying the Period of Ineligibility

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.

(1) One Month of Ineligibility

When ineligibility exists for only one month, the county shall suspend aid on the first day of the month following the nonqualifying withdrawal.

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(m) Example 1:

<u>Bank balance prior to 5/96</u>	
<u>withdrawal:</u>	<u>\$5,000</u>
<u>Amount withdrawn from account:</u>	<u>\$4,500</u>
<u>Amount used to purchase home:</u>	<u>\$3,000</u>
<u>Amount used to buy furniture:</u>	<u>\$1,500</u>

(1)

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

<u>(A)</u>	<u>\$5,000</u>	<u>balance prior to withdrawal</u>
	<u>-3,000</u>	<u>allowable expense for purchase of home</u>
	<u>\$2,000</u>	<u>remainder</u>

(B) Divide the remainder (\$2,000) by MBSAC + special needs for an AU of 3 (\$2,000 divided by \$715 = 2.79)

(C) Round down the result to the nearest whole number (2).

(D) The AU is ineligible for two months beginning 6/96 due to a nonqualifying withdrawal.

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Example 2:

An AU of three has the following property:

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

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 5/96. The county determines that the AU made a nonqualifying withdrawal.

Although the AU's total property reserve prior to the nonqualifying withdrawal is under the \$2000 property limit, the county will calculate a period of ineligibility as follows:

- |    |   |        |
|----|---|--------|
| 1. | <u>Balance prior to nonqualifying withdrawal in 5/96</u>                        | \$1000 |
| 2. | <u>Divide by MBSAC for 3 (\$715)</u>  |        |
| 3. | <u>Result</u>   | 1.3    |
| 4. | <u>Round down to nearest whole number for number of months of ineligibility</u> | 1      |

Since the period of ineligibility is only for one month, aid for 6/96 will be suspended rather than discontinued. As the AU members will retain their recipient status, the higher property limits will continue to apply.

HANDBOOK ENDS HERE(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.

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- (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 89-504(o)(2)(A) above.
- (C) Divide the result calculated in Section 89-504(o)(2)(B) above 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 89-504(o)(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 2 is in a period of ineligibility due to a nonqualifying withdrawal. The pertinent facts of the POI are as follows:

(A)	<u>\$ 2000</u> <u>\$ 576</u> <u>3</u> <u>January</u>	<u>original balance used to calculate the POI</u> <u>original MBSAC</u> <u>number of months of ineligibility</u> <u>first month of ineligibility</u>
-----	---	---

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

(B)	<u>\$2000</u> <u>- 576</u> <u>\$1424</u> <u>1.99</u> <u>1</u>  <u>1</u> <u>+ 1</u> <u>2</u>	<u>Original balance</u> <u>MBSAC for one month of ineligibility</u> <u>Result; divide by increased MBSAC for 3 (\$715)</u> <u>Result</u> <u># of ineligible months after increase (rounded down)</u>  <u># of months before increase</u> <u># of months after increase</u> <u>Revised POI (# of months)</u>
-----	---	---

**DRAFT**

The prior period of ineligibility has been reduced from three months to two months; January & 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) When Balance Exceeds \$5,000      When the restricted account exceeds \$5,000 on the first day of a month, the county shall add the excess over the \$5,000 limit to the AU's other countable property.
- (1) Interest Payments      When the \$5000 limit is exceeded solely due to the deposit of interest payment(s), the county shall:
- (A)      allow the AU to withdraw the interest payment which caused the restricted account balance(s) to exceed the \$5000 limit; and
- (B)      not calculate a period of ineligibility for the withdrawal of the interest.
- (q) Termination of the Written Agreement      The written agreement for the restricted account terminates when:
- (1)      the AU is discontinued from AFDC; or
- (2)      the restricted account is closed; or
- (3)      the AU does not provide timely verification of the account information as specified in Section 89-504(c); or
- (4)      state or federal law changes the conditions, or no longer permits, these restricted accounts.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11155, and 11155.2, 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 \_\_\_\_\_, 1994.

wpmquit/REGULATIONS/restrict2a

**DRAFT**

## NEW PROPERTY RULES - FOR RECIPIENTS OF AFDC

As of April 1, 1994, state law changed the property rules for recipients of AFDC (Aid to Families with Dependent Children). The state law:

- raises property limits from \$1000 to \$2000 and the motor vehicle limits from \$1500 to \$4500 for recipients;
- allows recipients to have special savings accounts called restricted accounts. For facts about restricted accounts, see the next column.

Any amount a recipient has over the new limits for motor vehicles and restricted accounts will be counted toward the \$2000 property limits for recipients.

If a recipient goes off aid, he/she must meet the applicant limits of \$1000 for property and \$1500 for motor vehicles before he/she can get AFDC again. And an applicant can't have a restricted account.

From 4/1/94 to 3/31/99, a family getting AFDC can keep up to \$5000 in a restricted account(s) in any financial institution, such as a bank, credit union, savings and loan, etc. Money saved in a restricted account can only be spent for one or more allowable expenses directly related to:

- **Buying a home you will live in.**
- **Start up costs for a new business.**
- **Vocational (work) training or education after high-school for a child.**

Some other rules say:

- You must sign an agreement with the county before you can have a restricted account(s).
- You can save only up to a total of \$5000, even if you have more than one restricted account. Anything over \$5000 counts toward your \$2000 property limits.
- You can't take out or use any money in a restricted account(s) for any other reason, even for a death or life-threatening emergency. If you do, your family's AFDC will stop for a period of time.
- You must spend the money on an allowable expense(s) on or before 3/31/99.

