

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



December 8, 2000

ALL COUNTY LETTER NO. 00-82

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALIST
ALL FOOD STAMP COORDINATORS
ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
ALL COUNTY DISTRICT ATTORNEYS

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: IMPLEMENTATION OF THE CHANGE AND QUARTERLY REPORTING SYSTEM IN THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) AND FOOD STAMP PROGRAMS

REFERENCE: ASSEMBLY BILL (AB) 510, CHAPTER 826, STATUTES OF 1999; ALL COUNTY INFORMATION NOTICE (ACIN) I-96-99 DATED DECEMBER 13, 1999; ACIN I-70-00, DATED JULY 26, 2000

The purpose of this letter is to transmit implementing instructions for the new Change Reporting and Quarterly Reporting (CR/QR) system for the CalWORKs and Food Stamp (FS) programs.

BACKGROUND

Assembly Bill (AB) 510, which was signed into law on October 10, 1999, allows Los Angeles County and up to eight other counties to replace the current monthly reporting and retrospective budgeting system with CR/QR and prospective budgeting in the CalWORKs and FS programs. Subsequent budget trailer language extended the date of implementation for startup to July 1, 2001. The law also requires that the California Department of Social Services (CDSS) complete an evaluation of the CR/QR system no later than January 1, 2004.

If the legislature takes action to remove sunset provisions contained in the law, statewide implementation of CR/QR could begin January 1, 2005. Pending legislative action to implement CR/QR statewide, all counties not participating in the early implementation phase remain subject to the current monthly reporting and retrospective budgeting (MRRB) rules. If the sunset provisions are not removed,

counties that have already implemented CR/QR will be required to return to the current MRRB system by January 1, 2006.

AB 510 also authorizes the CDSS to implement the statute initially through the All County Letter (ACL) process and directs the Department to adopt regulations to implement the new system within six months of initial implementation.

FEDERAL WAIVERS

AB 510 directed CDSS to seek waivers from the Food and Nutrition Service (FNS) to achieve maximum compatibility between the CalWORKs and FS programs. Through extensive negotiations with FNS, CDSS was able to obtain the more significant waivers needed to maximize compatibility between the two programs and operate a change/quarterly reporting system in both programs. Attachment C provides a more detailed listing of the waivers that FNS approved and denied for this project.

PARTICIPATING COUNTIES

CDSS had requested that interested counties submit letters indicating their intent to participate, along with the county's implementation plan by November 15, 2000. County selection has not been completed at this time. CDSS will announce the participating counties when implementation plans have been submitted and counties have been selected.

THE CR/QR SYSTEM - OVERVIEW

The new recipient reporting system will apply to all CalWORKs and FSP households in participating counties, with the exception of the existing nonmonthly reporting households in the FSP, listed at MPP Section 63-505.21. These FSP households will continue to follow existing nonmonthly reporting rules, and will not be required to submit quarterly reports.

The new CR/QR system uses current FSP regulations for change reporting and prospective budgeting, and introduces a new quarterly reporting component. The new recipient reporting system provides for the following basic features:

- Recipients must report changes within 10 days;
- CalWORKs recipients must report all changes in writing while FS recipients may report changes in writing, in person, or by telephone;
- Recipients must report changes in income greater than \$100;
- When changes are reported, CWDs will recalculate cash aid and food stamp benefits on a prospective basis;
- Recipients will also be required to submit quarterly reports every three months;
- Overpayments (O/Ps) and underpayments (U/Ps) will be calculated using the FSP regulations for calculating overissuances (O/Is) and underissuances (U/Is).

Note that the CR/QR reporting system does not change existing regulations regarding:

- **Calculations for determining CalWORKs grants and FSP benefits.** CalWORKs grant and FS allotment calculations will follow existing benefit calculation methodologies for determining payment and allotment levels. **CalWORKs and FSP disqualification penalties for fraud convictions and Intentional Program Violations (IPVs).** The same penalties will continue to apply for fraud convictions and IPV determinations under the new reporting system.
- **Determination of Continued Eligibility for Medi-Cal.** CWD's must continue to use existing guidelines for determining if family members would remain eligible for Medi-Cal benefits after cash aid is terminated.

