

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 16, 2002

Regulation Package 0301-03

CDSS MANUAL LETTER NO. FS-02-02

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

Regulation Package #0301-03**Effective 2/21/02****Sections 63-300, 63-301, 63-501, 63-502, 63-503 and 63-504**

This manual letter has been posted on the Office of Regulations Development website at http://www.dss.cahwnet.gov/ord/Eligibilit_617.htm.

On November 21, 2000, the United States Department of Agriculture issued a final rule amending Food Stamp Program regulations to implement several provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and subsequent amendments to those provisions made by Public Laws 104-208, 105-33, and 105-185 and to make other final provisions. These regulations are also known as the Noncitizen Eligibility and Certification Provisions, Federal Register, Vol. 65, No. 225, November 21, 2000 (65 Federal Register 70134), hereinafter referred to as final federal rules. Most of the changes are technical and minor in nature, such as flexibility given to state agencies in processing applications, extending certification periods and proration of benefits after a break in certification. However, more significant changes include new vehicle valuation rules that impact both the California Work Opportunity and Responsibility to Kids and the Food Stamp Programs; revising sponsored noncitizen requirements, and the addition of a 40 percent standard deduction from self-employment income for costs of producing that income.

A new exemption of a vehicle with an equity value of \$1,500 or less, also known as an inaccessible resource, is not considered in a household's total resource limit; it is totally excludable as a countable resource. In addition, there are exclusions from the equity value test for one licensed vehicle per adult household member, regardless of use, and for any other licensed vehicle used by a household member under the age of 18 to drive to work, school, job training, or to look for work. Prior to this change, the equity value was excluded for one vehicle per household and there was no equity exemption for vehicles driven by teenagers. These changes to the vehicle valuation provisions will decrease the number of recipients terminated from the Food Stamp Program for excessive resources. It also allows a family to own reliable transportation that is necessary to support employment and/or training, which aids the family in becoming more self-sufficient.

Noncitizen sponsorship support requirements are extended from three years to a lifetime, or until the sponsored noncitizen attains certain provisions; i.e., the noncitizen has acquired 40 qualifying quarters of work. Throughout these proposed regulations, the term “alien” is being changed to the more appropriate term “noncitizen.” This editorial change is necessary for clarity and consistency. Also, in the Statement of Reasons, several references are amended to comply with federal law.

The self-employment 40 percent standard deduction is now a choice allowed for households in the determination of net gross income. Prior to this change, only actual costs were used to arrive at net self-employed income. Now, the household is allowed to choose actual costs or 40 percent of gross earned income as the deductible amount for costs of doing business.

These regulations were considered at the Department's public hearing held on July 18, 2001.

FILING INSTRUCTIONS

Revisions to all manuals will now be shown in graphic screen. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Food Stamp manual changes was FS-02-01.

| <u>Page(s)</u> | <u>Replace(s)</u> |
|-------------------|-------------------------|
| 103 through 123 | Pages 103 through 123 |
| 125 and 126 | Pages 125 and 126 |
| 148 and 148.1 | Pages 148 and 148.1 |
| 215 and 216 | Pages 215 and 216 |
| 223 through 229 | Pages 223 through 229 |
| 231 through 233.1 | Pages 231 through 233.1 |
| 243 and 244 | Pages 243 and 244 |
| 262.1 and 262.2 | Pages 262.1 and 262.2 |
| 310 and 311 | Pages 310 and 311 |
| 314 and 315 | Pages 314 and 315 |
| 319 and 320 | Pages 319 and 320 |

Attachment

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- .414 A telephone number (toll-free or a number where collect calls will be accepted from households living outside the local calling area) which the household may call to ask questions or to obtain help in completing the monthly report.

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- .415 The CWD may provide the name of a worker to contact.

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.42 Waiving the Interview (No Option)

The office interview shall be waived if requested by any household which is unable to appoint an authorized representative and which has no household members able to come to the food stamp office because they are 65 years of age or older, or physically disabled and whose members have no earned income. The office interview shall also be waived if requested by any household which is unable to appoint an authorized representative and lives in a location which is not served by a certification office.

.43 Waiving the Interview (Case-by-case)

The CWD shall waive the face-to-face interview and instead allow a telephone interview on a case-by-case basis for any household which is unable to appoint an authorized representative and which has no household members able to come to the food stamp office because of transportation difficulties or similar hardships which the CWD determines warrant a waiver of the office interview. These hardship conditions include, but are not limited to: illness, care of a household member, prolonged severe weather, or work hours which preclude an in-office interview, lack of transportation, or living in a rural or remote area. The CWD shall determine if the transportation difficulty or hardship reported by a household warrants a waiver of the office interview and shall document in the case file why a request for a waiver was granted or denied.

.44 When the Interview is Waived

The CWD has the option of conducting a telephone interview or a home visit for those households for whom the office interview is waived. Home visits shall be used only if the time of the visit is scheduled in advance with the household.

Waiver of the face-to-face interview does not exempt the household from the verification requirements, although special procedures may be used to permit the household to provide verification and thus obtain its benefits in a timely manner, such as substituting a collateral contact in cases where documentary verification would normally be provided.

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Waiver of the face-to-face interview shall not affect the length of the household's certification period.

There is no limit to how many times a household may be certified based on telephone interviews. However, the case file must be adequately documented each time the face-to-face interview is waived.

.45 Scheduling Initial Application Interviews

The CWD shall schedule all interviews as promptly as possible to ensure eligible households receive an opportunity to participate within 30 days after the application is filed. If a household misses its scheduled interview, the CWD shall send the household a notice of denial for a missed interview. The CWD shall reschedule if the household requests another interview within 30 days of the initial application filed.

.451 Scheduling Recertification Interviews

- (a) As part of the recertification process, the CWD must conduct an in-office face-to-face interview with a member of the household or its authorized representative at least once every 12 months for households certified for 12 months or less. The requirement for a face-to-face interview once every 12 months may be waived in accordance with Sections 63-300.42 and .43.
- (b) If a household receives PA/GA and will be recertified for food stamps more than once in a 12-month period, the CWD may choose to conduct an in-office face-to-face interview with that household only once during that period. At any other recertification during that year period, the CWD may interview the household by telephone, conduct a home visit, or recertify the household by mail.
- (c) CWDs shall schedule interviews so that the household has at least 10 days after the interview in which to provide verification before the certification period expires.
- (d) If the household misses its scheduled interview and has not rescheduled before the end of the certification period, the CWD need not take further action.

.5 Verification

- (a) Verification is the use of third-party information or documentation to establish the accuracy of statements on the application. Prior to determining eligibility for applicant households, sufficient information concerning the applicant's situation must be obtained in order for the EW to make an informed judgment as to the household's eligibility. Verification and documentation are tools for making this judgement and recording the decision-making process in the case file. The household shall be given at least 10 days from the date of request to provide required verification.

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- (b) If the household's certification cannot be completed by the end of its current certification period due to the 10-day time period allowed for submitting verification, the CWD shall provide benefits within five working days after the verification is received. Benefits shall not be prorated from the date verification is received; the household shall receive a full month of benefits.
- (c) If obtaining verification of a deductible expense may delay the household's certification beyond the normal processing time frame, the CWD shall advise the household that its eligibility and benefit level may be determined without providing a deduction for the claimed, but unverified expense.
- (d) If the expense cannot be verified within 30 days of the date of application, the CWD shall determine the household's eligibility and benefit level without providing a deduction for the unverified expense. If the household subsequently provides the missing verification, the CWD shall redetermine the household's benefits, and provide increased benefits, if any, in accordance with the timeliness standards in Section 63-504.35 for monthly reporting households and Section 63-504.42 for nonmonthly reporting households.

The household shall be entitled to the restoration retroactive to the month of application of benefits denied as a result of the disallowance of the expense, only if the expense could not be verified within the 30-day processing standard because the CWD failed to allow the household sufficient time, as defined in Section 63-301.4, to verify the expense. If the household would be ineligible unless the expense is allowed, the household's application shall be handled as provided in Section 63-301.4.

For verification requirements for the CA 7, refer to Sections 63-504.325, .326 and .341.

(e) **Mandatory Verification**

The CWD shall verify the following information prior to certification for households initially applying:

(1) **Gross Nonexempt Income**

Gross nonexempt income shall be verified for all households prior to certification. However, where all attempts to verify the income have been unsuccessful because the person or organization providing the income has failed to cooperate with the household and the CWD and all other sources of verification are unavailable, the CWD shall determine an amount to be used for certification purposes based on the best available information. Best available information may include an applicant's affidavit.

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(2) Noncitizen Status

Based on the application, the CWD shall determine if members identified as noncitizens are eligible noncitizens, as specified in Sections 63-405.11 through .17, by requiring that the household present verification for each noncitizen member.

