

FINAL STATEMENT OF REASONS

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

Section 25-301.13

Specific Purpose:

This section is adopted to mandate extending the existing agreement between a county treasurer's office and an Automated Clearing House financial institution to recipients.

Factual Basis:

This section is necessary to implement Welfare and Institutions Code Sections 11006.2(c)(2) and (3), as amended by Senate Bill (SB) 962 (Chapter 795, Statutes of 2000).

Section 25-301.131

Specific Purpose:

This section is adopted to provide a definition for electronic fund transfer.

Factual Basis:

This section is necessary to clarify the meaning of electronic fund transfer as used in these regulations. The definition is taken from the Invitation to Partner (ITP) for the California Electronic Benefit Transfer (EBT) System, dated August 3, 1999, Appendix B: Document Glossary.

Section 25-301.14

Specific Purpose:

This section is added to specify that recipients may request to have public assistance payments directly deposited into their account at a financial institution that is a participant in the Automated Clearing House, of his/her choice.

Factual Basis:

This section is necessary to comply with Welfare and Institutions Code Sections 11006.2(c)(1) and (2), as amended by SB 962 (Chapter 795, Statutes of 2000).

Section 25-301.141

Specific Purpose:

This section is adopted to provide a definition for public assistance payment.

Factual Basis:

This section is added at the suggestion of the county welfare departments (CWDs) and the advocate community and is necessary to provide clarity. The definition is consistent with the usage of the term in Welfare and Institutions Code Sections 11000 through 15775.

Section 25-301.142

Specific Purpose:

This section is adopted to specify that payments to service providers for services rendered to a recipient may be made by electronic fund transfer.

Factual Basis:

This section is necessary to provide clarity by clarifying when counties have authority to provide direct deposit and that at county option, the county may provide payments by electronic fund transfer directly to service providers for services rendered to a recipient. This option is not a requirement as it may not work for each county and further there is no statutory authority to make this mandatory.

Section 25-301.15 et seq.

Specific Purpose:

These sections are adopted to provide definitions for “financial institution” and “account.”

Factual Basis:

These sections are added at the suggestion of the advocate community and are necessary to provide clarity. The definition of “financial institution” is consistent with Financial Code Section 4981(a)(2). The definition of “account” is consistent with Civil Code Section 1748.30(b), although the language is amended for clarity in applying to these proposed Direct Deposit regulations.

Section 25-301.413

Specific Purpose:

This section is amended to delete the phrase “Aid warrants” and replace it with “Payments.”

Factual Basis:

This amendment is necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The word “payments” encompasses paper warrants as well as an electronic fund transfer method.

Section 25-301.451

Specific Purpose:

This section is amended to conform to the name change of Aid to Families with Dependent Children (AFDC) to California Work Opportunity and Responsibility to Kids program.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 10063(a) where Aid to Families with Dependent Children (AFDC) is changed to California Work Opportunity and Responsibility to Kids program (CalWORKs).

Sections 25-301.5 and .51

Specific Purpose:

These sections are amended to delete the word “warrant” and replace it with “public assistance payment.”

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase “public assistance payment” encompasses paper warrants as well as an electronic fund transfer method.

Sections 25-302 (Title) and 25-302.3

Specific Purpose:

Section 25-302, Title, is amended to replace "Warrants" with "Public Assistance Payments." A new Section 25-302.3 is adopted to define the procedure if an electronic fund transfer is not completed.

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000), and to comply with Government Code Sections 29850 through 29854, which specify that payment must be reissued if the transaction was not completed. The phrase “Public Assistance Payment” encompasses paper warrants as well as an electronic fund transfer method.

Section 25-303

Specific Purpose:

Section 25-303, Title, is amended to add "Public Assistance" before "Payments.” Sections 25-303.1 and .2 are amended to conform to the name change of Aid to Families with Dependent Children (AFDC) to California Work Opportunity and Responsibility to Kids program. Section 25-303.2 is further amended to delete the word "warrant" and replace it with the phrase "public assistance payment.”

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase “Public Assistance Payment” encompasses paper warrants as well as an electronic fund transfer method. The amendments replacing "AFDC" with "CalWORKs" are necessary to comply with Welfare and Institutions Code Section 10063(a) where Aid to Families with Dependent Children (AFDC) is changed to California Work Opportunity and Responsibility to Kids program (CalWORKs).

Section 25-304

Specific Purpose:

Section 25-304 is amended to add "or Authorization" and to replace "Warrants" with "Public Assistance Payments.” Section 25-304.2 is further amended to restructure it as a sentence rather than a title.

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase “Public Assistance Payment” and “authorized” encompass paper warrants as well as an electronic fund transfer method. The restructuring is necessary for consistency within the section.

Sections 25-305.21 and .22

Specific Purpose:

These sections are amended to replace "warrant" with "public assistance payment." Section 25-305.21 is further amended to add "or authorized" after "endorsed."