**NOTE: You should have resources close to your \$2000 property limits for expenses and emergencies, before starting a restricted account.**

If you want to learn more about these new property rules, ask your worker.

TEMP 2061 (4/94)

## NUEVAS REGLAS CON RESPECTO A LOS BIENES - PARA LAS PERSONAS QUE RECIBEN AFDC

A partir del 1 de abril de 1994, la ley estatal cambió las reglas con respecto a los bienes, para las personas que reciben AFDC (Asistencia para Familias con Niños Necesitados). La ley estatal:

- aumenta los límites de propiedad de \$1,000 dólares a \$2,000 dólares y el límite para vehículos motorizados de \$1,500 a \$4,500 para las personas que reciben asistencia;
- permite a las personas que reciben asistencia tener cuentas de ahorros especiales a las que se les llama cuentas restringidas. La siguiente columna contiene información referente a las cuentas restringidas.

Cualquier cantidad que una persona que recibe asistencia tenga, por encima de los nuevos límites para vehículos motorizados y cuentas restringidas, se contará contra el límite de bienes de \$2,000 dólares para las personas que reciben beneficios.

**Si una persona que recibe asistencia deja de recibirla, ésta tiene que cumplir con los límites para un solicitante de \$1,000 dólares con relación a los bienes y \$1,500 para vehículos motorizados antes que pueda volver a recibir AFDC. Un solicitante no puede tener una cuenta restringida.**

Del 4/1/94 al 3/31/99, una familia que recibe AFDC, puede conservar hasta \$5,000 dólares en una cuenta(s) restringida(s) en cualquier institución bancaria/financiera, como un banco, unión de crédito, financiera (savings and loan), etc. El dinero que se ahorra en una cuenta restringida solamente se puede usar para uno o más gastos relacionados directamente a:

- **Comprar una casa en la que usted vivirá.**
- **Gastos de iniciación de un negocio nuevo.**
- **Entrenamiento/capacitación vocacional (empleo) o educación para un hijo después de la secundaria.**

Otras reglas indican que:

- Usted tiene que firmar un convenio con el condado antes de que pueda tener una cuenta(s) restringida(s).
- Solamente puede ahorrar hasta un total de \$5,000 dólares, aun cuando tenga más de una cuenta restringida. Cualquier cantidad que exceda los \$5,000 dólares, se cuenta contra su límite de \$2,000 dólares.
- No puede retirar ni usar ningún dinero de una cuenta(s) restringida(s) por ninguna otra razón, ni siquiera por razones de una muerte o una emergencia de vida o muerte. Si lo hace, parará la asistencia monetaria de su familia durante un período de tiempo.
- Tiene que gastar el dinero en gastos permitidos el o antes del 3/31/99

**Nota: Usted debe de tener recursos cerca de su límite de bienes de \$2,000 dólares para gastos y emergencias, antes de comenzar una cuenta restringida.**

Si desea recibir más información acerca de estas nuevas reglas sobre bienes, pregúntele a su trabajador(a)

TEMP 2061 (SP) (4/94)

## NEW PROPERTY RULES - FOR RECIPIENTS OF AFDC

If you are a member of the control group of the Assistance Payment Demonstration Project (now called the Work Pays Demonstration Project), the changes outlined on this notice don't apply to you.

As of April 1, 1994, state law changed the property rules for recipients of AFDC (Aid to Families with Dependent Children). The state law:

- raises property limits from \$1000 to \$2000 and the motor vehicle limit from \$1500 to \$4500 for recipients;
- allows recipients to have special savings accounts called restricted accounts. For facts about restricted accounts, see the next column.

Any amount a recipient has over the new limits for motor vehicles and restricted accounts will be counted toward his/her \$2000 property limit.

If a recipient goes off aid, he/she must meet the applicant limits of \$1000 for property and \$1500 for motor vehicles before he/she can get AFDC again. And an applicant can't have a restricted account.

TEMP 2061A (4/94)

From 4/1/94 to 3/31/99, a family getting AFDC can keep up to \$5000 in a restricted account(s) in any financial institution, such as a bank, credit union, savings and loan, etc. Money saved in a restricted account can only be spent for one or more allowable expenses directly related to:

- **Buying a home you will live in.**
- **Start up costs for a new business.**
- **Vocational (work) training or education after high-school for a child.**

Some other rules say:

- You must sign an agreement with the county before you can have a restricted account(s).
- You can save only up to a total of \$5000, even if you have more than one restricted account. Anything over \$5000 counts toward your \$2000 property limits.
- You can't take out or use any money in a restricted account(s) for any other reason, even for a death or life-threatening emergency. If you do, your family's cash aid will stop for a period of time.
- You must spend the money on an allowable expense(s) on or before 3/31/99.

**NOTE: You should have resources close to your \$2000 property limits for expenses and emergencies, before putting money into a restricted account.**

If you want to learn more about these new property rules, ask your worker.

STATE OF CALIFORNIA- HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES

## NUEVAS REGLAS CON RESPECTO A LOS BIENES - PARA LAS PERSONAS QUE RECIBEN AFDC

Si usted es miembro del grupo de control del Proyecto de Demostración de Asistencia en los Pagos (al cual se le conoce ahora como Proyecto de Demostración El Trabajar le Beneficia), los cambios que se mencionan en esta notificación no son pertinentes a usted.