(A) If the proper INS documentation is not available, the noncitizen may state the reason and submit other conclusive verification. The CWD shall accept other forms of documentation or corroboration from INS.

(B) If the noncitizen has no documentation at all of eligible noncitizen status, (not even an INS form I-94) the CWD shall inform the noncitizen that:

1. he/she is ineligible to participate in the Food Stamp Program without INS verification of noncitizen status,
2. he/she may contact INS or otherwise obtain the necessary documentation and
3. if he/she wishes, he/she may sign a form authorizing the CWD to request verification of the noncitizen's status.

(C) If an alien gives written consent for the CWD to contact INS to obtain verification of the alien's status, the CWD shall contact INS. However, the CWD shall not contact INS to obtain information about the alien's correct status without the alien's written consent.

(D) A noncitizen is ineligible until acceptable documentation is provided unless:

1. The CWD has submitted a copy of a document provided by the household to INS for verification. Pending such verification, the CWD cannot delay, deny, reduce or terminate the individual's benefits on the basis of the individual's immigration status; or
2. The applicant or CWD has submitted a request to a federal agency for verification of information that bears on the individual's eligible noncitizens status. The CWD shall certify the individual pending the results of the investigation for up to six months from the date of the original request for verification.

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- (E) The CWD shall provide noncitizen applicants with a reasonable opportunity to submit acceptable documentation of their noncitizen status by the 30th day following the date of application. A reasonable opportunity must be at least 10 days from the date of the CWD's request for an acceptable document. When the CWD fails to provide a noncitizen applicant with a reasonable opportunity by the 30th day following the date of application, the CWD must provide the household with benefits no later than 30 days following the date of application, provided the household is otherwise eligible.
- (F) If the noncitizen does not wish to contact INS or give permission for the CWD to contact INS, the household shall be given the option of withdrawing its application or participating without that member. The income and resources of a noncitizen who would be considered a household member if he/she were determined to be an eligible noncitizen, shall be treated as available to the household in accordance with Section 63-503.442.
- (G) For households whose noncitizen members have not provided verification the CWD shall determine that the noncitizen is ineligible and an excluded member. The CWD shall determine the eligibility of the remaining household members in accordance with Section 63-503. The income and resources of the excluded member(s) shall be treated as available to the household in accordance with Section 63-503.442.

If the CWD subsequently receives verification of eligible status, the CWD shall act on the information as a reported change in household membership in accordance with the timeliness standards in Sections 63-504.35 or 63-504.42.

- (H) If an all-noncitizen household is denied benefits because necessary noncitizen verification is missing, and the CWD subsequently receives the required verification, the CWD shall within 30 days following receipt of verification notify the household that verification of noncitizen status has been received and that the household may now be eligible to participate in the Food Stamp Program and that the household may now reapply.

(3) Identity

The identity of the person making the application shall be verified. When an authorized representative applies on behalf of a household, the identity of both the authorized representative and the head of household shall be verified. Identity may be verified through readily available documentary evidence, or if this is unavailable, through a collateral contact (see Section 63-300.5(h)(2)).

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Examples of acceptable documentary evidence which the applicant may provide include, but are not limited to:

- (A) a Social Security card or other document containing the Social Security number.
- (B) a driver's license,
- (C) a work or school ID,
- (D) an ID for health benefits or for another assistance program,
- (E) a voter registration card,
- (F) wage stubs, or
- (G) a birth certificate.

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Any documents which reasonably establish the applicant's or his/her authorized representative's identity shall be accepted, and no requirement for a specific type of document shall be imposed.

- (4) Social Security Numbers (See Section 63-404).
- (5) Residency

The residency requirements of Section 63-401 shall be verified except as provided in Sections 63-300.5(a) and 63-301.71. Verification of residency should be accomplished to the extent possible in conjunction with the verification of other information such as, but not limited to: rent or mortgage payments, utility expenses, and identity.

If verification cannot be accomplished in conjunction with the verification of other information, a collateral contact or other readily available documentary evidence shall be used. Any documents or collateral contact which reasonably establish the applicant's residency must be accepted and no requirement for a specific type of verification may be imposed.

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(A) In certain unusual cases, such as some migrant farm worker households, homeless households or households newly arrived in the community, verification of residency may be impossible to obtain or may not exist. In such instances, if the applicant, with the county's assistance, has made reasonable efforts to obtain verification and (1) verification cannot be obtained and (2) the applicant's statement regarding residency is not questionable as defined in Section 63-300.5(c), the county shall proceed with certification if the household is otherwise eligible. The determination that verification of residency cannot be obtained shall be documented in the case file, per Section 63-300.56. Verification of residency shall be provided by these households prior to their next certification except for homeless households.

(6) Utility Expenses

The CWD shall verify a household's utility expenses if the household wishes to claim its actual utility expense in excess of the standard utility allowance (SUA) and the expense would actually result in a deduction. If the household lives with and shares utility expenses with others and wishes to claim its actual utility expense, the CWD shall verify the actual utility expenses paid by the household. If the household's actual utility expenses cannot be verified before the 30 days allowed to process the application expire, the CWD shall use the SUA, provided the household is entitled to use the SUA as specified in Section 63-502.363. If the household wishes to claim expenses for an unoccupied home, the CWD shall verify the household's actual utility expenses for the unoccupied home in every case and shall not use the SUA. Verification of utility costs of an unoccupied home outside the county is the responsibility of the household (see Section 63-502.362(e)).

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The amount of any medical expenses deductible under Section 63-502.33 shall be verified prior to being allowed. Verification of other factors, such as the allowability of costs incurred or the eligibility for such a deduction of the person incurring the cost, shall be required if questionable. If obtaining verification of a medical expense may delay the household's certification, the EW shall advise the household that its eligibility and benefit level may be determined without providing a deduction for the claimed but unverified expense.

(8) Sponsored Noncitizen Information

The sponsored noncitizen shall provide information in accordance with Section 63-405.7 except as specified in Sections 63-301.71 and .822. The deeming rules apply only to sponsored noncitizens whose sponsors have signed an Affidavit of Support (INS Form I-864 and/or I-864A).

The CWD shall obtain from the noncitizen the following information at the time of the household's initial application and at the time the household applies for recertification:

- (A)** Affidavit of Support (INS Form I-864 and/or I-864A)
- (B)** The income and resources of the noncitizen's sponsor.
- (C)** The names or other identifying factors (such as a noncitizen registration number) of other noncitizens for whom the sponsor has signed an Affidavit of Support (INS Form I-864).
- (D)** The provisions of the Immigration and Nationality Act under which the noncitizen was admitted.

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- (E) The date of the sponsored alien's entry or admission as a lawful permanent resident as established by INS.
 - (F) The alien's date of birth, place of birth, and alien registration number.
 - (G) The number of dependents who are claimed or could be claimed as dependents by the sponsor or the sponsor's spouse for federal income tax purposes.
 - (H) The name, address and phone number of the noncitizen's sponsor.
 - (I) Verification is required for the information specified in Sections 63-403.341 and .342, except as specified in Section 63-301.71. The CWD shall verify all other information which they have determined to be questionable and which affects household eligibility and/or benefit level in accordance with Section 63-300.5(c). The CWD shall assist **noncitizens** in obtaining verification in accordance with Section 63-300.5(e).
- (9) Disability
- The CWD shall verify disability as defined in Section 63-102e.(1) as follows:
- (A) For an individual to be considered disabled under subsection (B) of the definition, the household must provide proof that the disabled individual is receiving Supplemental Security Income (SSI) benefits under Title XVI, or Disability Insurance Program benefits under Title II of the Social Security Act.
 - (B) For an individual to be considered disabled under subsection (G) of the definition, the household must provide a statement from the VA which indicates that the disabled individual is receiving VA disability benefits for a service - or nonservice-connected disability which is rated or paid at the total rate by VA.

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- (C) For an individual to be considered disabled under subsections (H) and (I) of the definition, proof by the household that the disabled individual is receiving VA disability benefits is sufficient verification of disability.
- (D) For an individual to be considered disabled under subsections (C) and (J) of the definition, the CWD shall use the Social Security Administration's (SSA) most current list of disabilities considered permanent under the Social Security Act for verifying disability.
 - 1. If it is obvious to the EW that the individual has one of the listed disabilities on SSA's most current list of permanent disabilities, the household shall be considered to have a verified disability.
 - 2. If the disability is not obvious to the EW, the household shall provide a statement from a physician or licensed/certified psychologist certifying that the individual has one of the nonobvious disabilities listed on the SSA listing of permanent disabilities.
- (E) For an individual to be considered disabled under subsection (K) of the definition, the household shall provide proof that the individual receives a Railroad Retirement disability annuity from the Railroad Retirement Board and has been determined to qualify for Medicare.
- (F) For disability determinations which must be made relevant to Section 63-402.16, the EW shall verify that an individual has a permanent disability by using the SSA listing of disabilities. However, only those individuals who suffer from one of the disabilities mentioned in the SSA list who are unable to purchase and prepare meals because of their disability shall be considered disabled for the purpose of this provision.
 - 1. If it is obvious to the EW that the individual is unable to purchase and prepare meals because he/she suffers from a severe physical or mental disability even if their disability is not mentioned on the SSA list of disabilities, he/she shall be considered disabled.

