

To : ALL BEP VENDORS

From : John L. Westbrook, BEP Program Manager

Date : January 13, 2006

Subject : **Annual 2006 Set-aside Exemption for MOR**

Pursuant to Welfare and Institution Code Section 19629 (b) the Business Enterprises Program (BEP) has determined the adjustment for the annual set-aside charge exemption for the 2006 calendar year.

“Section 19629 (b)

No set-aside funds shall be collected where the monthly proceeds are less than one thousand dollars (\$1,000). This amount shall be annually adjusted by the department to reflect changes in the cost of living. The average of the separate indices of cost of living for Los Angeles and San Francisco are published by the United States Bureau of Labor Statistics, shall be used as the basis for determining the change in the cost of living.”

The annual 2006 adjustment is based on the 2004-2005 fiscal year. The 2006 set-aside exemption will be \$1,508.00. This means during 2006 no fee will be assessed when the net income for your facility is below \$1,508.00 as reported on your Monthly Operating Reports (MORs) DR478. This exemption will begin on your January 2006 MOR, which is due on February 25, 2006.

Please notify your accountant or bookkeeper of this change. If you have any questions regarding this subject please call your BEC.