



CDSS

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October 15, 2014

ALL COUNTY LETTER (ACL) NO. 14-77

REASON FOR THIS TRANSMITTAL

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

To: ALL COUNTY WELFARE DIRECTORS
 ALL CALWORKS PROGRAM SPECIALISTS
 ALL CALFRESH PROGRAM SPECIALISTS
 ALL COUNTY DISTRICT ATTORNEYS
 ALL COUNTY CHILD CARE COORDINATORS
 ALL COUNTY REFUGEE COORDINATORS
 ALL COUNTY WELFARE TO WORK COORDINATORS
 ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
 ALL CONSORTIA MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) AND CALFRESH PROGRAMS: IMPLEMENTATION OF THE SEMI-ANNUAL REPORTING (SAR) SYSTEM QUESTIONS AND ANSWERS (Q&A)

REFERENCE: ASSEMBLY BILL (AB) 6 (CHAPTER 501, STATUTES OF 2011); WELFARE AND INSTITUTIONS CODE SECTION 11265.3(c)(1), ACL NOs. 12-25, 13-08, 13-17, AND 13-28; ALL COUNTY INFORMATION NOTICE (ACIN) NOs I-54-03 AND I-58-13.

The purpose of this letter is to provide responses to questions received by the California Department of Social Services (CDSS) regarding the CalWORKs and CalFresh Semi-Annual Reporting (SAR) rules implemented on October 1, 2013, as outlined in AB 6 and All County Letter No. 12-25.

Attached is a set of answers to questions relating to these program changes (Attachment A). Most of these questions clarify existing policy; however, question 18, regarding terminating or transferring Trafficking and Crime Victims Assistance Program (TCVAP) clients mid-period is a new policy. This additional county-initiated mid-period action will be added to the regulations in the near future.

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For CalWORKs-related SAR questions, please contact the CalWORKs Eligibility Bureau at (916) 654-1322. For questions regarding CalFresh SAR requirements, please contact your CalFresh county consultant or call the CalFresh Policy Bureau at (916) 651-8047.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

Attachments

ATTACHMENT A

Questions and Answers:

1. **If it is certain that a client will receive Unemployment Insurance Benefits (UIB) in the upcoming SAR Payment Period but the exact start date of the benefits is unknown, can the UIB income be reasonably anticipated?**

Answer: Per ACL No. 12-25, income shall only be considered reasonably anticipated if:

- (1) The Assistance Unit (AU)/household verifies that the income has been or will be approved or authorized within the upcoming SAR Payment Period, or is otherwise reasonably certain that the income will be received within the SAR Payment Period;
- (2) The anticipated amount of the income is known and verified, or the AU/household is otherwise reasonably certain of the amount of the income; and
- (3) The start date of the income is known and verified, or the AU/household is otherwise reasonably certain of the start date of the income.

While knowing an exact start date isn't always necessary, the client must be reasonably certain of the initial month of receipt and the amount that will be received in order for a monthly amount to be reasonably anticipated. For example, if a client knows that they will start receiving \$100 a week in UIB sometime in March, but they don't know when in March, then the March income cannot be reasonably anticipated and the UIB should not be counted until April, when the monthly total income is known. However, if an AU/household anticipates receipt of UIB benefits in the upcoming SAR Payment Period but does not know the start date of this income, then it cannot be considered reasonably anticipated and shall not be used in determining the benefits for the upcoming SAR Payment Period.

2. **When referencing the CalWORKs Income Reporting Threshold (IRT), ACL No. 12-25 discusses two tiers, but the SAR regulations include three tiers.**

(a) Which tiers are used for a CalWORKs-only case?

Answer: Page three of ACL No. 12-25 explains that there is a two-tiered CalWORKs IRT under SAR. The third tier refers to the new IRT for CalFresh (130% of the Federal Poverty Level [FPL]). Tier Two is the amount that will render an AU ineligible for CalWORKs, so Tier Three should never apply to a CalWORKs-only case.

(b) If all three tiers are used for a CalWORKs-only case, how is a CalFresh household size for Tier Three determined? Would the answer change if the AU size is two, but the client reports four people in the home that would be part of the CalFresh household based on mandatory inclusion?