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2. If the disability is not obvious, the EW shall verify the disability by requiring a statement from a physician or licensed/certified psychologist certifying that the individual is unable to purchase and prepare meals because he/she suffers from: (1) a nonobvious disability mentioned in the SSA list; (2) some other severe, permanent physical or mental disease-related disability; or 3) a severe and permanent physical or mental nondisease-related disability.
 3. The elderly and disabled individual or his/her authorized representative shall be responsible for obtaining the cooperation of the individuals with whom he/she resides in providing the necessary income information about the others to the CWD for purposes of this provision.
- (G) For individuals to be considered disabled under subsection (D) of the definition, the CWD shall verify through county records that the individual receives interim assistance benefits pending receipt of SSI. The CWD shall also verify that the benefits were conditioned on meeting disability or blindness criteria at least as stringent as those used under Title XVI (SSI) of the Social Security Act.
- (H) For individuals to be considered disabled under subsection (E) of the definition, the CWD shall verify through county records that the individual receives disability-related medical assistance under Title XIX (Medi-Cal) of the Social Security Act.
- (I) For individuals to be considered disabled under subsection (F) of the definition, the CWD shall verify through county records that the individual receives disability-based general assistance benefits. The CWD shall also verify that the benefits were conditioned on meeting disability or blindness criteria at least as stringent as those used under Title XVI (SSI) of the Social Security Act.

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(10) Child Support Obligation and Actual Payments

- (A)** The household's legal obligation to pay child support, the amount of the obligation, and the monthly amount of child support the household actually pays, shall be verified. The household is responsible for providing verification.
- (B)** Households that fail or refuse to cooperate by supplying the necessary verifications shall have their eligibility and benefit level determined without a child support deduction.
- (C)** Once the verification is accomplished, the circumstances need not be reverified unless there is a change in the legal obligation or increase in the amount of the payment.

(f) Optional Verifications

The CWD may elect on a countywide basis to mandate verification of one or more of the items in Sections 63-300.5**(f)(1)**, **.5(f)(2)**, **.5(f)(3)**, and **.5(f)(4)(A)** and **(B)**. However, if the CWD does not choose to mandate verification of any particular item, that item must be verified if it is questionable, as defined in Section 63-300.5**(g)**. For households subject to monthly reporting requirements, as specified in Section 63-505.2, only Sections 63-300.5**(f)(2)**, **.5(f)(3)**, and **.5(f)(4)(A)** and **(B)** shall remain optional. If the CWD elects to mandate verification of any or all of the items in Sections 63-300.5**(f)(1)**, **.5(f)(2)**, **.523(f)(3)**, and **.5(f)(4)(A)** and **(B)**, the CWD shall do so as specified in Section 63-504.31.

(1) Dependent Care Costs

For those households not subject to monthly reporting requirements which are claiming dependent care costs, as specified in Section 63-502.34, the EW may verify the actual amount of cost incurred if allowing the expense could potentially result in a deduction. Once this verification has been accomplished, the EW shall not reverify this expense unless the provider has changed, the amount has changed and the change could potentially affect the amount of the deduction, or unless questionable as defined in Section 63-300.5**(g)**.

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(2) Liquid Resources and Loans

The county welfare department may verify liquid resources and whether monies received by households are loans. When verifying whether income is exempt as a loan, a legally binding agreement is not required. A simple statement signed by both parties which indicates that the payment is a loan and must be repaid shall be sufficient verification. However, if the household receives payments on a recurrent or regular basis from the same source but claims the payments are loans, the county welfare department may also require that the provider of the loan sign an affidavit which states that repayments are being made or that payments will be made in accordance with an established repayment schedule.

(3) Household Size

The size of the household may be verified. All other factors involving household composition shall be verified only if questionable in accordance with Sections 63-300.5(g)(1) and 63-301.72. Verification of household size shall be accomplished through a collateral contact or readily available documentary evidence. Examples of acceptable documentary evidence include, but are not limited to:

- school records
- census records,
- marriage records, or
- any documents which establish identity such as those examples listed in Section 63-300.51(c).

Any documents which reasonably establish household size must be accepted and no requirement for a specific type of document may be imposed.

(4) Shelter Costs

(A) CWD may elect to verify shelter costs at application, with the exception of actual utility expenses, which shall be verified as specified in Section 63-300.5(e)(6).

(B) CWD may elect to verify any change of shelter costs during the certification period and at recertification.

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(g) Verification of Questionable Information

With the exception of those items contained in Sections 63-300.5(f)(1), 63-300.5(f)(2), and .5(f)(3) which the CWD has opted to verify, the county welfare department shall verify all other factors of eligibility prior to certification only if they are questionable as defined in this section and affect a household's eligibility or benefit level. If the CWD has not mandated verification of those items in Sections 63-300.5(f)(1), and .5(f)(2) those items shall also be verified only if questionable. To be considered questionable, the information on the application must be inconsistent with statements made by the applicant, inconsistent with other information on the application or previous applications, or inconsistent with information received by the county welfare department. When determining if information is questionable, the county welfare department shall base the decision on the household's individual circumstances. A household's report of expenses which exceed its income prior to deductions may be grounds for a determination that further verification is required. In some instances, a household's report of no income prior to deductions, while still managing its financial affairs could also justify the need for additional verification.

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However, these circumstances shall not, in and of themselves, be grounds for a denial. The eligibility worker shall instead explore with the household how it is managing its finances, whether the household receives excluded income or has resources, and how long the household has managed under these circumstances. Procedures described below shall apply when information concerning one of the following eligibility requirements is questionable:

(1) Household Composition

The eligibility worker shall verify any factors affecting the composition of a household if questionable.

- (A)** Individuals who claim to be a separate household from those with whom they reside shall be responsible for proving that they are a separate household.
- (B)** Individuals described in Section 63-402.15, who claim to be a separate household from those with whom they reside based on the various age and disability factors for determining separateness shall be handled as specified in Section 63-300.5(e)(9)(F).

(2) Citizenship

- (A)** When a household's statement is questionable that one or more of its members are U.S. citizens, the household shall be asked to provide acceptable verification. Acceptable forms of verification include birth certificates, religious records, certificates of citizenship or naturalization provided by INS, such as the INS I-179 or the INS 551 or U.S. passports. Participation in the AFDC program shall also be considered acceptable verification if verification of citizenship was obtained for that member(s). If the above forms of verification cannot be obtained, the CWD shall accept a signed statement from someone who is a U.S. citizen which declares, under penalty of perjury, that the member in question is a U.S. citizen. The signed statement shall contain a warning of the penalties for helping someone commit intentional Program violation.
- (B)** The member whose citizenship is in question shall be ineligible to participate until proof of U.S. citizenship is obtained. The member whose citizenship is in question shall have his/her income and resources treated as available to the household in accordance with Section 63-503.442.

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- (3) Work Registration
- (A) If a household member's work registration exemption due to participation in the GAIN or California Work Opportunity and Responsibility to Kids (CalWORKs) Program is questionable, the CWD shall be responsible for verifying that the household member is subject to and participating in the GAIN or CalWORKs Program under Title IV of the Social Security Act.
- (B) If a household's work registration exemption due to receipt of or application for unemployment compensation is questionable, the CWD shall be responsible for verifying either that the household member is receiving unemployment compensation or that the household member has applied for unemployment compensation and that this household member was required to register for work with EDD as a part of unemployment compensation application process. The CWD shall verify the household member's work registration exemption with the appropriate office of EDD.
- (C) If a household member's good cause for voluntary quit is questionable, the CWD shall request verification.
1. To the extent that the information given by the household is questionable, as defined in Section 63-300.5(g), CWDs shall request verification of the household's statements. The primary responsibility for providing the good cause verification as provided in Section 63-300.5(i) rests with the household. If it is difficult or impossible for the household to obtain documentary evidence in a timely manner the CWD shall offer assistance to the household to obtain the needed verification. Acceptable sources of verification include, but are not limited to:
- the previous employer,
 - employee associations,
 - union representatives,
 - grievance committees or organizations.