A partir del 1 de abril de 1994, la ley estatal cambió las reglas con respecto a los bienes, para las personas que reciben AFDC (Asistencia para Familias con Niños Necesitados). La ley estatal:

- aumenta los límites de propiedad de \$1,000 dólares a \$2,000 dólares y el límite para vehículos motorizados de \$1,500 a \$4,500 para las personas que reciben asistencia;
- permite a las personas que reciben asistencia tener cuentas de ahorros especiales a las que se les llama cuentas restringidas. La siguiente columna contiene información referente a las cuentas restringidas.

Cualquier cantidad que una persona que recibe asistencia tenga, por encima de los nuevos límites para vehículos motorizados y cuentas restringidas, se contará contra su límite de bienes de \$2,000 dólares.

Si una persona que recibe asistencia deja de recibirla, ésta tiene que cumplir con los límites para un solicitante de \$1,000 dólares con relación a los bienes y \$1,500 para vehículos motorizados antes que pueda volver a recibir AFDC. Un solicitante no puede tener una cuenta restringida.

Del 4/1/94 al 3/31/99, una familia que recibe AFDC, puede conservar hasta \$5,000 dólares en una cuenta(s) restringida(s) en cualquier institución bancaria/financiera, como un banco, unión de crédito, financiera (savings and loan), etc. El dinero que se ahorra en una cuenta restringida solamente se puede usar para uno o más gastos relacionados directamente a:

- **Comprar una casa en la que usted vivirá.**
- **Gastos de iniciación de un negocio nuevo.**
- **Entrenamiento/capacitación vocacional (empleo) o educación para un hijo después de la secundaria.**

Otras reglas indican que:

- Usted tiene que firmar un convenio con el condado antes de que pueda tener una cuenta(s) restringida(s).
- Solamente puede ahorrar hasta un total de \$5,000 dólares, aun cuando tenga más de una cuenta restringida. Cualquier cantidad que exceda los \$5,000 dólares, se cuenta contra su límite de \$2,000 dólares.
- No puede retirar ni usar ningún dinero de una cuenta(s) restringida(s) por ninguna otra razón, ni siquiera por razones de una muerte o una emergencia de vida o muerte. Si lo hace, parará la asistencia monetaria de su familia durante un periodo de tiempo.
- Tiene que gastar el dinero en gastos permitidos el o antes del 3/31/99

**Nota: Usted debe de tener recursos cerca de su límite de bienes de \$2,000 dólares para gastos y emergencias, antes de depositar dinero en una cuenta restringida.**

Si desea recibir más información acerca de estas nuevas reglas sobre bienes, pregúntele a su trabajador(a)

TEMP 2061A (SP) (4/94)

## AGREEMENT - RESTRICTED ACCOUNT AFDC PROGRAM

Beginning 4/1/94 and ending 3/31/99, a family getting Aid to Families with Dependent Children (AFDC) can keep up to \$5000 in a special savings account in any financial institution, such as a bank, credit union, savings and loan, etc. These special savings accounts are called restricted accounts. You can have **only** up to a total of \$5000, even if you have more than one restricted account. Funds in a restricted account(s) don't count against the \$2000 property limit for recipients. Funds saved in a restricted account can **only** be spent for one or more allowable expenses directly related to:

- Buying a home for you to live in.
- Starting up a new business.
- Educational or vocational training after high school for a child who got AFDC on or after the date you signed this Agreement.

If your aid stops after setting up a restricted account and you reapply for AFDC, you must meet the applicant limits of \$1000 for property before you can get AFDC again.

### RULES FOR A RESTRICTED ACCOUNT:

- You must be getting AFDC.
- You must sign an Agreement-Restricted Account (CA 86) before starting the restricted account.
- You must keep the money in a financial institution, such as a bank, credit union, savings and loan, etc.
- You must keep the funds in a restricted account separate from any other account.
- You can **only** spend the money on an allowable expense on or before 3/31/99. (See the next column for allowable expenses.)
- Interest earned on the restricted account(s) must be deposited directly into the account(s) by the bank, credit union, etc.
- Funds up to \$5000 in all restricted accounts don't count against your \$2000 property limit. Amounts over \$5000 will count against your \$2000 property limit.
- **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. (See Page 2 for types of proof.)
- **Within 30 calendar days** after a withdrawal, you must give the county proof of the withdrawal and how you spent the funds. (See Page 2 for types of proof.)
- **Your AFDC can stop for a period of time, called a penalty period, if funds from a restricted account are spent on an expense that isn't allowable, even if the expenses are due to a death or other life-threatening emergency. The more you have in the restricted account(s) before the withdrawal, the longer your family won't get AFDC, even if you already spent all of the funds from the restricted account(s). (See Page 2 for penalty period.)**

**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 don't include the purchase of furniture or household goods.
- **EDUCATION OR VOCATIONAL TRAINING AFTER HIGH SCHOOL FOR A CHILD WHO GOT AID ON OR AFTER THE DATE OF THIS AGREEMENT:**  
Allowable expenses include:
  - fees, tuition, books, school supplies, equipment, special clothing needs
  - cost of transportation to and from school/vocational training
  - student housing and meals
  - 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
  - payments 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 don't include personal expenses, such as entertainment.

