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

December 16, 1997

ALL COUNTY LETTER 97-79

TO: ALL COUNTY WELFARE DIRECTORS

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

SUBJECT: TREATMENT OF VETERANS' AFFAIRS (VA) EDUCATIONAL BENEFITS IN THE AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) PROGRAM

REFERENCES: MANUAL OF POLICIES AND PROCEDURES (MPP) SECTIONS 44-101-DEFINITION OF INCOME AND 44-111.435-EXCLUDED EDUCATIONAL INCOME

The purpose of this letter is to provide an updated summary of the different VA educational programs currently available to veterans and to clarify the AFDC Program's treatment of these benefits. This policy will continue to apply under CalWORKs.

OVERVIEW OF VA EDUCATIONAL PROGRAMS

VETERANS' EDUCATIONAL ASSISTANCE PROGRAM (VEAP), CHAPTER 32, POST VIETNAM ERA

This program provides educational benefits for eligible persons who entered active military service between January 1, 1977 and June 30, 1985. The program is a matching-fund program whereby the service person voluntarily contributed to the VEAP educational fund and the VA contributed a $2 to $1 match. This means that one-third of the benefit received represents a return of the veteran's money. Veterans who participated in the program are eligible to receive benefits for up to thirty-six months within a period of ten years from the date of their military discharge.

U. S. DEPARTMENT OF VETERANS' AFFAIRS VOCATIONAL REHABILITATION PROGRAM (Chapter 31)

This program provides benefits to certain veterans who have service-connected disabilities of either 20 percent or more, or 10 percent or more if they also have an employment handicap. These benefits are available regardless of the veterans' date of entry to active service. Veterans under this program receive a fixed monthly stipend which is based on their classification as a

full-time, three-quarters-time, or half-time student. The VA pays the school directly for the cost of tuition, books, supplies, and tutorial or special assistance.

MONTGOMERY GI BILL (Chapter 30)

This program provides benefits to persons who entered active military service after June 30, 1985. The service person must have participated in a pay reduction program whereby he/she agreed to work for reduced wages. Veterans may receive up to 36 months of benefits under this program or a maximum of 48 months of total VA educational benefits if they received benefits under more than one VA educational program. They are eligible to receive benefits for up to ten years from the date of their last discharge or release from active duty with some exceptions that would permit an extension of the ten-year period.

MONTGOMERY GI BILL SELECTED RESERVE (Chapter 1606, formerly Chapter 106)

This program provides educational assistance benefits for eligible persons who have a six-year obligation to serve in the Selected Reserve after June 30, 1985. For officers, the six-year obligation must be in addition to their current obligation. Persons eligible for benefits may receive up to 36 months of benefits under this program or a maximum of 48 months of combined VA educational benefits if they received benefits under more than one program. Benefits end ten years from the date the reservist member became eligible if he/she stays in the Selected Reserve or if he/she leaves the Selected Reserve under certain conditions.

VIETNAM ERA GI BILL (Chapter 34/30)

This program combines aspects of the old GI Bill and the current Montgomery GI Bill. It is available for veterans who served prior to December 31, 1976, and remained on active duty until at least July 1, 1987 (a minimum of ten and one-half years). Under this program, the veteran receives one-half of the amount he/she would have been eligible for under the former GI Bill, plus the full amount of the Montgomery GI Bill benefits. No contributions were made by the veteran. Benefits end ten years from the date of discharge from active duty.

DEPENDENTS GI BILL (Chapter 35)

This program provides educational assistance for up to 45 months to dependent children and spouses of service-connected deceased veterans, 100-percent disabled veterans, and veterans missing in action. The benefits may be used until the dependent children reach the age of 26 or for eight years from the date the VA eligibility was determined, whichever is later. Benefits may be used for spouses for ten years from the date that eligibility was established.

AFDC POLICY FOR VA EDUCATIONAL BENEFITS

VA educational program benefits are exempt from consideration as income only to the extent that the monies are used to meet educational expenses pursuant to MPP 44-111.435. The one-third portion of VEAP benefits received by the veteran which represents a return of the veteran's money does not meet the definition of income pursuant to MPP 44-101. It is therefore not considered as income. Any unused portion of the VA educational benefits retained subsequent to the month of receipt would be counted as property in accordance with MPP 42-207.1.

If you have questions, please contact Julie Lopes at (916) 654-1786 or CALNET 464-1786.

Sincerely,

Bruce Wagstaff

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division