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Whenever documentary evidence cannot be obtained, the CWD shall substitute a collateral contact. The CWD is responsible for obtaining verification from acceptable collateral contacts provided by the household.

2. If the household and CWD are unable to obtain requested verification from these or other sources because the cause for the quit resulted from circumstances that for good reason cannot be verified, such as a resignation from employment due to discrimination practices or unreasonable demands by an employer or because the employer cannot be located, the household will not be denied access to the program.

(4) Multiple Household Expenses

When a food stamp household's statement regarding the sharing of utility expenses with other individuals and/or households living in the same residence is questionable, no deduction shall be allowed until verification of the sharing relationship is obtained.

(h) Sources of Verification

(1) Documentary Evidence

The EW shall use documentary evidence as the primary source of verification for all items except residency and household size. These two items may be verified through readily available documentary evidence or through a collateral contact, without a requirement being imposed that documentary evidence must be the primary source of verification. Documentary evidence consists of a written confirmation of a household's circumstances. Examples of documentary evidence include current wage stubs, rent receipts, medical and utility bills. Statements must be in sufficient detail so that a reviewer would be able to determine the reasonableness of the determination.

63-300 APPLICATION PROCESS (Continued)**63-300****EXAMPLE**

When income is verified by the presentation of pay stubs or wage statements, the EW should record in or photocopy for the casefile the following information:

The date of each pay stub or wage statement used.

The name and address of the payer.

The gross amount of income on each stub or statement.

The frequency of receipt of income (i.e., weekly, bimonthly, monthly, etc.).

The specific items and amount of allowable deductions and exclusions.

Although documentary evidence shall be the primary source of verification, acceptable verification shall not be limited to any single type of document and may be obtained through the household or other source. Whenever documentary evidence is insufficient to make a determination of eligibility or benefit level, the EW may either continue the attempt to obtain sufficient documentary evidence or require a collateral contact or home visit. Whenever documentary evidence cannot be obtained, the EW shall require a collateral contact or a home visit. For example, documentary evidence may be considered insufficient when the household presents pay stubs which do not represent an accurate picture of the household's income (such as outdated pay stubs) or identification papers that appear to be falsified.

(2) Collateral Contacts

A collateral contact is a verbal confirmation of a household's circumstances by a person outside the household. The collateral contact may be made either in person or over the telephone. The acceptability of a collateral contact shall not be restricted to a particular individual but may be anyone that can be expected to provide an accurate third-party verification of the household's statements. Examples of acceptable collateral contacts are employers, landlords, social services agencies, migrant service agencies and neighbors of the household.

63-300 APPLICATION PROCESS (Continued)**63-300**

Data sources such as those used in IEVS (see Section 20-006.1) to which the Department of Social Services or the CWD has routine access are not considered collateral contacts and, therefore, need not be designated by the household.

(3) Home Visits

Home visits may be used as verification when documentary evidence is insufficient to make a determination of eligibility or benefit level or cannot be obtained and the visit is scheduled in advance with the household.

(4) Discrepancies

Where unverified information from a source other than the household contradicts statements made by the household, the household shall be afforded a reasonable opportunity to resolve the discrepancy prior to a determination of eligibility or benefits. If the unverified information is received through IEVS, the CWD shall obtain verification in accordance with Section 20-006.543.

(i) Responsibility for Obtaining Verification

The household has primary responsibility for providing documentary evidence to support its income statements and to resolve any questionable information, except as provided in Sections 63-300.5(g)(3)(A) and (B). Households may supply documentary evidence in person, through the mail, or through an authorized representative. The EW shall accept any reasonable documentary evidence provided by the household and shall be primarily concerned with how adequately the verification proves the statements on the application. If it would be difficult or impossible for the household to obtain the documentary evidence in a timely manner, or the household has presented insufficient documentation, the EW shall either offer assistance to the household in obtaining the documentary evidence, except as otherwise stated in this section, or shall use a collateral contact or home visit. The EW shall not require the household to present verification in person at the food stamp office.

63-300 APPLICATION PROCESS (Continued)

63-300

Whenever documentary evidence is insufficient to make a determination of eligibility or benefit level or cannot be obtained the EW may require either a collateral contact or home visit. The EW shall rely on the household to provide the name of any collateral contact with the exception of verifying IEVS-obtained information as specified in Section 20-006.5. The household may request assistance in designating a collateral contact. The EW is not required to use a collateral contact designated by the household if the collateral contact cannot be expected to provide an accurate third-party verification. When the collateral contact designated by the household is unacceptable, the EW shall either ask the household to designate another collateral contact or substitute a home visit. The county welfare department is responsible for obtaining verification from acceptable collateral contacts. [Refer to Section 63-300.5(h)(2)].

(j) Documentation

Case files must be documented to support eligibility, ineligibility, and benefit level determinations. Documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination. For public assistance cases, public assistance verification rules and documentation shall be acceptable for eligibility factors which must be verified to determine both public assistance and food stamp eligibility. For counties keeping separate PA and FS files, the FS case file must contain a notation that documentation of eligibility factors has been obtained and is contained in the PA case file. The household shall not be required to provide duplicate documentation to the CWD. Where verification was required to resolve questionable information, the EW shall document why the information was considered questionable, or at a minimum indicate where in the case file the inconsistency exists, and what documentation was used to resolve the questionable information. The EW shall document (except where a collateral contact is used to verify residency or household size) the reason why an alternate source of verification, such as a collateral contact or home visits, was needed, and the reason a collateral contact was rejected and an alternate requested.

(k) BENDEX

Reserved.

(l) State Data Exchange (SDX)

Reserved.

63-300 APPLICATION PROCESS (Continued)**63-300****(m) Verification of Eligibility Through IEVS**

- (1)** Income and eligibility information shall be requested through IEVS and shall be used, to the extent possible, in the determination of eligibility in accordance with the procedures specified in Sections 20-006.2 and 20-006.4. However, the county shall not delay the determination of eligibility pending receipt of IEVS information if other information establishes the individual's eligibility.
- (2)** The county shall verify the eligibility and benefit level for each applicant for and recipient of aid through IEVS by:
 - (A)** Submitting applicant information to IEVS as specified in Sections 20-006.211 and .212.
 - (B)** Requesting on a quarterly basis income and eligibility information through IEVS for recipients in accordance with Section 20-006.22; and
 - (C)** Including, for the purposes of (a) and (b) of this section, any other individuals whose income and resources are considered in determining the amount of assistance to the extent that the county collects the SSN of such individuals.

HANDBOOK BEGINS HERE

- 1.** For instance, if the county obtains the SSN of an ineligible alien parent living with the household, the number must be submitted to IEVS. However, if the number is not available for submission to IEVS, the household unit's eligibility shall not be affected.

HANDBOOK ENDS HERE

- (3)** The county shall act on all information received through IEVS in accordance with the procedures specified in Sections 20-006.4 and .5.

63-301 APPLICATION PROCESSING TIME STANDARDS 63-301

.1 Normal Processing Standard

The CWD shall provide eligible households that complete the initial application process an opportunity to participate as soon as possible, but not later than 30 calendar days following the date the application was filed. See Table I. An application is filed the day the appropriate food stamp office receives an application containing the applicant's name and address, which is signed by either a responsible member of the household or the household's authorized representative. Households entitled to expedited processing are specified in Section 63-301.5.

.2 Opportunity to Participate

An opportunity to participate consists of providing households with coupons, an authorization document, or an access device and having an issuance facility open and available for the household to obtain its allotment. If the coupons, authorization document or access device are mailed, the CWD shall assure that the benefits can be transacted or the coupons are available for use after receipt but before the 30-day standard expires (see Section 63-102c.(5)). A household has not been provided an opportunity to participate if the coupons, authorization document or access device are mailed on the 29th or 30th day. Nor has an opportunity to participate been provided if the authorization document or access device is mailed on the 28th day but no issuance facility is open on the 30th day.

.3 Denying the Application

Households determined to be ineligible shall be sent a notice of action denying their application as soon as possible but not later than 30 days following the date the application was filed.

.31 The CWD shall not deny eligibility to a household due to failure to cooperate when the person(s) who fails to cooperate is outside of the household.

.311 Excluded household members specified in Section 63-402.22 shall not be considered outside of the household for the purposes of Section 63-301.31.

.32 If the household has failed to appear for a scheduled interview and has made no subsequent contact with the CWD to express interest in pursuing the application, the CWD shall send the notice of action denying the application by the 30th day following the date the application was filed. The CWD shall reopen the case without requiring a new application if the applicant makes an office visit for the rescheduled interview anytime within the 30-day application processing period.

