

## GENERAL RELIEF PROGRAM INCOME EXEMPTION ASSESSMENT

### Purpose

The purpose of this assessment is to evaluate the current General Relief (GR) Exempt Income Policy and assess the impact of expanding income exemptions for the GR participants who obtain earned or unearned income through Skills and Training to Achieve Readiness for Tomorrow (START) Program. The assessment will focus on the data related to START participant activities and employment that produce income and how changing the policy will allow them to continue receiving GR benefits for three months after reporting the income.

### Background

In Los Angeles (LA) County, individuals who are approved for/receive benefits are also assessed for income. Per GR Income Policy 44-101, all applicants/participants are required to meet the income limit to be eligible for GR benefits. The income limit for GR applicants is \$221 and \$621 for participants. Multiple income categories impact a participant's GR eligibility including but not limited to earned, exempt, and unearned income. This assessment will focus on the exempt income category.

- **Earned Income** is money or an in-kind payment from employment except for Earned Income Tax Credits (EITC).
- **Exempt Income** is excluded or not considered countable income for the household's GR eligibility.
- **Unearned Income** is income that is not disability-based or earned through employment.

The Income Exemption Policy has not changed much over the years. In July 2021, upon the approval of an LA County Board of Supervisors (BOS) motion, the Guaranteed Income (GI) Pilot was established to provide \$1,000 monthly payments to 150 Transitional Age Youth (TAY) in START for 36 months. Through the motion, the GR Program policy was changed to allow the income, resources, time limits for GR, and other requirements to be waived for GI Pilot participants.

In March 2022, the LA County BOS approved a motion to amend Title 2 - Administration of the LA County Code by adding section 2.102.290 (General Relief - GI Pilot Programs) allowing the exclusion of GI payments from the eligibility determination for participants living in LA County and participating in an LA County or City GI program. In LA County, the GI Pilot is administered through the TAYportunity program. On October 18, 2022, the GR Program released the TAYportunity Guaranteed Income Policy (44-102.15).

Exempting the GI payments allowed 378 TAY to continue receiving GR while receiving the GI payment (\$1,000 monthly) for three years. This increased the GI participant's efforts for self-sufficiency during the three years. As a result of the positive impact of this change, an assessment of the potential impact of a similar change including income received from any activities assigned through the START Program was completed. This would consist of income from participants who obtain employment through the START Program being exempted for three months. If this policy change is approved and implemented the GR participant would not automatically terminate from GR after reporting the earned income but would have a transition period where they will receive their GR payment and earned income. START participants who receive a one-time payment or stipend, defined as unearned income, for completing or participating in a START activity would also benefit from the proposed change of income exemption.

### **Program Authority Review**

Although the Welfare & Institutions Code (WIC) does not clearly state the types of income that may be exempted from the GR eligibility determination, the County Code of Ordinance provides clear guidance for what income can be exempted.

### **County Code of Ordinance**

<b>Section 2.102.50A</b>
At the time of application for general relief and at other times as deemed necessary by the Department, but not less than once annually, each applicant or recipient shall sign a written declaration under penalty of perjury stating such person's social security account number or numbers; the nature, source, and amount of all income, whether cash, in-kind benefits or other resources, which such person receives or is to receive; the nature, location, and value of all real and personal property in which such person has any interest; the names, addresses, and incomes of all responsible relatives of such person as defined in Section 2.102.130 of this chapter: and such other information as the Department may require to determine eligibility or continued eligibility. Any person who fails or refuses to sign any declaration as required under this chapter, and who is otherwise eligible for general relief shall not receive or be eligible for general relief until such person signs such declaration.
<b>Section 2.102.100</b>
<p>A. Except as otherwise provided in this section, any income of a general relief applicant or recipient, whether cash, in-kind benefits; or any other resources, shall be deducted from the monthly general relief basic budget for such person, and if such income equals or exceeds such basic budget, then such person shall be ineligible for general relief. No person shall be eligible for general relief who fails or refuses to apply for and take advantage of all potential income, including, but not limited to, social security benefits, veterans' benefits, pensions, workers' compensation, and unemployment insurance benefits.</p> <p>B. (1) If an applicant has received any lump-sum amount, including, but not limited to, litigation awards, insurance settlements, and social security benefits, such person shall be ineligible for general relief if the lump-sum amount on the day of</p>

the application, combined with the value of the individual's other resources, exceeds the applicable general relief resource limit.

(2) If a recipient receives any lump-sum amount, including but not limited to, litigation awards, insurance settlements, and social security benefits, such person shall be ineligible for general relief if the lump-sum amount, as reported by the recipient in the applicable report month, combined with the value of the recipient's other resources, exceeds the applicable general relief resource limit.