**BEFORE STARTING A RESTRICTED ACCOUNT, YOU SHOULD HAVE CLOSE TO YOUR \$2000 PROPERTY LIMIT. HERE'S WHY:**

**YOU CAN'T USE ANY OF THE FUNDS IN YOUR RESTRICTED ACCOUNT(S) TO PAY FOR EMERGENCIES, NOT EVEN WHEN THE EMERGENCY IS DUE TO A DEATH OR LIFE-THREATENING SITUATION.**

**PENALTY PERIOD**

A penalty period stops your AFDC for a period of time. You will have a penalty period if anyone:

- withdraws money from the restricted account(s) for a nonallowable expense(s).
- within 30 calendar days after a withdrawal:
  - doesn't spend the money on allowable expenses.
  - doesn't 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.
  - doesn't 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 doesn't put the interest into the restricted account within 30 calendar days after getting it.

**HOW TO FIGURE THE PENALTY PERIOD**

We:

- a. **take the balance** in all restricted accounts just before the withdrawal or just before the interest payment was sent to you.
- b. **minus** any amount you spend for an allowable expense(s).
- c. **divide** the difference by the basic need amount for the number of persons in your Assistance Unit at the time of the withdrawal, plus any special needs.
- d. **round down** to the nearest whole number. This number will be the months your family won't get AFDC.

**EXAMPLE OF A PENALTY PERIOD**

A family of 3 saved \$5000 in a restricted account. The family withdrew \$4500 but only spent \$3000 on allowable expenses.

- a. **Balance** in their restricted account just before withdrawal .....\$5000
- b. **Minus** the amount they spent for allowable expense(s).....-\$3000  
Difference .....=\$2000
- c. **Divide** the \$2000 difference by the basic need amount (\$715 for their family of 3 as of January 1, 1994) plus their special needs (\$0) .....2.79  
months
- d. **Round down** to nearest whole number of months .....2 months

This family's AFDC stops for 2 months starting the 1st day of the month after the withdrawal. And if this family got a payment(s) for the month(s) after the withdrawal, the family was overpaid and owes us for that cash aid payment(s).

**PROOF**

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

Examples of proof about the restricted account(s): 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), and all account balances and activity since the date you signed this Agreement.

Examples of proof to show how you spent the funds: 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.

**AGREEMENT - RESTRICTED ACCOUNT  
FOR RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)**

Original and one copy: Case file  
One copy: Client

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 (CA 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 penalty period, and that I should have resources close to my \$2000 property limit for emergencies or other expenses before I start a restricted account. I understand and agree that:

- \_\_\_\_\_ Funds saved in a restricted account can **only** be spent for one or more allowable expenses directly related to:
- Caretaker • Purchase of a home that I will live in.
  - Relative's • Starting up a new business.
  - Initials • Vocational training or education after high school for a child who got cash aid on or after the date of this Agreement.
- \_\_\_\_\_ Funds must be kept in a financial institution, such as a bank, credit union, savings and loan, etc., with all funds in my restricted account separate from any other account.
- \_\_\_\_\_ I can have **only** up to a total of \$5000, even if I have more than one restricted account. Funds up to a total of \$5000 in all restricted accounts don't count against my \$2000 property limit.
- \_\_\_\_\_ I will get a penalty period if funds from my restricted account(s) are withdrawn or spent for a nonallowable expense, even when I have expenses for a death or other life-threatening emergency.
- \_\_\_\_\_ I will get a penalty period if the balance in my restricted account(s) before the withdrawal is more than my need standard and I don't take an action outlined:
- \_\_\_\_\_ • 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 funds within 30 calendar days of any withdrawal.
  - \_\_\_\_\_ • I must put back any unspent funds if the expense didn't happen or was less than expected within 30 calendar days of the date of the withdrawal.
  - \_\_\_\_\_ • I must put interest sent to me 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.
- \_\_\_\_\_ If my aid stops and I reapply for cash aid, my total countable personal property, including any money in the restricted account(s), can't be more than the applicant limit of \$1000 for property.
- \_\_\_\_\_ 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 AFDC.
  - \_\_\_\_\_ • The restricted account is closed.
  - \_\_\_\_\_ • The law about restricted accounts changes, but no later than 3/31/99.

SIGNATURE OF CARETAKER RELATIVE	DATE OF AGREEMENT	SIGNATURE OF OTHER ADULT	DATE
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SIGNATURE OF WITNESS, IF YOU SIGNED WITH AN "X"	DATE
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I certify that the caretaker relative has been given a copy of the CA 86, "Agreement - Restricted Account." The caretaker relative says he/she understands the rules and his/her responsibilities for starting, keeping and ending a restricted account(s). The caretaker relative also says he/she understands the rules for a penalty period.

SIGNATURE OF COUNTY WORKER	DATE
----------------------------	------

**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 the county with proof of the account within 30 days from the "Date of Agreement" in Section A above.**

NAME(S) ON THE ACCOUNT	NAME AND ADDRESS OF BANK, ETC.	ACCOUNT NUMBER	CURRENT BALANCE
------------------------	--------------------------------	----------------	-----------------

SIGNATURE OF CARETAKER RELATIVE	DATE
---------------------------------	------

COUNTY USE ONLY: DATE RECEIVED:

IMPLEMENTATION INSTRUCTIONS FOR THE CA 86

Because the CA 86, Agreement-Restricted Accounts, (Attachment 3), is intended to be a binding agreement, it must be reviewed with the recipient prior to signing. By signing the Agreement, the recipient certifies that he/she understands the terms that establish, maintain, and end a restricted account, as well as the specific consequences (a penalty period) for failing to meet required timeframes.

Formatting of the CA 86 and implementation instructions are outlined below.