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| 63-301 | APPLICATION PROCESSING TIME STANDARDS (Continued) | 63-301 |
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.33 In cases where the CWD was able to conduct an interview and request all of the necessary verification on the same day the application was filed, and no subsequent requests for verification have been made, the application may be denied if the CWD provided assistance to the household in obtaining verification when required as specified in Section 63-300.55 but the household failed to provide the requested verification. The CWD may send a notice of action denying the application on or before the 30th day following the date the application was filed, to be effective the 30th day following the date the application was filed.

.34

NORMAL PROCESSING AND DENYING THE APPLICATION

| Filing of Application Starts 30 day process | Action | Action in Second 30 Day Period | Original Month of Application Benefits |
|---|--|---|--|
| o HH completed application, was interviewed, supplied necessary verification, registered for work as appropriate. | Determine eligibility for month of application and ongoing If eligible certify and issue benefits by 28th day. One/two month certs, issue NEC/approval. | Eligibility continues (One/two month certs have reapplied timely and were processed.) | Yes, if eligible |
| o HH fails to show for two scheduled interviews and does not contact agency. | Denial notice by 30th day | HH must reapply. | No. |
| o Request for verification on day application is filed, HH does not provide verification. | Denial notice on or before 30th day to be effective 30th day after application. | Case reopened without new application if required action taken within 60 days of date of application. | No. |

63-301 APPLICATION PROCESSING TIME STANDARDS (Continued) 63-301

.825 The following individuals shall not be included as a member of an otherwise categorically eligible household if that person:

- (a) Is disqualified for intentional Program violation;
- (b) Is not the head of household and disqualified for failure to comply with the work requirements specified in Section 63-407.1;
- (c) Fails to provide or apply for a social security number;
- (d) Is an ineligible alien;
- (e) Is an ineligible student;
- (f) Is an SSI recipient; or
- (g) Is institutionalized in a nonexempt facility as specified in Section 63-402.4.

.9 Mixed Food Stamp Households

Mixed food stamp (FS) households are FS applicant households in which some, but not all, members are in the PA assistance unit (AU).

.91 CWDs may use the joint application processing procedures in Section 63-301.6 for mixed FS households. This decision shall not be made on a case-by-case basis, but shall be applied uniformly to all households of this type in the county.

.92 Mixed FS households shall not be considered categorically eligible for food stamp benefits.

.93 CWDs shall exclude any resource of FS household members receiving PA. If a resource is jointly held by a Food Stamp household member who is receiving PA and a Food Stamp household member who is not receiving PA, then exclude the amount that was counted in determining the PA eligibility.

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| 63-301 | APPLICATION PROCESSING TIME STANDARDS (Continued) | 63-301 |
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.94 Mixed FS households must meet the food stamp gross and net income standards of eligibility.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: Sections 10554, 18901, and 18904, Welfare and Institutions Code; Section 11349.1, Government Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.2(d)(1), (h)(1)(C), (h)(1)(i)(B) and (D), (h)(2)(i)(A), (i)(4)(iii)(B), (j), (j)(1), (j)(1)(iv), (j)(2)(iii) and (iv), (j)(3), (j)(4), and (j)(4)(vi); 7 CFR 273.4; 7 CFR 273.7 and .7(g)(1)(i); 7 CFR 273.8(e)(17); 7 CFR 273.9(d)(7) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.10(c)(1) and (g)(1)(ii); 7 CFR 274.2; (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock. No. CV-89-0768].); Public Law (P.L.) 102-237, Sections 902 and 905, as specified in Federal Administrative Notice 92-12, dated January 9, 1992; USDA, Food and Consumer Service, Administrative Notice 97-105, dated August 21, 1997; and P.L. 104-193, Sections 815 and 838 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Food and Consumer Service Waiver dated May 24, 1996; and Federal Food Stamp Policy Memos 82-9 dated December 8, 1981, and 88-4 dated November 13, 1987.

63-501 RESOURCE DETERMINATIONS (Continued) 63-501

If the CWD determines the rate of return is not consistent with interest rates normally charged in similar business transactions, then the resource shall not be exempted. Installment contracts, trust deeds, and notes receivable shall lose their exempt status when sold.

(h) Any governmental payments which are designated for the restoration of a home damaged in a disaster, if the household is subject to a legal sanction if the funds are not used as intended. Such payments shall not be limited to those made by the Department of Housing and Urban Development through the individual and family grant program, disaster loans, or grants made by the Small Business Administration.

(i) Resources which have a cash value that is not accessible to the household, such as, but not limited to:

(1) Irrevocable trust funds.

Any funds in a trust or transferred to a trust, and the income produced by that trust, shall be considered inaccessible to the household if all of the following are met:

(A) The trustee administering the funds is either:

1. A court, or an institution, corporation or organization which is not under the direction or ownership of any household member; or,
2. An individual appointed by the court who has court imposed limitations placed on his/her use of the funds which meet the requirements of Section 63-501.3(h);

(B) The funds held in irrevocable trust are either:

1. Established from the household's own funds if the trustee uses the funds solely to make investments on behalf of the trust or to pay the educational or medical expenses of any person named by the household creating the trust; or,
2. Established from non-household funds by a non-household member regardless of how these funds will be used;

(C) The trust investments do not directly involve or assist any business or corporation under the control, direction or influence of a household member;

(D) The trust arrangement will not likely cease during the certification period; and,

(E) No household member has the power to revoke the trust arrangement or change the name of the beneficiary during the certification period.

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| 63-501 | RESOURCE DETERMINATIONS (Continued) | 63-501 |
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- (2) Security deposits on rental property or utilities,
- (3) Property in probate,
- (4) Real property which the household is making a good faith effort to sell at a reasonable price and which has not been sold, and
- (5) Property, other than financial instruments (stocks, bonds, legally binding promissory notes, etc.) or vehicles, which if sold or otherwise disposed would produce more than \$1,500.
 - (A) Repealed by CDSS Manual Letter No. FS-01-02, effective 6/1/01.
 - (B) Repealed by CDSS Manual Letter No. FS-01-02, effective 6/1/01.

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| 63-501 | RESOURCE DETERMINATIONS (Continued) | 63-501 |
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- (e) Necessary to transport a physically disabled household member, including an excluded disabled household member regardless of the purpose of such transportation.
 - (1) If the physical disability of the individual is not evident to the eligibility worker, verification shall be required.
 - (2) The individual shall be required to provide a statement from a physician certifying that the individual is physically disabled. The disability may be temporary or permanent.
 - (3) There shall be a limit of one vehicle per physically disabled household member.
 - (4) The vehicle need not have special equipment or be used primarily by or for the transportation of the physically disabled household member. However, a vehicle shall be considered necessary for the transportation of a physically disabled household member if the vehicle is specially equipped to meet the specific needs of the disabled person or if the vehicle is a special type of vehicle that makes it possible to transport the disabled person.
- (f) The exclusions in (a) through (d) of this section will apply when the vehicle is not in use because of temporary unemployment, such as when a taxi driver is ill and cannot work, or when a fishing boat is frozen in and cannot be used.
- (g) Previously used by a self-employed household member engaged in farming but not longer used over 50 percent of the time in farming because the household member has terminated his/her self-employment from farming. The vehicle shall continue to be excluded as a resource for a period of one year from the date of termination.
- (h) If the household depends upon the vehicle to carry fuel for heating or water for home use, when such transported fuel or water is the primary source of fuel or water for the household.
- (i) Considered an inaccessible resource because its equity value is \$1,500 or less.

63-501 RESOURCE DETERMINATIONS (Continued)**63-501**

- .522 All licensed vehicles not excluded under Section 63-501.521 shall individually be evaluated for fair market value and that portion of the value which exceeds the current vehicle exclusion limit, as specified in Section 63-501.522(a), shall be attributed in full toward the household's resource level, regardless of any encumbrances on the vehicles. Any value in excess of the current vehicle exclusion limit shall be attributed to the household's resource level, regardless of the amount of the household's investment in the vehicle, and regardless of whether or not the vehicle is used to transport household members to and from employment. Each vehicle shall be appraised individually. The fair market values of two or more vehicles shall not be added together to reach a total fair market value in excess of the current vehicle exclusion limit.
- (a) For example, a household owning an automobile with a fair market value of \$5,500 shall have the current vehicle exclusion limit (\$4,650 as of October, 1996) excluded and \$850 applied toward its resource level.
- .523 Licensed vehicles shall also be evaluated for their equity value, except for:
- (a) Vehicles excluded by Section 63-501.521.
- (b) One licensed vehicle per adult household member (or an ineligible noncitizen or disqualified household member whose resources are being considered available to the household), regardless of the use.