Answer: Tier Three of the IRT should never need to be calculated for a CalWORKs-only case. There is no determination of the potential CalFresh household size in a CalWORKs-only case.

(c) For CalWORKs/CalFresh cases, if the CalWORKs case has an AU size of two with \$1,000 in income and a CalFresh household of six with \$1,800 income, would the Tier Three amount be different for each program?

Answer: Because Tier One and Tier Two apply to CalWORKs, and Tier Three is the CalFresh IRT, CalWORKs and CalFresh cases will always have different IRT amounts. In this mixed-case scenario, the CalWORKs case would be notified of its IRT and the CalFresh case would be notified of its IRT.

3. Does the responsibility for recipients to report income over the IRT arise when a client actually receives the income or when a client reasonably anticipates receiving that income?

Answer: For CalWORKs, per Welfare and Institutions Code section 11265.3(c)(1), recipients are required to report income over the IRT to the County Welfare Department (CWD) within 10 days of the occurrence of the income exceeding the IRT. If the income is expected to continue, eligibility and benefit amounts must be redetermined effective the first of the month following the receipt of the income over IRT. Because benefits may not be decreased or discontinued without 10-day notice, depending on the timing of the report of income over IRT, benefits may not be able to be decreased or discontinued until the following month, resulting in an overpayment. As long as the income was reported timely, within 10 days of receipt, the overpayment will not be considered a client-caused error.

For CalFresh, recipients must report income over their IRT within 10 days of when the change is known to the household. Question 46 in ACIN No. I-58-13 clarifies that the date the change is 'known to the household' is either the date the household becomes aware of new employment or an increase in pay, the start date of employment or when the household first receives the income exceeding the IRT.

4. If the CWD fails or cannot prove at hearing that it provided the claimant with notification of the IRT, it has not met its burden of proof of having met this requirement. Does this mean that there are no overpayments or overissuances, or are there overpayments/overissuances, but they are considered to be administratively caused?

Answer: An overpayment is any aid paid to which the client was not eligible. The CWD failing to notify the client of their IRT does not change the fact that when a client's income is over their IRT amount, their aid payments must be

recalculated. Any overpayment resulting from a client failing to report income over their IRT when they were not notified of their IRT amount will result in an administratively caused overpayment for CalWORKs and/or an administratively caused overissuance for CalFresh.

- 5. If a client fails to report countable income, would the IRT for SAR or Annual Reporting/Child Only (AR/CO) purposes be recomputed retroactively? For example, consider a client who reported no income on several QR 7s. When the client's IRT was computed for AR/CO implementation, tier one was calculated using \$0 plus \$875. It was discovered that the client had earned income that should have been reported on her last three QR 7s and used in her CalWORKs budget.**

Answer: Overpayments/overissuances based on unreported income are calculated by recreating the case circumstances as if all mandatory reports had been made timely and accurately. That includes recalculating the correct IRT based on accurate and complete reports of income. For example, if a client had \$400 monthly income that they failed to report on their last mandatory periodic report, when recreating case circumstances to calculate the overpayment, the CWD would recalculate the IRT based on the \$400 unreported income in order to determine what income was mandated to be reported mid-period. Because the CalFresh IRT is based on household size, this step would not be necessary to correctly determine any CalFresh overissuance.

- 6. When does a mid-period change in deprivation take effect? According to ACL No. 12-25, the CalWORKs deprivation requirements remain unchanged under SAR and a CalWORKs AU must demonstrate continued eligibility under the deprivation requirement only once every six months based upon information reported on the SAR 7 or Redetermination/Recertification (RD/RC) forms. Deprivation for an AU may change mid-period, but the CWD cannot take any negative action based on changes in deprivation until it processes the AU's SAR 7 or RD/RC form for the next SAR Payment Period. If, however, a mid-period report indicates that the basis for deprivation change qualifies the AU for an exempt Maximum Aid Payment (MAP), the change from non-exempt to exempt MAP shall occur on the first of the month following the report.**

Example 2 on page 22 of ACL No. 12-25, states: "AU of two consisting of timed-out mother and two kids is aided based on absent parent deprivation. The mother makes a voluntary mid-period report in October that she has been approved for SSI. The CWD shall change the basis of deprivation for this AU to disabled parent and start giving them the exempt MAP amount effective September 1."