COVERSHEET

- o The coversheet is a single-page informing document, with information on both sides of the page.
- o Give a copy of the coversheet to the to the recipient and retain a copy in the case file for documentation purposes.

AGREEMENT

SECTION A

- o Section A recaps the requirements for the restricted account and is to be completed by the caretaker relative when he/she indicates the desire to enter into the agreement to set up a restricted account after his/her review of the coversheet.
  - o Each item in this section must be reviewed with and initialled by the caretaker relative.
  - o An optional signature is provided for another adult in the household for joint accounts or when required by the financial institution.
  - o If Section B is completed concurrently with Section A, as specified in Section B below, retain the original copy of the Agreement in the case file, and give the recipient one copy of the Agreement.
- 
- o The controlling date for the 30 calendar day timeframe for return of the original copy and proof of the restricted account, is the date the caretaker relative signs in Section A of the CA 86.

## SECTION B

- o Section B instructs the recipient to provide information about the account, proof of the account, and to sign, date and return the original to the county within 30 days after signing the Agreement.
- o The client may complete Section B concurrently with Section A, if he/she designates an existing savings account as a restricted account and provides the required account information and proof.
- o If Section B is not completed concurrently with Section A, review the instructions in Section B with the recipient, retain one copy of the Agreement for control purposes, and give the recipient the original and one copy of the Agreement.
- o If the AU fails to return a completed original with proof, within the required 30 day timeframe, the Agreement is terminated.

## COUNTY USE ONLY

- o Counties can annotate date the original was received.
- o Annotate the case file appropriately, if the recipient stops the interview at any time and indicates that he/she does not want to complete the process for a restricted account.

State of California  
Department of Social Services

Noa Msg Doc No.: M89-501 1 of 2  
Action : Discontinue  
Issue: Excess Property  
Title: Exceeds \$2,000 Limit

Auto ID No.:  
Source :  
Issued by : ACL  
Reg Cite : 89-501, 89-502, 89-503

Use Form No. : NA 290  
Original Date : 05/01/87  
Revision Date : 01/01/94

MESSAGE - NA 290, Left Column:

As of \_\_\_\_\_, the County is stopping  
your cash aid.

Here's why:

You can't get cash aid if the total  
countable value of your property is more  
than \$2,000. This total is figured in the  
next column.

When you do not agree with the value the  
County put on your car or other property,  
the County will accept evidence (facts) that  
the value is lower. If you can prove a  
lower value, you may still get cash aid.  
Ask the county how.

**Before You Can Get Cash Aid Again - Property**  
limits for cash aid applicants are lower  
than for cash aid recipients. If you ask  
for cash aid again after your aid stops, you  
will have to meet the lower applicant  
property limits:

Applicants for cash aid can have a car and  
no more than \$1,000 of countable property.  
The part of a car's value over \$1,500 is  
figured as countable property.

**Medi-Cal - Keep your plastic Benefits**  
Identification Cards. You will still get  
Medi-Cal benefits while we review your  
facts. Then you'll get another notice about  
your Medi-Cal.

COMPUTATION - NA 290, Right Column:

Countable Property Value

Property	Countable Value
_____	+ _____
_____	+ _____
_____	+ _____
_____	+ _____
_____	+ _____
Total Countable Value	= _____

INSTRUCTIONS: Use when discontinuing due to countable property value exceeding \$2,000.

- o Fill in the effective date of the discontinuance.
- o Fill in the computation section.

This document replaces M42-207B (11/01/92).

file : wpjhone/l.m.docs/m89501.93c 94.02.28  
format: 102/12, L08, R10/R50

State of California  
Department of Social Services

Noa Msg Doc No.: M89-503 1 of 3  
Action : Disc  
Issue: Nonqual Withdrawal  
Title: Penalty Period Applied  
Use Form No. : NA 290  
Original Date : 01/01/94  
Revision Date :

Auto ID No.:  
Source :  
Issued by : ACL  
Reg Cite : 89-504, 89-504(g)-(j)

MESSAGE - NA 290, Left Column:

As of \_\_\_\_\_, the County is stopping your cash aid until \_\_\_\_\_. The length of the time period that you will not get aid is figured at the right.

Here's why aid is stopping:

- You got money from your restricted account. Then, within 30 days of the time you got the money, you didn't:
  - Spend the money.
  - Put back into the account the part of the money that wasn't needed for your allowable expense.
- You got money from your restricted account. Then, within 30 days of the time you spent the money, you didn't give the County proof of:
  - The amount you took out of the account.
  - The balance in the account before you took out the money.
  - What you did with the money.

If any boxes above are checked, it is because you were late and missed a deadline. To stop this county action (and restart your aid before the end of the time period), you must prove to the county that you had a good reason for being late. Let your worker know right away.

COMPUTATION, MESSAGE CONTINUED - NA 290, Right Column:

Computation of Period of Months You Will Not  
Get Aid

1. Restricted Account(s) Total.... \$ \_\_\_\_\_
2. Spending Allowed..... - \_\_\_\_\_
3. Amount for Figuring Time Period = \_\_\_\_\_
  
4. Basic Need, \_\_\_ Persons..... \$ \_\_\_\_\_
5. Special Needs..... + \_\_\_\_\_
6. Basic Need Subtotal..... = \_\_\_\_\_
  
7. Period of Months..... = \_\_\_\_\_  
(Line 3 divided by Line 6)
8. Period of Months Rounded Down.. = \_\_\_\_\_

-----  
 You got money from your restricted  
account and spent some or all of it on  
expenses that are not allowed.

