

INITIAL STATEMENT OF REASONS

- a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

Section 63-501.3(r)

Specific Purpose:

This section is adopted to align restricted account exclusions with CalWORKs Eligibility and Assistance Standards (EAS) Manual Section 89-130 of the Department's Manual of Policies and Procedures (MPP).

Factual Basis:

This section is necessary to implement the Simplified Definition of Resources option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171) 7 USC 2014(g)(6)(A)(i) provides state's the option of aligning resource exclusions with other cash assistance programs funded under Part A of Title IV of the Social Security Act.

Sections 63-502.2(i)

Specific Purpose:

This section is amended to reflect the age requirement of a student and is consistent with the alignment of CalWORKs EAS Manual Section 44-111 of the MPP for income exclusions.

Factual Basis:

This amendment is necessary to implement the Simplified Definition of Income option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171), 7 USC 2014(d)(18)(A) enables the state to align income exclusions with other cash assistance programs funded under Part A of Title IV of the Social Security Act.

Section 63-502.2(p)

Specific Purpose:

This section is adopted to include additional income exclusions to existing regulations. Child support payments are changing from an income deduction to an income exclusion.

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171) amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Section 63-502.2(q) and Handbook

Specific Purpose:

This section is adopted to include additional income exclusions to existing regulations. The Food Stamp Program is aligning income exclusions with those listed under Section 44-111, with the exception of Sections 44-111.23 and .43.

Factual Basis:

This section is necessary to implement the Simplified Definition of Income option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7USC 2014(d)(18)(A) enables the state to align income exclusions with other cash assistance programs funded under Part A of Title IV of the Social Security Act.

Sections 63-502.363(a)(1) et seq., (b), (b)(1), and (c)

Specific Purpose:

These sections are amended to reflect the adoption of a mandatory Standard Utility Allowance (SUA). Section 63-502.363(a)(1) replaced "may" with "shall" to reflect the mandatory SUA. Sections 63-502.363(a)(3), (a)(4) and (a)(5) and (b) and (c) are repealed and current Section 63-502.363(d), (d)(1), and (e) are renumbered to Section 63-502.363(b), (b)(1), and (c) respectively.

Factual Basis:

These sections are amended to implement the Simplified Standard Utility Allowance option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense. Previous rules restricted those who qualified for the SUA and prevented two kinds of households; public housing that billed only for excess utility usage, and shared housing where utility costs were shared with others. The renumbering of the sections is necessary to maintain consistency in numbering.

Sections 63-502.363(d), (d)(1), and (e)

Specific Purpose:

Sections 63-502.363(d) and (e) are adopted to reflect alternative deductions of a Limited Utility Allowance (LUA) and Telephone Allowance for households which do not qualify for the SUA. Households will only be eligible for one; either the SUA, LUA, or Telephone Allowance.

Factual Basis:

These sections are adopted to implement the Limited Utility Allowance and Telephone Allowance that allows an alternative utility deduction to the Standard Utility Allowance, as outlined under 7CFR 273.9(d)(6)(C)(iii).

Section 63-502.363(f)

Specific Purpose/Factual Basis:

This section is adopted and necessary to retain the *verification of utility expenses* outlined in repealed Section 63-502.363(a)(5).

Section 63-502.38

Specific Purpose:

This section is repealed to reflect the adoption of Section 63-502.2(p). A child support deduction is considered to be an income exclusion under new Section 63-502.2(p) and no longer an income deduction.

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Sections 63-503.25 (QR) and .251(QR)

Specific Purpose:

This section is amended to reflect the adoption of Section 63-502.2(p). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense.

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Section 63-503.253(b)(QR)

Specific Purpose:

This section is amended to reflect the adoption of Section 63-502.2(p) and Section 63-502.363.

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Sections 63-503.311(g), (h), and (i) and Sections 63-503.312(h), (i), and (j)

Specific Purpose:

These two sections are repealed to reflect the adoption of Section 63-502.2(p). In addition, Sections 63-503.311(h) and (i) are renumbered to Sections 63-503.311(g) and (h) and Sections 63-503.312(i) and (j) are renumbered to Sections 63-503.312 (h) and (i).

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income. The renumbering is necessary to maintain consistency in numbering.

Sections 63-503.441(a) and Sections 63-503.442(c)(2) and (c)(3)

Specific Purpose:

These sections are amended to reflect the adoption of Section 63-502.2(p).

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Sections 63-504.421(c)(2), (c)(3), and (c)(4)

Specific Purpose:

Section 63-504.421(c)(2) is repealed to reflect the adoption of Section 63-502.363. Also Sections 63-504.421(c)(3) and (4) are renumbered to Sections 63-504.421(2) and (3), respectively. Because of the mandatory SUA, actual utility expenses will no longer be considered.

Factual Basis:

These sections are amended to implement the Simplified Standard Utility Allowance option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense. The renumbering is necessary to maintain consistency in numbering.

Section 63-504.61(i)(B)(4) and Sections 63-504.631(a) and (b)

Specific Purpose:

These sections are amended to reflect the adoption of Section 63-502.363.

Factual Basis:

These sections are amended to implement the Simplified Standard Utility Allowance option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense.

Sections 63-505.311 and .517

Specific Purpose:

These sections are amended to reflect the adoption of Section 63-502.2(p).

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171), amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Sections 63-505.44(e) through (i)

Specific Purpose:

This section is amended to reflect the adoption of Section 63-502.363. In addition Sections 63-504.44(f) through (i) are renumbered to Sections 63-505.44(e) through (h), respectively.

Factual Basis:

This section is amended to implement the Simplified Standard Utility Allowance option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense. The renumbering is necessary to maintain consistency in numbering.

Section 63-508.451

Specific Purpose:

This section is repealed to reflect the adoption of Section 63-502.2(r).

Factual Basis:

The Farm Security and Rural Investment Act of 2002 (Public Law 107-171) amended 7 USC 2014(d)(6) to provide the encouragement of child support payment by excluding legally obligated child support payments from consideration of income.

Section 63-509(a)(3)(C)

Specific Purpose:

This section is amended to reflect the adoption of Section 63-502.363.

Factual Basis:

This section is amended to implement the Simplified Standard Utility Allowance option provided under the Farm Security and Rural Investment Act of 2002 (Public Law 107-171). 7 USC 2014(e)(6)(C)(iii) allows states that require households to use a SUA, to make it available to *all* households that experience a utility expense.

b) Identification of Documents Upon Which Department is Relying

- 7 U.S.C. 2014(d)(6), (d)(18)(A), (e)(6)(C)(iii), and (g)(6)(A)(i)
- 7 CFR 273.9(d)(6)(iii)
- Farm Security and Rural Investment Act of 2002 (Public Law 107-171)

c) Local Mandate Statement

These regulations do impose a mandate upon local agencies, but not on school districts. There are no “state-mandated local costs” in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code because any costs associated with the implementation of these regulations are costs mandated by the federal government within the meaning of Section 17513 of the Government Code. The local agencies, State, and Federal agencies share administrative costs. Increased costs in benefits are paid entirely by the Federal government.

d) 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.

e) 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.