Based on the above paragraph shouldn't the change take place effective November 1, if the report was made in October? The example seems to contradict the statement.

Answer: The example cited above is in error. The change would take place November 1, the first of the month following the report.

- 7. The example on page 23 of ACL No. 12-25 states the father "was initially determined eligible" and later states "deprivation was not established prior to the authorization of aid." It seems unclear if this was intended to indicate he was actually "approved" initially or when it states "initially determined eligible," does that mean that based on the information available, the new person is going to be eligible even if the CWD has not actually taken the steps to approve them? Also, the example refers to an interview being completed. Is an interview necessary?**

Answer: In this example, "initially determined eligible" means that the information that was supplied on the SAR 7 and other information available to the CWD indicated that the father was eligible, but that the application process for this new household member had not yet been completed and he had not yet been added to the case. Regulations require a face-to-face interview with both parents applying for aid prior to granting CalWORKs, so the father would need to complete an interview prior to being added to the existing case.

- 8. According to ACL No. 12-25, for linked CalWORKs/CalFresh cases, the CWD must ensure that the CalFresh and CalWORKs cycles are aligned. In an AU/household that contains one CalFresh household and two separate CalWORKs AUs, the reporting cycles for each CalWORKs case must be aligned with the CalFresh reporting cycle. Furthermore, if a household applies for CalWORKs and is already receiving CalFresh, or vice versa, the reporting cycle for CalWORKs must be aligned with the CalFresh reporting cycle.**

Based on the above, under SAR, is the policy that the CalFresh case will always determine what cycle the joint case is assigned to?

Answer: ACL No. 12-25, page 89 states, "For linked cases, the CWD must ensure that the CalFresh and CalWORKs cycles are aligned." ACL No. 13-08 (page 2), ACL No. 13-17 (page 2) and ACIN No. 1-58-13 (page 11) provide further direction as stated in a waiver approved by the Food and Nutrition Service (FNS) which allows CWDs to shorten the certification periods in CalFresh to align with other programs. CDSS recommends establishing a shorter CalWORKs SAR period; however, the CWD may decide to establish a shorter CalFresh certification period as necessary. In the event the CWD shortens the CalFresh certification period, the household must receive a notice of the new certification period and the new benefit amount, if applicable. The CWD will need to evaluate

the circumstances of the case and the timing of the subsequent application in order to determine what aligns cycles most efficiently.

9. How is In-Home Supportive Services (IHSS) income treated, specifically when IHSS providers intentionally hold their time cards for two pay periods to receive one lump-sum check? This was a problem in Quarterly Reporting (QR) and will be a larger problem in SAR.

Answer: Under SAR, benefits are calculated based on what income the AU/household anticipates receiving in each month of the SAR Payment Period. In cases where a client's monthly income fluctuates, CWDs must determine what income can be reasonably anticipated. However, if a client reasonably anticipates their monthly hours of employment and is normally paid twice a month, choosing to hold their time cards to receive bigger checks less often, should not change what income should be used in the budget calculation. Additionally, if a client receives no income in the Data Month because they held their time cards, they would need to report on their SAR 7 that their Data Month income is not expected to continue and report their reasonably anticipated monthly income.

For example, if a client reports receiving no income in the Data Month, but has a steady job and is normally paid \$350 twice a month, the client must report their monthly anticipated income of \$700 and that income must be used in the SAR budget, despite not receiving a paycheck in the Data Month.

10. Example 6 on page 75 of ACL No. 12-25 talks about the loss of deprivation in a Pregnant Woman Only (PWO) case when the father with income moves in after the baby is born. What if the baby was born and the father with income moved back in during the same month? Would the AU still be discontinued with 10-day notice due to loss of deprivation? If so, would the \$47 pregnancy special need payment continue until the end of the SAR Payment Period?

Answer: The example from ACL No. 12-25 does not imply that the PWO case would be discontinued mid-period; rather, the application to add the baby and the father would be denied. The mother would continue to be eligible for the pregnancy special need payment as a PWO case through the end of the SAR Payment Period.