Interest was paid out on your  
restricted account.

**Medi-Cal**

Keep your plastic Benefits Identification  
Cards. You will still get Medi-Cal benefits  
while we review your facts. If your Medi-  
Cal changes, you'll get another notice about  
your Medi-Cal.

State of California  
Department of Social Services

Noa Msg Doc No.: M89 03 3 of 3  
Action : Disc  
Issue: Nonqual Withdrawal  
Title: Penalty Period Applied  
Date : 01/01/94

INSTRUCTIONS: Use when discontinuing aid. Provides for applying a penalty period because of misuse of a restricted account or as the result of a client request to cancel a restricted account agreement.

- o Fill in the effective date of the discontinuance.
- o Fill in the date of the end of the period of ineligibility.
- o Check the applicable box(es).
- o Fill in the computation section.

file : wpjhone/l.m.docs/m89503.93f 94.02.28  
format: 102/12, L08, R10/R50

# NOTIFICACION DE ACCION

CONDADO DE \_\_\_\_\_

STATE OF CALIFORNIA  
HEALTH AND WELFARE AGENCY  
DEPARTMENT OF SOCIAL SERVICES

Fecha de la notificación : \_\_\_\_\_  
 Nombre del caso : \_\_\_\_\_  
 Número : \_\_\_\_\_  
 Nombre del trabajador( a) : \_\_\_\_\_  
 Número : \_\_\_\_\_  
 Teléfono : \_\_\_\_\_  
 Dirección : \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(ADDRESSEE)

┌ \_\_\_\_\_  
 │  
 │  
 │  
 └ \_\_\_\_\_

¿Tiene preguntas? Comuníquese con su trabajador.

**Audiencia con el estado.** Si usted cree que esta acción está equivocada, puede solicitar una audiencia. En el reverso de esta hoja se le explica cómo hacerlo. Es posible que sus beneficios no cambien si usted solicita una audiencia antes que esta acción entre en vigor.

Con fecha efectiva de \_\_\_\_\_, el condado parará su asistencia monetaria.

La razón es la siguiente:

Usted no puede recibir asistencia monetaria si el total del valor contable de sus bienes es más de \$2,000 dólares. En la columna de la derecha se calcula este total.

Cuando usted no esté de acuerdo con el valor que el condado le asignó a su vehículo o a otros bienes, el condado aceptará pruebas (datos) indicando que el valor es menor. Si puede probar un valor más bajo, es posible que usted todavía pueda recibir asistencia monetaria. Pregúntele al personal del condado la manera de hacerlo.

**Antes de poder recibir asistencia monetaria otra vez -** Los límites de bienes para las personas que solicitan asistencia monetaria, son menores que los establecidos para las personas que ya la reciben. Si una vez que pare su asistencia monetaria, la solicita de nuevo, usted tendrá que cumplir los requisitos de límites de bienes más bajos.

Los solicitantes de asistencia monetaria pueden tener un automóvil y no más de \$1,000 dólares en bienes contables. La parte del valor de un automóvil por encima de los \$1,500 dólares se calcula como bienes contables.

**Medi-Cal -** Conserve sus tarjetas de identificación de plástico. Usted todavía recibirá Medi-Cal mientras revisamos sus datos. Luego le enviaremos otra notificación acerca de su Medi-Cal.

**Reglamentos.** Las siguientes reglas, las cuales puede revisar en su oficina de bienestar, son pertinentes: 89-501, 89-502, 89-503

### Valor de los bienes contables

Bienes	Valor contable
_____	+ _____
_____	+ _____
_____	+ _____
_____	+ _____
_____	+ _____
<b>Total del valor contable</b>	<b>= _____</b>

# NOTIFICACION DE ACCION

CONDADO DE \_\_\_\_\_

STATE OF CALIFORNIA  
HEALTH AND WELFARE AGENCY  
DEPARTMENT OF SOCIAL SERVICES

Fecha de la notificación : \_\_\_\_\_  
 Nombre del caso : \_\_\_\_\_  
 Número : \_\_\_\_\_  
 Nombre del trabajador( e) : \_\_\_\_\_  
 Número : \_\_\_\_\_  
 Teléfono : \_\_\_\_\_  
 Dirección : \_\_\_\_\_

(ADDRESSEE)

¿ Tiene preguntas? Comuníquese con su trabajador.

**Audiencia con el estado.** Si usted cree que esta acción está equivocada, puede solicitar una audiencia. En el reverso de esta hoja se le explica cómo hacerlo. Es posible que sus beneficios no cambien si usted solicita una audiencia antes que esta acción entre en vigor.

Con fecha efectiva de \_\_\_\_\_, el condado parará su asistencia monetaria hasta \_\_\_\_\_. En la columna de la derecha se calcula el tiempo en que usted no recibirá asistencia.

### Cálculo del período de meses en que usted no recibirá asistencia

La razón es la siguiente:

1. Total de la(s) cuenta(s) restringida(s) ..... \$ \_\_\_\_\_
2. Gastos permitidos ..... - \_\_\_\_\_
3. Cantidad para calcular el período de tiempo en que no recibirá asistencia ..... = \_\_\_\_\_
4. Necesidad básica para \_\_\_\_\_ personas ..... \$ \_\_\_\_\_
5. Necesidades especiales ..... + \_\_\_\_\_
6. Subtotal de las Necesidades Básicas ..... = \_\_\_\_\_
7. Períodos de meses ..... = \_\_\_\_\_  
(Renglón 3 dividido entre el renglón 6)
8. Período de meses redondeado ..... = \_\_\_\_\_

Usted retiró dinero de la cuenta que usted y el condado restringieron. Luego, en un plazo de 30 días contados a partir de cuando usted sacó el dinero, usted no:

Usted retiró dinero de la cuenta restringida y gastó parte o toda la cantidad en gastos que no se permiten.

gastó el dinero.

depositó nuevamente en la cuenta, la parte del dinero que no se necesitó para sus gastos permitidos.