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| 63-501 | RESOURCE DETERMINATIONS (Continued) | 63-501 |
| | .525 Determining Value of Vehicles | |

Step One

Determine if any licensed vehicles in the household are excludable as a resource. Vehicles in this category include those that are:

1. Income producing;
2. Annually producing income consistent with FMV;
3. Necessary to employment other than daily commuting, e.g., traveling salesman;
4. Used as a home;
5. Used to transport a physically disabled household member;
6. Previously used as income producing by household member self-employed in farming. Exclude for one year period from date of termination of self-employment in farming.
7. Household depends on vehicle to carry fuel for heating or water for home use when such fuel or water is the primary source of fuel or water for the household.

If none of the vehicles in the household are categorized as excludable from resource consideration, or there are remaining vehicles left to be evaluated after others have been determined excludable, go to Step 2.

Step Two

Exclude any vehicle, licensed or unlicensed, that is an inaccessible resource (a vehicle that will not produce an estimated return of more than \$1,500). Valuation of an inaccessible vehicle is required at application and when a new vehicle is reported. Reevaluation is required only at recertification.

Step Three

Of the remaining licensed vehicles, determine the number of adult household members and exempt one vehicle each from the equity valuation. The FMV must be calculated, and the excess FMV is considered as a countable resource. **Adult household members also include ineligible noncitizens or disqualified household members whose resources are considered available to the household.**

Then, determine if any of the remaining licensed vehicles in the household are used by a teenager under age 18 to drive to work, school, job training, or to look for work. If there is a vehicle used by a teenager for any of these purposes, it is exempt from the equity value, but must be evaluated for FMV. The excess FMV is considered a countable resource. **Household members under the age of 18 also include an ineligible noncitizen or disqualified household member under age 18 whose resources are considered available to the household.**

Step Four

For any remaining licensed vehicles, compute the FMV and the equity value. Use the greater of the excess FMV or equity value as the countable resource value.

Step Five

For any remaining unlicensed vehicles compute the equity value of each and use the resultant amount as a countable resource value.

Add the values of the above resource values to arrive at the total vehicle resource value.

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63-501 RESOURCE DETERMINATIONS (Continued) 63-501

.53 Handling of Unlicensed Vehicles

Unlicensed vehicles not excluded by Sections 63-501.3(c), (d), and (e), and except those on Indian reservations as specified in Section 63-501.52 shall be evaluated for equity value only. The equity value shall be attributed toward the household's total resources. Unlicensed vehicles with an equity value of \$1,500 or less are inaccessible resources.

.6 Transfer of Resources

.61 At the time of application, households shall be asked to provide information regarding any resources which any household member or ineligible alien or disqualified person whose resources are considered available to the household has transferred within the three-month period immediately preceding the date of application. Households which have transferred resources knowingly for the purpose of qualifying or attempting to qualify for food stamp benefits shall be disqualified from participation in the program for up to one year from the date of the discovery of the transfer. This disqualification period shall be applied if the resources are transferred knowingly in the three-month period prior to application or if they are transferred knowingly after the household is determined eligible for benefits.

.62 Eligibility for the program shall not be affected by the following transfers:

.621 Resources which would not otherwise affect eligibility, for example, resources consisting of excluded personal property such as furniture or of money that, when added to other nonexempt household resources, totaled less at the time of the transfer than the allowable resource limits;

.622 Resources which are sold or traded at, or near, fair market value;

.623 Resources which are transferred between members of the same household; including ineligible aliens or disqualified persons whose resources are considered available to the household;

.624 Resources which are transferred for reasons other than qualifying or attempting to qualify for food stamp benefits, for example, a parent placing funds into an educational trust fund described in Section 63-501.3(h).

63-501 RESOURCE DETERMINATIONS (Continued) 63-501

.63 **Notice Requirements**

.631 In the event the CWD establishes that an applicant household knowingly transferred resources for the purpose of qualifying or attempting to qualify for Food Stamp benefits, the household shall be sent a notice of action denying the application and explaining the reason for the length of the disqualification. The period of disqualification shall begin in the month of application.

.632 If the household is participating at the time of the discovery of the transfer, a notice of action explaining the reason for and length of the disqualification shall be sent. The period of disqualification shall be made effective with the first allotment to be issued after the period for timely notice has expired, unless the household has requested a state hearing and continued benefits.

.64 The length of the disqualification period shall be based on the amount by which nonexempt transferred resources, when added to other countable resources, exceeds the allowable resource limits.

HANDBOOK BEGINS HERE

.641 For example, if a one-person household with \$1,250 in the bank, transferred ownership of a car worth \$5,500, \$1,000 of that transfer would be considered because the first \$4,500 of the car's value is exempt. When that \$1,000 is added to the \$1,250 in the bank and applied toward the \$2,000 resource limit, \$250 is left as excess resources and used to determine the period of disqualification.

HANDBOOK ENDS HERE

.642 The following chart shall be used to determine the period of disqualification.

| Amount in Excess of the Resource Limit | Period of Disqualification |
|---|-------------------------------|
| \$0 to 249.99 | 1 month |
| \$250 to 999.99 | 3 months |
| \$1,000 to 2,999.99 | 6 months |
| \$3,000 to 4,999.99 | 9 months |
| \$5,000 or more | 12 months |

63-502 INCOME, EXCLUSIONS AND DEDUCTIONS 63-502

.1 Income Definition

.11 Gross income shall include:

.111 All income from whatever source, except as specified in Section 63-502.12 and excluding only those items in Section 63-502.2.

.112 All earned income as specified in Section 63-502.13 and all unearned income as specified in Section 63-502.14.

.12 Income shall not include the following:

.121 Monies withheld from an assistance payment, earned income, or other income source, or monies received from any income source which are voluntarily or involuntarily returned, to repay a prior overpayment received from that income source, provided that the overpayment was not excludable under Section 63-502.2, or due to the household's failure to comply as specified in Section 63-502.17.

.122 Child support payments received by AFDC recipients, directly from a nonhousehold member, which must be transferred to the District Attorney's office or other county agency administering Title IV-D (Child Support Requirements) of the Social Security Act, to maintain AFDC eligibility.

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| 63-502 | INCOME, EXCLUSIONS AND DEDUCTIONS (Continued) | 63-502 |
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- .13 Earned income shall include:
- .131 All wages and salaries of an employee.
 - .132 The gross income from a self-employment enterprise, including the total gain from the sale of any capital goods or equipment related to the business, excluding the costs of doing business as provided in Sections 63-502.2 and 63-503.415(d).
 - (a) Ownership of rental property shall be considered as self-employment enterprise; however, income derived from the rental property shall be considered earned income only if a member of the household is actively engaged in the management of the property at least an average of 20 hours a week.
 - (b) Payments from a roomer or boarder, except foster care boarders as specified in Section 63-402.322 shall also be considered self-employment income.
 - .133 Training allowances from vocational and rehabilitation programs recognized by federal, state, or local governments, to the extent they are not a reimbursement.
 - .134 Payments to volunteers under Title I (VISTA) of the Domestic Volunteer Service Act excluding payments made to households specified in Section 63-502.2 who at the time they joined VISTA, were not receiving public assistance or food stamps.
 - .135 Earnings of individuals who are participating in on-the-job training programs under Section 204(b)(1)(C) or Section 264(c)(1)(A) of the Workforce Investment Act except as specified in Section 63-502.2(i)(1), or Title I of the National and Community Services Act (NCSA) of 1990, except as specified in Sections 63-507(a)(4) and (a)(17)(A). The NCSA includes programs under the Serve America, American Conservation and Youth Corps, and National and Community Service subtitles.
 - .136 Any portion of strikers' benefits which are received as compensation for picketing.
 - .137 Work study income which has not been excluded by federal statute, as specified in Section 63-502.2(l)(4), or through application of allowable exclusions as specified in Section 63-502.2(e).
- .14 Unearned income shall include, but not be limited to:
- .141 Assistance payments from Aid to Families with Dependent Children (AFDC), General Assistance/General Relief (GA/GR), Refugee Cash Assistance (RCA), Entrant Cash Assistance (ECA), or other assistance programs based on need except as specified in Section 63-501.111.