When reviewing whether to add a new person who would result in an increase in aid, if the new person does not meet all eligibility conditions before aid is authorized, the CWD shall not add the person nor discontinue the existing AU mid-period. Additionally, if adding a new person would render the existing AU ineligible, the CWD shall not take action mid-period to discontinue the existing AU. The CWD shall discontinue the existing AU, with timely and adequate notice, at the end of the SAR Payment Period in which the new person is mandatorily reported on the SAR 7 or SAWS 2 Plus.

Regarding whether the instruction would change if the baby was born and the father moved back in during the same month, it would depend on the timing of the report:

- If the baby has not already been added to the case, deprivation must be assessed and the father's presence needs to be considered.
- If the baby has been added (application for baby processed and approved) and then the father is reported in the home, under SAR, it would be a mid-period report and no action required until the following SAR Payment Period.

11. Example 7 on page 75 of ACL No. 12-25 talks about applying reported changes separately and sequentially. What if two children move in to an existing AU on the same day, one who receives a large amount of child support and one who does not? Would each child be acted on separately or considered one action?

Answer: The separate and sequential rules remain unchanged under SAR. ACIN No. I-54-03, question 3, states that the CWD must first determine whether the changes are independent of each other or part of the same change. (Two people moving in are two changes, but one person moving in with income is one change.) If they are two changes, treat them individually in the sequence in which they occurred. Therefore, in this scenario, the CWD would act mid-period to add the child without income (because it would result in an increase to the grant) and would not add the child with a large amount of income mid-period (because it would result in a decrease to the grant).

12. With regard to applying reported changes separately and sequentially, does the report date or the date the actual change occurred make a difference? In other words, if the mother reported that Johnny moved into the home on February 4th and Suzie moved in on February 10th, but she reported both changes on February 15th, would they be combined as one action?

Answer: For CalWORKs, the report date does not make two separate actions become one action. Two children moving in are two different situations and should be treated as such regardless of when the changes are reported. CWDs should determine whether adding each child would result in an increase or a decrease to the grant. If adding Johnny would result in an increase to the grant and adding Suzie would result in a decrease to the grant, Johnny would be added the first of the month following the report of him in the home and Suzie would not be added until the beginning of the next SAR Payment Period.

For CalFresh, a report of a household member moving into or out of the house is considered Verified Upon Receipt. Please see ACL No. 13-17 and ACIN No. I-58-13 E for guidance.

- 13. Page 50 of ACL No. 12-25 states that “if the AU/household voluntarily reports a decrease in earnings that resulted from a job loss or reduction in hours of employment, and the CWD determines that the recipient did not have good cause for the job quit/reduction in hours, the CWD must impose a sanction.” Does this apply to both CalFresh households and CalWORKs AUs?**

Answer: For CalWORKs, this policy only applies to non-exempt, welfare-to-work (WTW) participants. (See MPP Sections 44-316.331(b)(SAR) and 42-721.4.) Under certain circumstances, non-exempt WTW participants can voluntarily reduce their hours without incurring a sanction (see ACL No. 12-69 for further details). If the job quit or reduction in hours results in a WTW sanction, standard CalFresh sanction rules at MPP Section 63-407.54 imposed for noncompliance with WTW requirements should be applied. CalFresh voluntary quit rules at MPP Section 63-408 only apply to non-assistance cases.

- 14. Page 67 of ACL No. 12-25 includes “a member of the household receives SSI/SSP benefits” as a mid-period county-initiated action for CalFresh cases. Should this apply to CalWORKs cases as well?**

Answer: No. This mid-period action applies to CalFresh only, not CalWORKs. If a CalWORKs recipient begins receiving SSI/SSP, they will be discontinued from the AU at the end of the SAR Payment Period. (See ACL No. 13-28, Question 19, ACL No. 09-41, Question 7, and ACIN No. I-09-04, Question 1 for more information on this scenario.)