Se pagaron intereses en su cuenta restringida.

Usted retiró dinero de la cuenta que usted y el condado restringieron. Luego, en un plazo de 30 días contados a partir de cuando usted gastó el dinero, usted no le dio al condado pruebas de:

cuánto retiró usted de la cuenta.

el saldo que tenía la cuenta antes que usted retirara el dinero.

lo que usted hizo con el dinero.

Si aparece(n) marcada(s) alguna(s), casilla(s), es porque usted se atrasó o no cumplió alguna fecha límite. Para parar esta acción (y volver a empezar su asistencia antes que se termine el período), tiene que probarle al condado que usted tuvo un motivo justificado para atrasarse. Notifíquelo de inmediato a su trabajador(a).

**Medi-Cal** - Conserve sus tarjetas de identificación de plástico. Usted todavía recibirá Medi-Cal mientras revisamos sus datos. Luego le enviaremos otra notificación sobre su Medi-Cal.

**Reglamentos.** Las siguientes reglas, las cuales puede revisar en su oficina de bienestar, son pertinentes: 89-504, 89-504(g)-(j)

**RESTRICTED ACCOUNT  
QUESTIONS & ANSWERS**

Designating Restricted Accounts

1. Is the restricted account a once in a lifetime opportunity or will the AU be permitted to build up the account again after they've made a qualifying withdrawal? What about after a nonqualifying withdrawal?
  - A. The statute does not limit the establishment of a restricted account to a single event. Thus, if an AU makes a withdrawal for a qualifying expenditure, they will be permitted to build up the account again for another qualifying expenditure. However, if a nonqualifying withdrawal is made, the AU will be subject to a POI calculation (based on the balance in the account prior to the nonqualifying withdrawal). If the AU is discontinued or ineligible for any reason, the written agreement terminates. The AU must spend down their total property (including the funds in the restricted account) to an amount which is at or below the \$1000 property limit in order to be property-eligible as applicants.
  
2. How should joint accounts be treated?
  - A. See current regulations in MPP Chapter 42-200 regarding the determination of ownership interest and availability.
  
3. How are Edwards cases to be treated?
  - A. Each AU may have one or more restricted account which cannot exceed a cumulative total of \$5000 maximum. When a needy caretaker relative is shown as a joint account holder on multiple restricted accounts for an Edwards family, the caretaker relative's AU may be ineligible due to excess property if: (1) the sum total in the restricted accounts held solely or jointly by the caretaker relative exceeds \$5000, and (2) the excess amount over the \$5000 limit plus other countable property held by the caretaker relative's AU exceed the \$2000 property limit.
 

However, a restricted account for an Edwards child, which is established under the Unified Transfer to Minors Act (UTMA) or the Unified Gift to Minors Act (UGMA) with the caretaker relative as the custodian of the account, would not be counted towards the restricted account limit of the caretaker relative's AU, unless that Edwards child is also in the caretaker relative's AU.
  
4. What happens when AUs must be combined (e.g., unmarried couple with separate children and they now have a common child) and each AU has a restricted account?
  - A. First, the regular AFDC property rules that apply when two AUs are combined would also apply to restricted accounts. The county would combine the balances in the restricted accounts and the excess amount over \$5000 would be added to the combined AU's \$2000 property limit. If the \$2000 limit is exceeded, the entire AU is ineligible due to excess property. Second, if some members of the combined AU has a POI from a nonqualifying withdrawal

from the old AU, the POI may be shortened by the additional members in the combined AU; or a separate AU may be established for those AU members whose needs were not considered in the calculation of the POI.

5. Can a person who is not in the AU (e.g., ineligible aliens, sanctioned persons, etc.) be listed on a restricted account with an eligible member of the AU?
  - A. Yes, although it is not recommended. The more people who have access to the restricted account, the greater the potential for a nonqualifying withdrawal. Furthermore, only the needs of eligible AU members are considered in calculating the POI.
6. Will there be any restrictions on the kinds of self-employment permitted?
  - A. At this point we do not foresee any restrictions on the kind of business venture an AU member may choose to undertake, although the recipient must declare in writing the type of self-employment he/she has chosen in order to determine whether the withdrawals are business related. The county will also determine whether business-related property purchased with funds from a restricted account are exempt under MPP Section 42-213.2(u).
7. Current AFDC regulations at MPP Section 42-213.2(u) exempt property (i.e., tools of trade, equipment, or materials that are ordinarily used in the individual's chosen occupation) which "... will assist the applicant or recipient to implement and continue his/her [county] approved plan of employment." If the business does not produce a net profit, does the business property, which was purchased with funds from the restricted account, become nonexempt property?
  - A. Current AFDC regs do not require that a net profit from self-employment be realized in order to exempt business-related property. Therefore, until the county disapproves a plan of employment, MPP Section 42-213.2(u) would continue to be applicable. If the county disapproves a plan of employment, then the equity value of the business-related property is added to the \$2000 property limit for recipients and the AU may be ineligible due to excess property.