63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued) 63-502

- (a) Such assistance is considered to be unearned income even if provided in the form of a vendor payment (provided to a third party on behalf of the household), unless the vendor payment is specifically exempt from consideration as countable income as specified in Section 63-502.2(b)(2).
 - (b) Assistance payments from programs which require, as a condition of eligibility, the actual performance of work without compensation other than the assistance payments themselves, shall be considered unearned income, except for special allowances excluded under Section 63-502.2(f)(1).
- .142 Annuities, pensions, retirement, veteran's, or disability benefits; worker's or unemployment compensation; old-age, survivors, or social security benefits; strikers' benefits except as specified in Section 63-502.135; foster care payments for children or adults who are members of the food stamp household as specified in Section 63-402.322(b); and any deemed income from a sponsor who has signed an I-864 and/or I-864A paid to a sponsored noncitizen.
 - .143 Gross income minus the cost of doing business derived from rental property in which a household member is not actively engaged in the management of the property at least an average of 20 hours a week.
 - .144 Support or alimony payments made directly to the household from nonhousehold members, except as provided in Section 63-502.122.
 - .145 Scholarships, educational grants, fellowships, deferred payment loans for education, veteran's educational benefits and the like which have not been excluded by federal statute, as specified in Section 63-502.2(l)(4) or through application of allowable exclusions as specified in Section 63-502.2(e).
 - .146 Payments from government-sponsored programs, dividends, interest, royalties, and all other direct money payment from any source which can be construed to be a gain or benefit.

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| 63-502 | INCOME, EXCLUSIONS AND DEDUCTIONS (Continued) | 63-502 |
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- .147 Monies which are withdrawn or dividends which are or could be received by a household from an excluded trust fund [see Section 63-501.3(h)]. Such trust withdrawals shall be considered income in the month received, unless excluded under Section 63-502.2. Dividends which the household has the option of either receiving as income or reinvesting in the trust are to be considered as income in the month they become available to the household unless excluded under Section 63-502.2.

- .148 Reimbursements which exceed total expenses or which are intended to cover living expenses, such as food, rent, and clothing.

63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued) 63-502

- (2) The following shall not be considered a reimbursement excludable under this provision:
- (A) Portions of benefits provided under Title IV-A of the Social Security Act for work-related or child care expenses when adjustments have been made to the PA payments, except for such expenses made under an employment, education or training program initiated under Title IV-A after September 19, 1988.
 - (B) Clothing allowances specified in Section 63-502.2(g)(1)(F) if the monthly AFDC grant is reduced by the amount of the allowance during the month in which the allowance is provided.

63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)

63-502

- (h) Monies received and used for the care and maintenance of a third-party beneficiary who is not a household member. If the intended beneficiaries of a single payment are both household and nonhousehold members, any identifiable portion of the payment intended and used for the care and maintenance of the nonhousehold member shall be excluded. If the nonhousehold member's portion cannot be readily identified, the payment shall be evenly prorated among the intended beneficiaries and the exclusion applied to the nonhousehold member's pro rata share or the amount actually used for the nonhousehold member's care and maintenance, whichever is less.
- (i) The earned income (as defined in Section 63-502.13) of children who are members of the household, who are elementary or secondary school students at least half time, and who have not attained their 18th birthday. Income of a student who attains their 18th birthday during the certification period, shall be excluded until the month following the month in which the student turned 18. If the student becomes 18 during an application month, the income is excluded in the month of application and counted in the following month except as specified in Section 63-507(a)(4)(A). The exclusion shall continue to apply during temporary interruptions in school attendance due to semester or vacation breaks, provided the child's enrollment will resume following the break. If the child's earnings or amount of work performed cannot be differentiated from that of other household members, the total earnings shall be prorated equally among the working members and the child's pro rata share shall be excluded. Individuals are considered children for purposes of this provision if they are under the parental control, as defined in Section 63-102(p)(1), of another household member.
- (1) Earnings to household members under 19 years of age who are under the parental control of another adult household member and who are participating in on-the-job training programs under Section 204(b)(1)(C) or 264(c)(1)(A) of the Workforce Investment Act, regardless of school attendance and/or enrollment.
- (j) Money received in the form of a nonrecurring lump-sum payment, including, but not limited to, income tax refunds, rebates, or credits; retroactive lump-sum social security, railroad retirement benefits, or other payments; retroactive payments from the approval of an application for any assistance program; AFDC homeless assistance payments for temporary shelter or permanent housing [see Section 63-102(h)]; court ordered retroactive payments for any assistance program; supplemental or corrective payments received for a previous month from any assistance program; lump-sum insurance settlements; or refunds of security deposits on rental property or utilities. These payments shall be counted as resources in the month received, in accordance with Section 63-501.111 unless specifically excluded from consideration as a resource by other federal laws as specified in Section 63-501.3(l), Section 63-506 or Section 63-507.
- (1) TANF payments made to divert a family from becoming dependent on welfare shall be excluded as a nonrecurring lump-sum payment if the payment is not defined as assistance because of the exception for nonrecurrent short-term benefits in 45 CFR 260.31(b)(1).
- (k) The cost of producing self-employment income. The procedures for computing the cost of producing self-employment income are specified in Section 63-503.415.

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.386 Amounts paid toward arrearages shall be deductible.

NOTE: Authority cited: Sections 10553, 10554, 11209, 18900, 18901 and 18904, Welfare and Institutions Code. Reference: Sections 10554, 18901, and 18904, Welfare and Institutions Code; Public Law (P.L.) 99-603, Section 201(a), Section 245A(h)(1)(A)(iii), Immigration Reform and Control Act; 100-50, Sections 22(e)(4) and 14(27), enacted June 3, 1987; P.L. 100-77; P.L. 101-201; P.L. 101-508, Section 11111(b); P.L. 103-66, Section 5(c), (d) and (e) and Section 8(a); 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 273.1(c)(6); 7 CFR 273.4(a) and (c)(2); 7 CFR 273.7(f); 7 CFR 273.9; 7 CFR 273.9(b)(1), (b)(1)(v), (c), (c)(1)(i)(E), and proposed amended (c)(1)(ii) as published in the Federal Register, Vol. 59, No. 167, on August 30, 1994; (c)(1)(ii)(G), (c)(8), (c)(11)(i) and (ii), (d), (d)(6), and proposed (d)(7) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, 7 CFR 273.10(d)(1)(i) and (e)(1)(i)(H); 7 CFR 273.11(b)(1); 7 CFR 273.11(c), (d) and (d)(1) and (e); 7 CFR 273.21(j)(1)(vii)(A); 7 United States Code (U.S.C.) 2014(c), (d), (e), (k)(1)(B), and (k)(2)(F); 7 U.S.C. 2015(e); 7 U.S.C. 2017(a); 20 U.S.C. 2466d.; 26 U.S.C. 32(j)(5); P.L. 104-193, Sections 807, 808, 809, 811, and 829 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal Feb. 1, 1990) [Dock. No. CV-89-0768].); United States Department of Agriculture (U.S.D.A.) Food and Consumer Services (FCS) Administrative Notice (AN) 88-40, Indexed Policy Memo 88-10, dated April 20, 1988; U.S.D.A., FNS ANs 91-24, 91-30, 94-39, 94-41, dated April 19, 1994; and the July 8, 1988 district court order in Hamilton v. Lyng.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503

.1 Month of Application

.11 A household's eligibility shall be determined for the month of application by considering the household's circumstances as of the date of interview, except as specified in Sections 63-402.9 (Strikers), 63-408 (Voluntary Quit), 63-501.6 (Resource Transfers), 63-503.212 (Income Determinations), and 63-503.43 (Destitute Households), and 63-301.7 and .82 (Categorically Eligible Households).

.12 A calendar month shall be used for certification and issuance purposes. However, a CWD may, with prior SDSS and FNS approval, use a fiscal month if the CWD determines that it is more efficient and satisfies SDSS that the accounting procedures fully comply with certification and issuance requirements contained in these regulations. A CWD may elect to use either one fiscal month for all households, or more than one fiscal month with varying beginning dates based on the date a household files an application.

.13 A household's benefit level for a) the initial month of certification, or b) the first month for which the household is certified for participation in the Food Stamp Program following any period during which the household was not certified for participation, shall be prorated from the date the application is received in the appropriate office. However, if processing of the application was delayed beyond 30 days due to the fault of the household, the benefit level shall be prorated from the date the CWD received verification that the household completed the required action, as specified in Section 63-301.423. Migrant and seasonal farm worker households which have a break in participation of 30 days or less shall not have their benefits prorated. They shall receive benefits for the whole month.

