

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



November 3, 2006

ALL COUNTY LETTER NO. 06-51

TO: ALL COUNTY WELFARE DIRECTORS  
 ALL CalWORKs PROGRAM SPECIALISTS  
 ALL FOOD STAMP COORDINATORS  
 ALL COUNTY REFUGEE COORDINATORS  
 ALL COUNTY CONSORTIUM PROJECT MANAGERS

REASON FOR THIS TRANSMITTAL

- State Law Change  
 Federal Law or Regulation Change  
 Court Order  
 Clarification Requested by One or More Counties  
 Initiated by CDSS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs): RETROACTIVE COST OF LIVING ADJUSTMENT (COLA) INCREASE TO THE MINIMUM BASIC STANDARD OF ADEQUATE CARE (MBSAC) LEVELS

REFERENCE: WELFARE & INSTITUTIONS (W&I) CODE SECTIONS 11450, 11452, and 11453

MBSAC INCREASE

The purpose of this letter is to inform counties of an increase to the CalWORKs MBSAC levels effective July 1, 2006, and to issue instructions for the implementation of retroactive MBSAC levels. W&I Code Section 11453 provides that the CalWORKs MBSAC levels shall be adjusted annually to reflect any increases or decreases in the cost of living. This year's COLA increases the MBSAC and Income In-Kind (IIC) levels by 3.75 percent. Due to the two-year COLA suspension of Maximum Aid Payment (MAP) levels, (pursuant to SB 68, Chapter 78, Statutes of 2005), the current MAP levels will remain in effect through June of 2007. Because the MAP COLA had been suspended, the Department inadvertently overlooked updating the MBSAC based on COLA increases. We apologize for the delay and additional workload that this may cause.

The new CalWORKs MBSAC Payment Standards Chart for Region 1 and 2 is included as Attachment 1, and is provided to assist in implementing these changes. New Income In Kind (IIC) levels are included in this chart as these amounts also increased as a result of the COLA. IIC changes shall be implemented prospectively. Please note that the columns containing the figures for 80 percent of MAP are not included in the chart. These figures are no longer necessary due to the changes in Homeless Assistance regulations that went into effect on July 12, 2006.

## RETROACTIVE ELIGIBILITY FOR DENIED APPLICATIONS

The new MBSAC levels are to be used in determining applicant financial eligibility for those families that applied for CalWORKs on or after July 1, 2006. Counties are instructed to review only those applications that were previously denied solely due to failing the applicant financial eligibility income test from July 1, 2006, through the point in time when the new MBSAC standards are prospectively implemented in the county. Counties must make any necessary retroactive and all prospective changes effective as soon as administratively possible to implement the increase in the MBSAC levels and retroactively approve those applications, if appropriate.

## RETROACTIVE ELIGIBILITY AND QUARTERLY REPORTING (QR)

If the initial application is re-evaluated and still denied due to excess income, the county has no further action to take. However, to establish eligibility for any QR Payment Quarter following the approval of the original/initial application, the applicant will be required to provide the necessary information and documentation for each individual QR Payment Quarter. Under QR, eligibility and cash aid for the QR Payment Quarter are based on the QR 7 information and on mid-quarter reports and mid-quarter county initiated actions. For scenarios and examples on how to determine retroactive eligibility in the QR system, see Attachment 2.

## MBSAC RETROACTIVE PAYMENTS

As specified in Manual of Policies and Procedures (MPP) Section 44-340.13, the county shall take all reasonable steps necessary to promptly correct any underpayment that comes to the county's attention. The amount of the retroactive corrective underpayment is equivalent to the amount of CalWORKs cash aid to which the applicant would have been entitled had the increased MBSAC levels been applied beginning July 1, 2006.

In accordance with MPP Section 44-340.6, CalWORKs corrective underpayments are not considered income or property in the month received or the following month for purposes of determining continued eligibility and cash aid payments. (See next page for Food Stamp (FS) treatment of these payments.)