#### Period of Ineligibility

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8. Are there any exceptions to the POI for nonqualifying withdrawals (i.e., emergencies, etc.)?
  - A. No; the statute does not permit any nonqualifying withdrawals. Furthermore, when recipients choose to enter into a written agreement for a restricted account, they have also agreed to abide by the terms of the agreement, which specify that there are no exceptions to the POI.

9. Will a POI still be applicable if the AU's total countable property including the balance in the restricted account prior to the nonqualifying withdrawal does not exceed the \$2000 property limit?
- A. Yes; the statute requires that the POI apply whenever there is a nonqualifying withdrawal. Thus, it is highly recommended that the AU be near the \$2000 property limit before entering into a written agreement for a restricted account.
10. What if one spouse leaves the home with funds from the restricted account (i.e., makes a nonqualifying withdrawal)?
- A. See response to questions #9 and 10. The POI will apply to the entire AU.
11. If the balance prior to a nonqualifying withdrawal is less than the AU's MBSAC (plus special needs), will there be a POI?
- A. No.

Other

12. What happens when the AU exceeds the \$5000 maximum limit in their restricted account?
- A. The excess amount over the \$5000 limit will be added to the AU's countable property. When the AU's countable property exceeds the \$2000 property limit, they will be ineligible due to excess property beginning the first day of the following month. If there is a break in aid, total countable property must be spent down to \$1000 to qualify under the applicant property limits. If the amount in the restricted account exceeds \$5000 due to posting of interest, the AU will be allowed to withdraw the interest and a POI will not be assessed against the withdrawal.
13. Will the "good faith" provisions in MPP Section 44-352.114 apply when calculating an excess property overpayment (i.e., account is over the \$5000 limit)?
- A. Yes, it would apply in limited situations (e.g., the recipient was unaware that the interest income posted to the restricted account brought the balance over the \$5000 limit and that the excess funds caused the \$2000 property limit to be exceeded).
14. Will direct receipt of interest income from a restricted account ever count as income to the AU?
- A. No; however, statute specifies that direct receipt of the interest payment will be construed as a nonqualifying withdrawal. Interest payments which are deposited directly into a restricted account by the financial institution are treated as exempt income in the month of receipt.

15. If the balance in the restricted account goes over \$5000, is the interest income still exempt?
- A. Yes, it is not administratively feasible and very error-prone if the EW must re-compute the interest to separate out the interest attributable to the balance up to \$5000. Therefore, the entire interest payment is exempt.
16. Can anyone deposit money into a restricted account?
- A. Yes. However, the CWD must first determine whether the money deposited into the account was exempt or nonexempt as income and whether it was considered in determining AFDC eligibility and grant amount.
17. How will receipt of lump sum income be treated?
- A. The counties will continue to apply current regulations on treatment of lump sum income and calculate a POI.
18. Does the restricted account have to be established as a savings account?
- A. No; any type of account which is maintained at a financial institution will meet the requirements of the statute.
19. Is there a limit on the number of self-employment businesses an AU may start up?
- A. No.
20. Can the AU request termination of the written agreement and agree to a period of ineligibility based upon the balance in the restricted account on the date of the request?
- A. Yes.
21. Are service charges an allowable withdrawal from restricted account?
- A. Yes.
22. If a client makes a withdrawal from a restricted account but does not provided any verification of the withdrawal or expenditure, what is the POI?

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In this case, is the POI based on the whole account or the unverified withdrawal?

- A. A POI is always based on the total balance in all of the restricted accounts prior to:
- o nonqualifying withdrawal (less any portion of the withdrawal that was spent on a qualifying expense), or

- o the issuance of an interest payment that was not directly deposited into the restricted account by the financial institution at the request of the recipient.
- 23. There has been a withdrawal from a restricted account which has been verified but the proof of expenditures is still pending. A second withdrawal is made which has been verified and proof of the expenditure has been provided. Will a POI be assessed on the first withdrawal only?
  - A. No; although the regs specify that the POI will be assessed on the amount in the account prior to the withdrawal less allowable expenditure, the second withdrawal had allowable expenses which would reduce the balance for the POI computation.
- 24. When a state hearing is requested concerning the POI established for a nonqualified withdrawal from a restricted account, would aid paid pending be allowed if requested?
  - A. Yes.
- 25. Is it possible that a POI could be shortened because of a state hearing decision?
  - A. Yes; however, this would depend on the issue of the appeal. For instance, the POI could be shortened (or lengthened) if the county used the wrong amounts to calculate the POI. Or, the ALJ could find that one of the expenses was allowable which would reduce or eliminate the POI.
- 26. Is the beginning date of the POI dependent upon being able to give timely notice? If the answer is "YES", and the POI cannot begin until the first of the following month, is there an overpayment?
  - A. The regulations specify how to apply the POI. The POI will begin on the first day of the month following the month of the nonqualifying withdrawal. Since a timely NOA is required before aid can be stopped, an overpayment will exist for aid issued within the POI.
- 27. Will Medi-Cal exclude restricted accounts or will these accounts be included in the property limits?
  - A. If the AU becomes ineligible for AFDC, Medi-Cal will continue to apply their existing property limits; they will not exempt any funds in a restricted account from consideration as income or property to determine Medi-Cal only eligibility.
- 28. How is a restricted account to be established when the AU consists of a child or children only?
  - A. When the AU consists of a child or children only, the restricted account(s) must be established in such a manner that the funds are the sole property of the child, and the caretaker is the custodian of the account.

2/23/94