- C. If an applicant receives earnings from part-time employment, the following deductions, whenever appropriate, shall be made from such earnings in computing such person's income: federal and state income taxes, social security, mandatory retirement contributions, mandatory union dues, transportation costs if required by employment, cost of maintenance of trade tools if required by employment, and other necessary deductions approved by the department. As used in this subsection, the term "part-time employment" means employment for less than 100 hours per month.
- D. In-kind transportation provided to an applicant or recipient for attending family emergencies involving critical illness or death shall be exempt from consideration as income.
- E. The portion of an educational grant, scholarship, or other education stipend provided to an applicant or recipient which is used solely for tuition, books or educational fees shall be exempt from consideration as income, provided that the educational program is funded by the State Department of Rehabilitation, the Federal Comprehensive Employment and Training Act, or other programs approved by the director.
- F. The portion of any loan which is used solely to meet the food, housing, or personal-care needs of an applicant and which is received by such applicant during the 30-day period immediately preceding the date of application for general relief, or during the period when the application is pending, shall be exempt from consideration as income to such applicant, provided that such portion of such loan shall be exempt only up to the general relief basic budget amount for the particular need item for which it is used.
- G. Mortgage loans and rent subsidies, up to a reasonable amount to be determined by the director, which are received by an applicant or recipient from any governmental or nonprofit agency shall be exempt from consideration as income.
- H. The director may exempt from consideration as income any funds or in-kind benefits provided to, or on behalf of, an applicant or recipient or any member of such person's family residing with such person, from any utility assistance program approved by the director.
- I. The director shall exempt from consideration as income the monthly gross earned income of a recipient as follows:
  - 1. 100 percent of the first \$200.00;

2. 80 percent of the amount between \$201.00 and \$300.00;
3. 60 percent of the amount between \$301.00 and \$400.00;
4. 40 percent of the amount between \$401.00 and \$500.00;
5. 20 percent of the amount between \$501.00 and \$600.00.

The term "earned income" means wages, earnings; or income, received by the recipient as payment for the recipient's labor.

- J. The director may exempt from consideration as income any funds or in-kind benefits provided to a recipient or any member of such person's family residing with such person, for participation in an educational or employment-related program which has been approved by the board of supervisors.
- K. Earned income tax credits received by an applicant or recipient shall be exempt from consideration as income.

#### **Section 2.102.290**

- A. Guaranteed income payments are excluded for the purpose of determining general relief eligibility and are not to be considered income or resources as set forth in Chapter 2.102 when an individual legally resides in the County of Los Angeles and while participating in a County of Los Angeles guaranteed income pilot program, or a city guaranteed income pilot program within the county, except as prohibited by State or federal law, and upon written verification of participation in such pilot program as approved by the department.
- B. All general relief eligibility requirements as set forth in Chapter 2.102 are temporarily suspended for transitional-aged youth ages 18 to 24 who legally reside in the County of Los Angeles and while participating in the County's TAYportunity guaranteed income pilot program, except for transitional-aged youth who are incarcerated, receiving Social Security Income, or participating in Cash Assistance Programs for Aged, Blind, and Disabled Legal Immigrants (CAPI) (Chapter 10.3 (commencing with section 18937) of Part 6 of Division 9 of the Welfare and Institutions Code), and as prohibited by State or federal law.

### **Litigation**

There are no specific legal cases to support or oppose the expansion of the income exemptions.

### **Eligibility Impact on CalFresh and Medi-Cal Benefits**

Adding new income exemptions for GR/START participants who secure income (earned or unearned) through approved START activities will impact their eligibility for programs like Medi-Cal and CalFresh. According to the GR Report and GROW CalFresh Caseload Report, 90% of our START population have a CalFresh case, and 65% have a Medi-Cal case. Both programs require the participants to report income changes.

Exempting income for the GR program will potentially negatively impact the CalFresh and Medi-Cal benefits for the GR/START participants. This impact must be considered in the decision to move forward with the change in income exemption policy.

### **GR and START Caseload Impact**

The proposed change to expand the income exemptions to income received from START activities would increase the number of GR and START cases maintained by staff because those cases would remain active for an additional three months. The table below provides the number of START participants whose GR cases were discontinued for excess earned or unearned income between January and July 2024. If the proposed change is implemented, the previously discontinued cases will remain open and in the active caseloads.