When a recipient receives a corrective underpayment, the payment shall be counted against both recipient's TANF and CalWORKs 60-month time limit for each month the retroactive payment was intended to cover. For example, if a recipient receives retroactive payments for July, August and September, but they are paid in November, the recipient's TANF and CalWORKs 60-month time limit will count for July, August and September.

## OVERPAYMENT RECOVERY

Retroactive corrective underpayments made to the CalWORKs recipients as head of their own Assistance Unit, are to be offset against existing cash aid overpayments, as required by MPP Section 44-351.3. However, counties must not use these payments

to offset supportive service overpayments. MPP Section 42-751.4 (e) for transportation and ancillary overpayments and Section 47-440.12 for child care overpayments permit a recipient to voluntarily have supportive service overpayments repaid through grant adjustment.

FOOD STAMPS (FS)

In accordance with MPP Section 63-501.111, FS does count retroactive lump sum payments from the CalWORKs program as a resource in the month received. As a reminder, in both CalWORKs and FS, property and resources are determined only once per quarter based on the QR 7 information.

REFUGEE CASH ASSISTANCE (RCA)

These implementation instructions for the MBSAC COLA shall also apply to RCA applicants and recipients.

FISCAL CLAIMING INSTRUCTIONS

Any approved underpayments are to be reported on the appropriate assistance claim form as a prior month supplemental payroll.

CONTACTS

If you have any questions or need additional information regarding this ACL please contact your CalWORKs county consultant at (916) 654-1322.

Sincerely,



CHARR LEE METSKER  
Deputy Director  
Welfare to Work Division

cc: CWDA  
CSAC

Attachments

**CAIWORks PAYMENT STANDARDS**  
**Effective July 1, 2006 to June 30, 2007**

Attachment 1

**Region 1**

Assistance Unit Size	Maximum Aid <sup>1/</sup> Payment Exempt	Maximum Aid <sup>1/</sup> Payment Non-Exempt	MBSAC <sup>2/</sup>	Housing	Utilities	Food	Clothing	
1	398	359	487	219	46	121	37	
2	653	584	798	294	52	258	72	
3	808	723	989	321	55	330	107	
4	961	862	1,175	337	58	409	143	
5	1,094	980	1,341	337	58	495	179	
6	1,229	1,101	1,507	337	58	573	214	
7	1,350	1,210	1,656	337	58	638	253	
8	1,473	1,318	1,804	337	58	698	282	
9	1,591	1,424	1,956	337	58	768	324	
10	1,709	1,530	2,123	337	58	829	356	
More than 10	1,709	1,530	Add \$18 for each extra person					

**Region 2**

Assistance Unit Size	Maximum Aid <sup>1/</sup> Payment Exempt	Maximum Aid <sup>1/</sup> Payment Non-Exempt	MBSAC <sup>2/</sup>	Housing	Utilities	Food	Clothing	
1	378	340	462	210	46	121	37	
2	623	555	759	279	52	258	72	
3	771	689	940	306	55	330	107	
4	916	821	1,118	321	58	409	143	
5	1,045	934	1,275	321	58	495	179	
6	1,172	1,049	1,434	321	58	573	214	
7	1,288	1,150	1,573	321	58	638	253	
8	1,403	1,255	1,716	321	58	698	282	
9	1,518	1,356	1,855	321	58	768	324	
10	1,629	1,456	2,019	321	58	829	356	
More than 10	1,629	1,456	Add \$18 for each extra person					

<sup>1/</sup> Due to the two-year suspension of the Cost of Living Adjustment (COLA) (pursuant to Chapter 78, Statutes of 2005 (SB 68)), these MAP levels will remain in effect through June 2007.

<sup>2/</sup> The MBSAC is not subject to the COLA suspension, and is updated for FY 2006-07.