Attachment A provides detailed instructions for the implementation of the new CR/QR system. Attachment B provides a complete list of fraud and IPV disqualification penalties that are currently required in the CalWORKs and FS programs.

CASELOAD CONVERSION

In order to begin implementation of the CR/QR system on July 2001, CWDs will be required to take special steps to convert existing recipient caseloads from MRRB to CR/QR. This is a one-time process to change all cases to the new CR/QR system. These steps include, but are not limited to:

- Training county staff prior to conversion;
- Providing recipient training;
- Providing the recipients with informing notices prior to implementation that explain the new reporting requirements and the new prospective budgeting rules; and
- Transitioning cases from retrospective budgeting to prospective budgeting.

A more detailed description of these conversion steps is included in Attachment A, beginning on page 7.

EVALUATION

As noted earlier, AB 510 requires that an evaluation be completed by January 1, 2004. The department must also collaborate with the Office of Criminal Justice Planning in the program integrity aspects of the evaluation. A third party contractor selected by CDSS will conduct the evaluation. Participating CWDs and their local District Attorney Offices will be required to fully cooperate with the evaluator and CDSS staff in the evaluation of the CR/QR system. Participating CWDs shall appoint a county coordinator who will assist the evaluator and CDSS staff in the evaluation of the CR/QR system.

FORMS/NOTICES

Forms. Two new forms, the CW7Q and the CW7C, are being introduced for use in the new CR/QR system. The CW7Q is the Quarterly Report (QR) form and the CW7C is the Change Report (CR) form. The forms and the accompanying instruction sheets are included as Attachments D and E. Finalized forms and instructions will be sent to participating counties under separate cover.

AB 510 mandates that counties provide a mechanism by which recipients may retain written documentation of the contents of their report. This applies to both the CR and QR forms. Participating CWDs will have the flexibility to design their own written documentation mechanism; however, CDSS must approve the county's proposed mechanism. Attachment A, page 9, provides alternatives that counties may consider using to meet this mandate.

Notices of Action (NOAs). Attachments F and G provide copies of two NOAs that have been revised to make reference to the CW7Q form and the applicable law. In addition, Attachment A contains a listing of other NOA's that will also need to be revised. The department will work with participating counties to make the necessary changes to NOAs.

Informing Notice. As part of the conversion to the CR/QR system, participating counties will be required to provide recipients and applicants with a mass informing notice that describes the new reporting rules and responsibilities, prior to implementation. Ensuring that clients are well informed of the CR/QR rules will be critical to the success of the new system. Attachment A, pages 8 and 10, provide a description of the informing requirements. CDSS will be working with participating counties to develop the language for the mass informing notice.

RECIPIENT/COUNTY STAFF TRAINING

CWDs will be required to provide recipients and county staff with training about the new system. It is anticipated that it will require tremendous efforts to retrain the recipient population, and that such efforts will be ongoing throughout the initial implementation phase. CDSS will be reviewing CWD implementation plans and working with the participating counties so that the training planned for both recipients and county staff will minimize confusion during the transition period. Attachment A, pages 7 and 8, provides recommended approaches to recipient and staff training.

FOOD STAMP PROGRAM QUALITY CONTROL

Food Stamp quality control review procedures will be issued under separate cover. Counties should note that there will not be a "hold harmless" period for dollar errors related to implementation of this legislation.