.131 Using a calendar or fiscal month, households shall receive benefits prorated from the date of application to the end of the month, except as specified in Section 63-503.13. The CWDs shall either:

(a) Refer to Handbook Section 63-1101 for Reciprocal Table for computing first month benefits, or

(b) Use the following formula:

$$\text{full month's benefits} \times \frac{(\text{number of days in month} + 1 - \text{date of application})}{\text{number of days in month}} = \text{allotment}$$

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| 63-503 | DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS | 63-503 |
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- (2) For monthly reporting households, the group living arrangement, if possible, shall provide the household with a CA 7, and instruction on completing it. However, the household is responsible for reporting the changes in household circumstances to the CWD.
 - (c) If a resident or a group of residents apply on their own behalf and if they retain use of their own coupons, these individuals are entitled to keep the coupons when they leave. If a group of residents have applied as one household, a pro rata share of the remaining coupons shall be provided to any departing member.
 - (1) For nonmonthly reporting households, the group living arrangement shall, if possible, provide the household with a DFA 377.5 to report to the CWD the individual's new address and other changes in circumstances after leaving the group living arrangement and shall advise the household to return the form to the CWD within 10 days.
 - (2) For monthly reporting households, the group living arrangement, if possible, shall provide the household with a CA 7, and instruction on completing it. However, the household is responsible for reporting the changes in household circumstances to the CWD.
 - (d) The group living arrangement shall return to the CWD any coupons it was unable to return to departing residents.
- .486 The provisions of Section 63-503.476 shall also apply to all group living arrangements.

.49 Households with Sponsored Noncitizens

The income and resources of a sponsor and the sponsor's spouse (if he or she has executed an INS Form I-864 or I-864A), shall be deemed to be the unearned income and resources of an eligible sponsored noncitizen and shall be considered in determining the eligibility and/or benefit level of the household of which the sponsored noncitizen is a member.

- .491 The sponsored noncitizen is subject to the sponsorship provisions until the sponsored noncitizen:
- (a) achieves United States citizenship through naturalization; or
 - (b) has 40 qualifying quarters as specified in Section 63-405.4; or
 - (c) leaves the United States permanently; or

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- (d) dies.
 - (1) The sponsor's support obligation also terminates when the sponsor dies.

- .492 The following noncitizens are exempt from provisions for sponsored **noncitizens**:
 - (a) A noncitizen who is participating in the Food Stamp Program as a member of his/her sponsor's household or a noncitizen whose sponsor is participating separate and apart from the noncitizen;
 - (b) A noncitizen who is sponsored by an organization or group as opposed to an individual;
 - (c) A noncitizen who is not required to have a sponsor under the Immigration and Nationality Act, such as, but not limited to, a refugee, a parolee, one granted asylum, and/or a Cuban or Haitian entrant.
 - (d) An indigent noncitizen as determined by the CWD.
 - (1) If a determination is made by an agency that an indigent sponsored noncitizen would go hungry and homeless without benefits, an exception to the deeming rules would be permitted.
 - (i) In these cases, the amount of income and resources of the sponsor or the sponsor's spouse that is attributed to the sponsored noncitizen shall not exceed the amount actually provided.
 - (ii) This exception applies for a period beginning on the date of such determination and ending 12 months from that date.
 - (e) A battered noncitizen as specified in Section 63-405.5.
 - (1) The battered noncitizen is exempt from sponsorship requirements for 12 months after the CWD has determined there is a substantial connection between the abuse/battery and the need for benefits as specified in Section 63-405.55 and the battered individual does not live with the batterer.
 - (2) After 12 months, the batterer's income and resources will not be deemed if the battery is recognized by a court or the INS and has a substantial connection to the need for benefits and the noncitizen does not live with the batterer.

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| 63-503 | DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS | 63-503 |
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.494 Awaiting Verification

- (a) While the CWD is awaiting receipt and/or verification from the noncitizen of information necessary to carry out the provisions of Section 63-503.49, the sponsored noncitizen shall be ineligible to participate until all necessary facts are obtained. In determining the eligibility and/or benefit level of the remaining household members, the income and resources of the ineligible noncitizen (excluding the attributed income and resources of the noncitizen's sponsor and sponsor's spouse) shall be handled in accordance with Section 63-503.44.
- (b) If the sponsored alien refuses to cooperate in providing and/or verifying needed information, other adult members of the alien's household shall be responsible for providing and/or verifying information required in accordance with Section 63-505.1. If the information or verification is subsequently received, the CWD shall act on the information as a reported change in household membership in accordance with the timeliness standards in Sections 63-504.3 and .4. If the same sponsor is responsible for the entire household, the entire household is ineligible until such time as needed sponsor information is provided and/or verified.

.5 Failure to Comply with Another Assistance Program's Requirements

- .51 The CWD shall not increase food stamp benefits when the household's benefits from another federal, state or local welfare or public assistance program have been reduced due to failure to comply with a requirement of that program. The provision does not apply when a food stamp household member who fails to comply is subject to a food stamp work sanction imposed pursuant to Section 63-407.541. The following conditions apply:
 - .511 The welfare or public assistance program must be: "Means-tested", as defined in Section 63-502.171; governed by welfare or public assistance laws or regulations; and distribute public funds.
 - .512 Food stamp benefits shall be adjusted when eligible members are added to the food stamp household regardless of whether the household is prohibited from receiving benefits for the additional member under another federal, state or local welfare or public assistance means-tested program.
 - .513 Changes in household circumstances which are not related to failure to comply with another federal, state or local welfare or public assistance means-tested program shall not be affected by this provision.

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| 63-503 | DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS | 63-503 |
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.514 The CWD shall calculate food stamp benefits using the benefit amount that would have been issued if no penalty had been imposed.

.52 The CWD shall identify that portion of the reduction in the other welfare or public assistance program's benefits due to failure to comply with a requirement of that program.

.521 The CWD shall calculate food stamp benefits using the benefit amount that would have been issued if no reduction due to failure to comply had been imposed.

.6 Homeless Food Stamp Households

Homeless food stamp households shall be permitted to use their food stamp benefits to purchase prepared meals from meal providers for the homeless which have been authorized by the Food and Nutrition Service (FNS) to accept food stamp coupons.

.7 Certified Monthly Reporting Households Applying for Aid in a New County

.71 The applications of households which were certified for Food Stamp Program participation in one county or state and which move to another county or this state and apply for benefits without at least a one-month break in certification, shall be treated as initial applications, except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711. Households which have requested and are entitled to expedited service shall have their benefits available in accordance with Section 63-301.531(b).

.711 Households which were subject to retrospective budgeting in the previous county or state shall continue to be retrospectively budgeted, unless the household is now excluded, as specified in Section 63-505.21.

.712 The CWD shall assist all households, as specified in Sections 63-103.21(i)(8) and 63-300.55, in obtaining any missing verification which the household had provided to the county or state in which the household was previously certified.

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| 63-504 | HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY | 63-504 |
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- (a) Households shall be certified for one or two months, as appropriate, when the household cannot reasonably predict what its circumstances will be in the near future, or when there is a substantial likelihood of frequent and significant changes in income or household status.

- .132 Certification periods for households consisting of all adult members who are elderly or disabled persons may be certified for up to 24 months, provided household circumstances are expected to remain stable. The CWD shall have at least one contact with these households every 12 months. The contact may be in the form of a telephone interview, an in-office interview or some form of a written report.
 - (a) If children are part of a household in which all other adult members are elderly or disabled, the household may be certified for up to 24 months.

- .14 Certification Periods for Households Residing on a Reservation
 - .141 Monthly reporting households residing on a reservation shall be certified for 24 months.

 - .142 When households move off the reservation, the CWD must either continue their certification periods until they would normally expire or shorten the certification period in accordance with Section 63-504.15.

- .15 Shortening the Length of the Certification Period
 - .151 The CWD shall not shorten a household's certification period. The CWD must end a certification if the CWD determines the household becomes ineligible.

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Example: A household's certification will end by May 31st. However, in March of the same year, the CWD receives information that renders the household ineligible. The CWD cannot send a Notice of Expired Certification to shorten the certification period as a means of discontinuing the household from benefits. The certification period can be ended only if the CWD determines the household is ineligible and an adverse Notice of Action is sent to the household.

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| 63-504 | HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY | 63-504 |
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.16 Lengthening the Certification Period

.161 CWDs may lengthen a household's certification period once it is established, as long as the total months of the certification period do not exceed 24 months for households in which all adult members are elderly or disabled, or 12 months for other households.

.162 If the CWD extends a household's certification period, it must advise the household in accordance with adequate notice provisions as specified in Section 63-504.2.

.2 Notices of Action

.21 General Requirements

.211 All notices of action shall contain the information necessary to be considered adequate. Requirements for specific notices are contained in Sections 63-504.221, 63-504.253 and 63-504.271. To be considered adequate, a notice of action shall:

- (a) Explain in easily understandable language:
 - (1) The proposed action;
 - (2) The reason for the proposed action;
 - (3) The household's right to request a state hearing;
 - (4) The availability of continued benefits and the potential liability of the household for any overissuance received while awaiting a state hearing, if the hearing decision is adverse to the household.
- (b) Contain the telephone number to call for additional information. For households living outside the local calling area, a toll-free number or a number where collect calls will be accepted shall be provided.
- (c) Advise the household of the availability of free legal representation if there is an individual or organization available that provides these services.