<b>Month/Year</b>	<b>GR/START Cases Discontinued for Excess Earned or Unearned Income</b>
Jan. 2024	58
Feb. 2024	56
March 2024	84
April 2024	81
May 2024	84
June 2024	53
July 2024	54

\*Data Source: DSR22-027, GR Term Suspension Demographics

START participants must report any new employment and are encouraged to report the income to their GR workers to comply with the eligibility requirements. The START Case Managers (SCM) update the job in CalSAWS as a START activity and remind the participant to report the income received to their GR Eligibility Worker (EW). The data below reflects the number of START Participants who obtained employment while participating in the START Program. However, CalSAWS does not have the functionality to identify if participants found employment through a START activity. The data below is based on the participant's self-reporting of a new job to the SCM. Still, the number of participants who were discontinued for excess income is less than 10 percent of the number who reported new employment which is evidence that a new job does not equal discontinued cases if the income is not reported.

Month/Year	New Job Placements
Jan. 2024	990
Feb. 2024	870
March 2024	836
April 2024	1026
May 2024	978
June 2024	818
July 2024	970

\*Data Source: DSR2020-229, GROW Job Placement Data Match Report

The proposed change will also impact the TAY participating in the Transitional Subsidized Employment (TSE) Program. The data below reflects the number of TAYs participating in the START Transition-Age Youth Employment Program (STEP) and GROW Youth Employment Program (GYEP) Programs. The income received by the TAYs in TSE is countable income that impacts their GR eligibility discouraging them from reporting the income and completing the program after placement. The data indicates participants assigned to the TSE program but does not indicate the reporting of income which would have caused the case to discontinue for excess income.

Month/Year	Participating STEP	Participating GYEP
Jan. 2024	19	19
Feb. 2024	23	15
March 2024	10	17
April 2024	16	15
May 2024	8	3
June 2024	16	0
July 2024	22	19

\*Data source: DSR2020-214 and DSR2021-173, GROW Participation Data Match Reports

The proposed change would also impact START participants who receive a one-time stipend for participating in START activities. For example, as of August 2024, 53 TAY participants were referred to the RightWay Pilot and completed their Operation Emancipation workshops, and received a \$400 stipend for completing the workshops.

This stipend is counted as unearned income and would have caused a negative action on the GR case had it been reported to the GR EW. In the past, START Program offered a \$600 one-time stipend to participants who obtained their General Educational Development. The proposed change would prevent the GR discontinuation for one-time stipend issuances if they were received through participation in a START activity.

## **CalSAWS**

Proposing to change the exemption of income received through a START activity, will require a CalSAWS Enhancement Request (CER) to add logic in CalSAWS to create a mandatory field that asks, “Was this employment obtained through a START activity?” on the **Working Activity** page and a Data Service Request to obtain an accurate report.

The CalSAWS system will need to be programmed to exempt the START-related income from GR cases while counting it for active CalFresh and Medi-Cal cases for the same participants. A CER will be needed in addition to a manual process pending the acceptance, prioritization, and implementation of the related System Change Request (SCR).

## **Data Analysis**

Based on the above data, it is determined that changing the policy to exempt income received from START activities would only impact cases if the income is reported and documented as obtained from a START activity. A secondary observation was that exempting income for GR/START would impact the START participant’s eligibility for Medi-Cal and CalFresh since their income policies do not exempt this income.

If the proposed change is implemented, participants will be informed that although it would prevent an impact on their GR eligibility for three months, the rules would not change for their Medi-Cal and CalFresh cases of which 65% to 90% of cases would be impacted. Currently, more than 90% of participants who reported new employment to the SCM did not report the income received to their EW, which is the discrepancy between the number of START participants who reported new jobs and those terminated for excess income.

## **Conclusion**

After reviewing the income and exemption policies, it was determined the following if the policy is changed:

- The County Code of Ordinance would require revising to expand the income exemptions policy to include income received from START activities like the change for GI income.
- The proposed change may have an eligibility impact on the participants’ CalFresh and Medi-Cal cases.
- Participants may still not report their income even if it is exempt.
- Expanding the income exemptions will require collaborating with the internal partners to develop a manual process. This would have to be a temporary process due to the workload impact on GR and START staff.

- The EWs would be responsible for adding the income and tracking those cases for three months, to ensure the GR case does not discontinue before the three months. The manual process may cause case errors due to human error. This could impact the CalFresh error rate if the income is not calculated properly on CalFresh cases.
- The policy change may add to the Net County Cost for those cases with previously reported income that was received from START activities and was discontinued but is now eligible for an additional three months of benefits.
- Changing the policy will decrease the number of GR discontinuances for excess income, which would increase the GR and START caseloads.