If you have any questions regarding the CR/QR system, you may contact the following designated CDSS staff:

PROGRAM	CONTACT	PHONE NUMBER	CALNET
CalWORKs	Cora Myers, Lead	(916) 654-2236	464-2236
CalWORKs	Dorette Pierce	(916) 654-1867	464-1867
Food Stamps	LeAnne Torres	(916) 654-2135	464-2135
Program Integrity/Fraud	Eugene Essex	(916) 263-5737	435-5737
Research/Evaluation	Everett Haslett	(916) 657-1631	437-1631
CalWORKs Forms and Informing Notices	Terry Mallin	(916) 653-8395	453-8395
CalWORKs NOAs	Terry Mallin	(916) 653-8395	453-8395

Sincerely,

*Original document signed by
Bruce Wagstaff on 12/8/00*

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

Attachments

c: CWDA
CSAC

ATTACHMENTS

Attachment A

Change and Quarterly Reporting Implementation Instructions

Pages 7-26

- Caseload Conversion 7-9
- Forms/Notices of Action/Informing Notices 9-11
- Setting up the QR Cycle 11-12
- Change Reporting 13-17
- Overpayments/Underpayments and Overissuances/Underissuances 17-18
- Quarterly Reporting 18-22
- Prospective Budgeting 22-23
- Income Averaging 23-24
- Verification Requirements 24-25
- Redeterminations/Recertifications 25
- Intercounty Transfers 25
- Program Interface 25-26

Attachment A1

Quarters Based on Application Date 27-28

Attachment A2

Quarters Based on Terminal Digits 29-32

Attachment B

Intentional Program Violation Penalties 33-35

Attachment C

Federal Waivers 36

Attachment D

Quarterly Report Form and Instructions

Attachment E

Change Report Form and Instructions

Attachment F

Notice of Action Form NA 960X

Attachment G

Notice of Action Form NA 960Y

ATTACHMENT A

CHANGE AND QUARTERLY REPORTING IMPLEMENTATION INSTRUCTIONS

CASELOAD CONVERSION

CWDs will be required to take special steps prior to July 1, 2001 to convert their existing recipient caseload from MRRB to CR/QR. Caseload conversion will include, at a minimum, the following components:

- Training county staff prior to conversion;
- Providing recipient training;
- Providing the recipients with informing notices prior to implementation that explain the new reporting requirements and how CalWORKs grants and FS benefits will be calculated; and
- Transitioning cases from retrospective budgeting to prospective budgeting.

These components are described in more detail below.

Recipient/County Staff Training

Recipient training and county staff training will be extremely critical to the success of CR/QR implementation. It is anticipated that it will require tremendous efforts to retrain the recipient population on a new reporting system, and that such efforts will be ongoing throughout the initial implementation phase.

Participating CWDs must provide education and training for their recipient population regarding the new CR/QR system in order to minimize confusion and errors. In addition to mailing the mass informing notices (see Recipient Informing section the following page), CWDs may use various approaches in educating their recipient population. Alternatives include but are not limited to:

- one-on-one training,
- orientation videos; and/or
- group training.

Training may include innovative features such as teaching record-keeping tips to recipients or providing recipients with folders to be used to keep track of changes. In addition to training, CWDs could enhance recipient education with special features such as a dedicated 800-telephone number to answer questions regarding CR/QR or use of specialized workers dedicated to assisting recipients with the transition to the new system.

CDSS also recommends that CWDs provide training to their staff in two parts:

- Conceptual Training- It is recommended that this general training be provided approximately four months prior to implementation to familiarize county staff

with the requirements of AB 510 prior to the mailing of informing notices to recipients.

- Technical Training- This training will be the “nuts and bolts” of the CR/QR system and will detail how to implement, county policy, automation, etc. It is anticipated that CWDs would need to provide this training no later than two months prior to implementation. CDSS recommends that CWDs include an emphasis on fostering effective worker/recipient relationships.

Recipient Informing

In notifying recipients of the new reporting and budgeting rules, CWDs must send a minimum of three informing notices to recipients, one per month, beginning April 2001. In addition, CWDs shall send the informing notice to recipients for each of the three months following implementation. This will help to ensure that recipients will have adequate time to learn the new rules and their responsibilities, and to contact county eligibility staff for any questions they might have about the new CR/QR system.