**MBSAC Retroactive Eligibility and Quarterly Reporting (QR)**

The county is to use the QR 7 and mid-quarter information known or reported to the county as the method to document and approve cash aid for each subsequent QR Payment Quarter. It is the applicant's responsibility to provide the county with the relevant and necessary information needed to determine eligibility for all subsequent QR Payment Quarters to which the applicant believes they would be eligible. The applicant will have 45 days in which to provide the appropriate documentation to the county for the establishment of eligibility for the subsequent QR Payment Quarters.

Scenario 1:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels, and there was no subsequent CalWORKs approval but their Food Stamp (FS) application was approved, the county will take the following steps:

- Review the original applications from July 2006 forward, that were denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) of the established FS program QR Payment Quarter;
- Follow current application processing regulations, including applying all appropriate income disregards and eligibility factors;
- Approve the application, if appropriate, and align the CalWORKs QR Payment Quarter with the established FS QR Payment Quarter.

Example:

A family of three applies for CalWORKs in July 2006. The applicants were denied cash aid due to the fact that their income exceeded CalWORKs MBSAC levels. However, FS benefits were approved. The family did not reapply for CalWORKs. In November 2006, the county reviews their original application for July 2006 and determines that the family's income did not exceed the increased MBSAC levels. After approving the originally denied CalWORKs application, the county will align the cash aid QR Payment Quarter with the already approved FS QR Payment Quarter and issue the correct cash aid amount for the months this family is found retroactively eligible.

Scenario 2:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels, but their FS application was approved, and the applicant applied for and was approved for CalWORKs in a subsequent month during the FS QR Payment Quarter, the county will take the following steps:

- Review the original applications for July 2006 forward that were denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) previously denied;
- Approve the application, if appropriate;
- Treat those CalWORKs month(s) that were previously denied as separate from the month(s) in the QR Payment Quarter that was established when aid was reapplied for and approved. The cash aid amount for the newly approved month(s) (i.e., the month(s) in which aid was previously denied) is to be determined based on the original application and will not include the income used in calculating the cash aid for the month(s) already used in the prior established QR Payment Quarter.

Example:

A family of three applies for CalWORKs in July 2006. The applicants were denied cash aid due to the fact that their income exceeded CalWORKs MBSAC levels. However, FS benefits were approved. In August 2006, the family reapplies for cash aid and is approved. In November 2006, the county reviews their original application for July 2006 and determines that the family's income did not exceed the increased July 2006 MBSAC levels. The county uses the CalWORKs application information to calculate the cash aid payment for July 2006, and issues a retroactive supplemental payment for that month.

Scenario 3:

When it is determined that an applicant was denied CalWORKs cash aid due to their income exceeding the previous lower MBSAC levels and no application was made for FS, the county will take the following steps:

- Review the original application for July 2006 forward, that was denied due to excess income exceeding the previous lower MBSAC levels;
- Reconstruct the cash aid for the month(s) of the retroactive eligibility and establish the QR Payment Quarter that corresponds with the date of the original CalWORKs application;
- Approve the application, if appropriate, using current application processing regulations including applying all appropriate income disregards and eligibility factors;
- The county must obtain and evaluate any information provided by the recipient to establish eligibility for any subsequent QR Payment Quarters.

Example:

A family of three applies for CalWORKs in July 2006. The applicant was denied aid due to the fact that their income exceeded the CalWORKs MBSAC levels. The family never reapplied for cash aid nor received FS benefits. In November 2006, the county reviews the previously denied application and determines that the family's income did not exceed the increased July 2006

MBSAC levels. The county reviews income and eligibility factors provided on the application made in July 2006 and any relevant mid-quarter information and calculates what the aid payments should have been for July and any remaining months of the QR Payment Quarter. The QR Payment Quarter assigned to the Assistance Unit (AU) is based on the month of July. The county determines that income eligibility existed based on the application. The county approves the previously denied application and issues retroactive cash aid to the family for the month of July and for any remaining months of the QR Payment Quarter. The AU must submit any necessary QR 7s and any information that would have to be mandatorily reported mid-quarter for any additional QR Payment Quarters to ensure continued eligibility.