

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 2 Asset Exclusion Changes and Earned Income Tax Credit (EITC) Outreach in
CalWORKs Program

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held as follows:

March 18, 2009
Office Building # 8
744 P St., Room 0105
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on March 18, 2009.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

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California Department of Social Services
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CHAPTERS

Manual of Policies and Procedures (MPP) Division 40 (Reception and Application), Chapter 40-100 (General), Section 42-107 (County Responsibility); Division 42 (Non-Linking Factors of Public Assistance Eligibility), Chapter 42-200 (Property), Section 42-213 (Property Items to Be Excluded In Evaluating Property Which May Be Retained); and Division 89 (Demonstration Projects APDP and CWPDP), Chapter 89-100 [Assistance Payment Demonstration Project (APDP) and California Work Pays Demonstration Project (CWPDP)], Section 89-130 (Restricted Accounts for Recipients).

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Current regulations provide that an Assistance Unit (AU) which includes a recipient shall be allowed to retain cash reserves totaling a maximum of \$5,000 in a restricted account at a financial institution. Current regulations direct county welfare departments to follow food stamp regulations pertaining to personal property and resources to be excluded from consideration when evaluating property limits. Assembly Bill (AB) 2466 (Chapter 781, Statutes of 2006) and AB 1078 (Chapter 622, Statutes of 2007) made changes to the asset exclusion rules for California Work Opportunity and Responsibility to Kids (CalWORKs) applicants and recipients. The intent of these bills is to promote savings and self-sufficiency in CalWORKs families. AB 2466 added three retirement account exemptions for CalWORKs recipients and inadvertently took away three retirement account exemptions for CalWORKs applicants. AB 2466 was never implemented because it harmed applicants. AB 1078 reinstated the three exemptions for applicants, added three more exemptions for recipients, removed the \$5,000 limit on restricted accounts for CalWORKs recipients, and increased Earned Income Tax Credit (EITC) outreach and education.

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

COST ESTIMATE

1. Costs or Savings to State Agencies: None
2. Costs to Local Agencies or School Districts: None
3. Nondiscretionary Costs or Savings to Local Agencies: \$4,000 has been budgeted for AB 2466 and AB 1078 as reflected in the FY 2008/09 Budget.
4. Federal Funding to State Agencies: \$274,000 has been budgeted for AB 2466 and AB 1078 as reflected in the FY 2008/09 Budget.

LOCAL MANDATE STATEMENT

These regulations do impose a mandate on local agencies, but not on school districts. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government code.

STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant,

statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553 and 10554 of the Welfare and Institutions Code. Subject regulations implement and make specific Sections 11155.2, 11155.6 and 11322.5, Welfare and Institutions Code, as adopted or amended by AB 2466 (Chapter 781, Statutes of 2006), and AB 1078 (Chapter 622, Statutes of 2007).

CDSS REPRESENTATIVE REGARDING RULEMAKING PROCESS OF THE PROPOSED REGULATION

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