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase "Public Assistance Payment" and "authorized" encompass paper warrants as well as an electronic fund transfer method.

Section 25-306 et seq.

Specific Purpose:

These sections are amended to replace "warrant" with "public assistance payment," delete "payment" after "grant," replace "SDSS" with "CDSS," and to add a revision date to two forms.

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase "Public Assistance Payment" encompasses paper warrants as well as an electronic fund transfer method. The deletion of "payment" is necessary to avoid redundancy with the addition of "public assistance payment." Replacing "SDSS" with "CDSS" is necessary to update the acronym for the Department. Also, revision dates are provided to two forms at Section 25-306.9 for consistency and clarity.

Section 25-310.3

Specific Purpose:

This section is amended to conform to the name change of Aid to Families with Dependent Children (AFDC) to California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Factual Basis:

This is necessary to comply with Welfare and Institutions Code Section 10063(a) where Aid to Families with Dependent Children (AFDC) is changed to California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Section 25-330.9

Specific Purpose:

This section is amended to replace "warrants" with "public assistance payments" and "warrant" with "payment."

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The phrase "Public Assistance Payment" encompasses paper warrants as well as an electronic fund transfer method.

Section 25-506

Specific Purpose:

This section is amended to replace "warrants" with "public assistance payments" and "warrant" with "payment," delete the phrase "written for aid payments," and replace "SDSS" with "CDSS."

Factual Basis:

These amendments are necessary to implement Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). The addition of the phrase "Public Assistance Payment" and the deletion of the phrase "written for aid payments" is necessary to encompass paper warrants as well as an electronic fund transfer method. Replacing "SDSS" with "CDSS" is necessary to update the acronym for the Department.

Final Modification:

Following the public hearing, the term "warrant" is replacing the phrase "public assistance payment," but only in the second to last sentence as shown on the proposed regulations. The term "warrant" is the language that existed prior to the emergency. The emergency amendment to "public assistance payment" in this case was an inadvertent error and should not have been made. Funds payable to an entity other than the recipient will not, in fact, be made via direct deposit but through the continued issuance of a warrant. Without this revision, it can be interpreted that we are allowing counties the option of issuing such payments via direct deposit. This posthearing amendment is consistent with Welfare and Institutions Code Section 11006.2(c)(1) which provides for direct deposit to "any person entitled to the receipt of public assistance payments." This "warrant" is for "an entity other than the recipient."

Section 44-302 et seq.

Specific Purpose:

These new sections are adopted to specify the requirement of notifying recipients of their option to receive benefits by direct deposit and to request to receive direct deposit at any time; and that they may be eligible for direct deposit for the duration that they are on aid.

Factual Basis:

Section 44-302 et seq. are necessary to comply with Welfare and Institutions Code Section 11006.2, as amended by SB 962 (Chapter 795, Statutes of 2000). Any person entitled to the receipt of public assistance payments may authorize payment to be directly deposited by electronic fund transfer into the person's account at a financial institution of his or her choice under a direct deposit program by electronic transfer.

These sections are added at the suggestion of the CWDs and are necessary to provide clarity as to when to notify clients of their option to receive benefits by direct deposit. The first opportunity to discuss direct deposit is at application or redetermination.

Sections 44-304.1 and .32

Specific Purpose:

These sections are amended to conform to the name change of Aid to Families with Dependent Children (AFDC) to California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Factual Basis:

These amendments are necessary to comply with Welfare and Institutions Code Section 10063(a) where Aid to Families with Dependent Children (AFDC) is changed to California Work Opportunity and Responsibility to Kids program (CalWORKs).

Sections 44-304.511, .512, and .52

Specific Purpose:

These sections are amended to add public assistance payments by direct deposit. Language is added so that electronic fund transfer as well as paper warrants apply to these sections. These sections are further amended to revise a form name.

Factual Basis:

These amendments are necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees

to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account. The amendment to revise the form name is necessary to reflect the current form (the CW 7 replaces the CA 7). The repeal of the form revision date is proposed as the form and revision date are being adopted, by this regulation package, in the definitions and forms section at Section 80-310c.(12).

Sections 44-304.611 and .611(a) (Handbook)

Specific Purpose:

Section 44-304.611 is adopted to define the procedure for electronic fund transfer when payday is on a holiday or weekend. Also, a handbook is added to provide an example.

Factual Basis:

Section 44-304.611 is necessary for consistency with Section 44-304.52, which requires recipients to receive their payment by the first day of the month. Also, a handbook section is added for clarity.

Section 44-304.7

Specific Purpose:

This section is amended to add public assistance payments by direct deposit. Language is added so that electronic fund transfer as well as paper warrants apply to this section.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account.

Section 44-305.22 et seq.

Specific Purpose:

These sections are amended to add public assistance payments by direct deposit. Additional wording is added so that electronic fund transfer as well as paper warrants apply to these sections. “State Department of Social Services” is replaced with “California Department of Social Services.” Section 44-305.223 is repealed and existing Sections 44-305.224 through .226 are renumbered.