- 15. In ACL No. 12-25, page 24, under “Meeting Conditions of Eligibility,” the paragraph states that when a client fails to meet conditions of eligibility mid-period (such as applying for all potentially available income) action can only be taken at the end of the SAR Payment Period. However, actions that require a penalty or sanction to be imposed (such as school attendance, immunizations, etc.) can be taken mid-period. Is this correct? If so, what is the logic to this?**

Answer: In order to simplify the reporting responsibilities for recipients and the administrative burden on CWD eligibility staff, the general policy under SAR is to require only minimal mid-period reporting and actions on those reports. Additionally, except for the county-initiated mid-period actions listed in MPP Section 44-316.331, one of which is imposing a sanction, the CWDs may not take negative action mid-period.

16. Throughout ACL No. 12-25, there are examples of new household members being reported on the SAR 7; however, it is difficult to determine when the CWD is able to add a person using the SAR 7. Are CWDs able to add a new person to a CalWORKs case using just the SAR 7, or is the client required to submit a CW 8 and complete an interview? Is this answer different for people who were listed on the most recent SAWS 2 Plus and just left the home temporarily?

Answer: ACL No. 12-25, page 55, states: “When re-adding an individual to the AU who is in the home, but not aided (i.e., drug/fleeing felon, sanctioned), they can be added based on the SAR 7 or RD/RC report if there is enough documentation in the case file to determine continuing eligibility for the AU. When adding a new person to the AU who is not a current or former member of the AU, a completed CW 8 or CW 8A and all required verifications must be provided to add the new person.” While an AU can choose to report the birth of a child on the SAR 7, a CW 8 would be required in order to determine deprivation and eligibility of the newborn. The report of a new person on the SAR 7 can be used for beginning date of aid purposes, even if the appropriate statement of facts must be filled out in order to determine eligibility for the new AU member. For CalFresh, if a new member is reported on the SAR 7, to complete the determination of eligibility the CWD has the option to use the CW 8 or to contact the household to obtain the necessary information for the new member and update the last application.

Adults must all participate in a face-to-face interview prior to being added to a CalWORKs AU.

17. ACL No. 12-25, on page 12, discusses information on the SAR 7 being just about the Data Month and if other information received by the CWD indicates that the reported changes on the SAR 7 were not known to the recipient until after the Data Month, the change shall be treated as a voluntary mid-period report. Does that apply to both CalWORKs and CalFresh?

Answer: Yes, this policy applies to both CalWORKs and CalFresh. The SAR 7 collects information about the Data Month and any known changes for the upcoming SAR Payment Period. It can generally be assumed that anticipated changes reported on the SAR 7 were known in the Data Month. However, if a change occurs in the Submit Month that the client was not aware of in the Data Month, this report would be treated as a mid-period voluntary report unless the change is considered Verified Upon Receipt for CalFresh (see ACL No. 13-17 and ACIN No. I-58-13).

18. ACL No. 06-60, page 5, regarding eligibility for TCVAP clients, states that eligibility for state-funded services will be terminated if: the recipient's application for a visa has been finally administratively denied; the recipient has not applied for a T Visa within one year of applying for state benefits; a request by law enforcement officers on behalf of the recipient for federal continued presence status has not been made within one year; or the recipient is certified by the Office of Refugee Resettlement, resulting in eligibility for federally-funded programs, if otherwise eligible. Question: Is the above termination a county-initiated mid-period action under SAR and AR/CO or should we not terminate or remove the individual until the end of the SAR or AR/CO period?

Answer: Yes, TCVAP benefits and services should be terminated, or the individual transferred to the federally-funded program as appropriate, mid-period as a county-initiated mid-period action for both SAR and AR/CO reporters. For those individuals who have been approved for a T Visa or certified for benefits by the Office of Refugee Resettlement, the transfer to federally funded benefits is to begin as soon as administratively possible. Individuals who were denied a T Visa or did not apply for the T Visa within one year are no longer meeting a condition of eligibility for the state program and as such are to be discontinued mid-period. CDSS will add this to the list of county-initiated mid-period actions in the regulations the next time they are revised. CalFresh benefits can also be terminated mid-period.

19. Should CWDs take action in a CalWORKs AR/CO case if a change in income is reported on the SAR 7 for CalFresh?

Answer: As long as the report of income is under the AR/CO IRT, the SAR 7 report of a change in income should be considered a voluntary, mid-period report. The CWD shall not decrease benefits mid-period based on voluntary reports, but benefits can be increased if the SAR 7 report indicates that there was a decrease to the AU/household's income.