Factual Basis:

These amendments are necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account. Replacing "State Department of Social Services" with "California Department of Social Services" is necessary to update the title of the Department. The repeal of Section 44-305.223 is necessary to avoid duplication created by the addition of a new Section 44-304.611. The renumbering of existing Sections 44-305.224 through .226 to Sections 44-305.223 through .225 is necessary to maintain the proper numerical sequence. Grammatical revisions are also made for clarity.

Section 44-305.23

Specific Purpose:

This section is amended to conform to the name change of Aid to Families with Dependent Children (AFDC) to California Work Opportunity and Responsibility to Kids (CalWORKs) program.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 10063(a) where Aid to Families with Dependent Children (AFDC) is changed to California Work Opportunity and Responsibility to Kids program (CalWORKs).

Sections 44-305.231 and .232

Specific Purpose:

These sections are amended to add public assistance payments by direct deposit. Additional wording is added so that electronic fund transfer as well as paper warrants apply to these sections. Section 44-305.231 is further amended to revise a form name.

Factual Basis:

These amendments are necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account. The amendment to revise the form name is necessary to reflect the current form (the CW 7 replaces the CA 7). The repeal of the form revision date is proposed as the form and revision date are being adopted, by this regulation package, in the definitions and forms section at Section 80-310c.(12).

Section 44-325.52

Specific Purpose:

This section is amended to add the provisions to make public assistance payments by direct deposit. The word “warrant” is deleted so that this section applies to electronic fund transfer as well as paper warrants.

Factual Basis:

This amendment is necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account.

Sections 44-327 (Introductory Paragraph), .24 and .25

Specific Purpose:

These sections are amended to add the new public assistance payments by direct deposit. The word warrant is deleted so that these sections are not specific to paper warrants. These sections are also amended to correct cross-references and a form name.

Factual Basis:

These amendments are necessary to comply with Welfare and Institutions Code Section 11006.2(c)(2), as amended by SB 962 (Chapter 795, Statutes of 2000), which requires each county that offers a program for direct deposit by electronic fund transfer to its employees to also make this program available to public assistance recipients. It is the intent of the legislature in enacting this act to provide public assistance recipients an option to have their monthly cash benefits deposited into a bank account. The amendments to the cross-references and the form name (CW 7) are necessary to provide the correct information. The CW 7 replaces the CA 7.

Section 44-327.26

Specific Purpose:

This section is adopted to add an additional factor which may cause delay in payment of a warrant and that the county shall immediately take action to issue the payment at the earliest possible date.

Factual Basis:

This new section is necessary for the protection of the recipients' account if the electronic transfer was not accurately completed and to as quickly as possible get the delayed payment to the recipient. The phrase "at the earliest possible date" is necessary as it is not possible to include an exact time frame as the reasons and remedies for an incomplete electronic fund transfer are varied as shown in part by the examples in the regulation.

Section 80-310c.(12)

Specific Purpose/Factual Basis:

This section is adopted to add the CW 7 to the Forms Definitions. The CW 7 replaces the CA 7 in the proposed regulations, the CA 7 was not in Forms Definitions. The definition of the CW 7 is being incorporated by reference and is necessary for clarity and consistency. The CW 7 adopted in these regulations has a revision date of July 2000. The amendments at Sections 44-304 and 44-305 to change the reference of CA 7 to CW 7, in effect, also change the revision date from June 1992 to July 2000 for the updated form (CW 7). The July 2000 (CW 7) form does contain amendments from the June 1992 CA 7 which are necessary to provide a more accurate and updated form. A copy of the CA 7 (6/92), in addition to the new CW 7, is available from the Department at (916) 657-2586 during the 45-day public comment period (November 30, 2001 through January 16, 2002).

b) Identification of Documents Upon Which Department Is Relying

- Senate Bill 962, Chapter 795, Statutes of 2000
- Invitation to Partner (ITP), Health and Welfare Agency Data Center, California Electronic Benefit Transfer (EBT) System, ITP - HWDC 8024, dated August 3, 1999, Appendix B: Glossary

c) Local Mandate Statement

These regulations do constitute a mandate on local agencies, but not on local school districts. There are state mandated local costs that require reimbursement, which is provided in the Budget Act to cover any costs that local agencies may incur.

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.

f) Testimony and Response

These regulations were considered at public hearings held January 15 and 16, 2002 in Culver City and Sacramento. The public hearings were preceded by a 45-day public comment period from November 30, 2001 through January 16, 2002. There was no testimony presented at the January 15 and 16, 2002 public hearings nor any written testimony received during the public comment period.

g) 15-day Renotice Statement

Pursuant to Government Code Section 11346.8, a 15-Day renotice and complete text of modifications made to the regulations were made available to the public following the public hearing. No testimony was received.