Transitioning Cases From Retrospective Budgeting to Prospective Budgeting

For purposes of transitioning from retrospective budgeting rules to prospective rules in July 2001, participating CWDs will need to determine the income and family composition that will most accurately reflect the household's anticipated circumstances for the month of July 2001. In order to do this, CWDs must require that each recipient household provide a final Monthly Eligibility Report (CW 7) in June 2001. This CW 7 will provide a “snapshot” of the household's circumstances from the month of May 2001 and should also indicate any other changes the household anticipates for future months (in question number eight of the CW 7). Under prospective budgeting, CWDs will need to use this reported information as a “best estimate” of the household's future circumstances to determine July 2001 cash aid and FS benefits, unless the household reports otherwise.

Participating CWDs will be required to provide recipient households with written documentation of the contents of this final CW 7. The purpose of this requirement is to ensure that recipients have documentation that shows the most recent information reported by the household prior to implementing the new reporting system. It is critical that recipients be given the opportunity to retain this information, as it will be used as the starting point from which they must begin reporting changes over the \$100 threshold effective July 2001. CWDs may use the same written documentation mechanism that they plan to use for the Change and Quarterly Reports, or may use one of the other alternatives indicated. (Refer to the Forms section on page 9 for additional information regarding the written documentation mechanism for these other reports.)

For purposes of recalculating the July 2001 benefits, CWDs are required to make benefit changes in accordance with existing regulations for acting on reported changes, i.e. counties would need to verify the reported change and provide timely and adequate notice to the recipient. CWDs must also continue to follow

CW 7 processing regulations at MPP Sections 40-181.22 through .26 (CalWORKs) and Sections 63-504.32 (FSP) for the month of June. Recipients who fail to submit a completed CW 7 for May 2001 will be terminated in accordance with these CW 7 processing regulations.

CWDs must include an informing notice/stuffer with the May 2001 CW 7 that reminds recipients to report all monthly changes in income that are greater than \$100 beginning July 1, 2001.

Forms/Notices of Action/Informing Notices

Forms

Two new forms, the CW7Q and the CW7C, are being introduced for use in the new CR/QR system. The CW7Q is the Quarterly Report (QR) form and the CW7C is the Change Report (CR) form. In addition to the CW7Q and the CW7C, instruction sheets on how to complete these forms will accompany the report forms. The forms and the accompanying instruction sheets are included as Attachments D and E.

AB 510 mandates that counties provide a mechanism by which recipients may retain written documentation of the contents of their report. To satisfy this requirement, CDSS has designed the CR form (CW7C) to be a "No Carbon Required" (NCR) form so that each time a recipient provides a change report, (s)he will be able to retain a copy of the report. These forms must be made available to recipients during the initial application process, as well as at redetermination/recertification, each time the recipient submits a completed CR form, and upon recipient request. CWDs must also ensure that they provide recipients with a supply of CR forms prior to the July 2001 implementation date. CDSS will have the CW7C in stock and available to CWDs prior to implementation.

When a recipient submits the QR form (CW7Q), the CWD must also be able to provide the recipient with written documentation of what they reported. CDSS will not have this form in stock, since the QR forms will be automated at the county level. CWDs must determine the mechanism they intend to use for providing the recipient with a written documentation of contents of the QR form and may use one of the following alternatives for meeting this mandate:

- Providing the recipient with a photocopy of the report;
- Using a Notice of Action (NOA) or speedletter as the mechanism that provides the recipient with a record of what they reported. The NOA may be used if the CWD took an action to change the recipient's benefits. If there was no resulting change from the reported information, CWDs would need to send a speedletter to the recipient indicating changes that were reported; or
- Providing report forms that have a tear-off section for the recipient to retain. These tear-off sections would require that the recipient fill it out with information that matches what they reported on the CR form to the county.

In addition, if a CWD is unable to use the NCR method for the CR form, the county must select one of the alternatives provided above in ensuring they provide a mechanism for recipients to retain written documentation of what they reported on the CR form. CWDs that develop their own “written documentation mechanism” for CR and/or QR forms must have that method approved by CDSS prior to implementation. The CWD shall indicate the method chosen in their county implementation plan to be submitted with their request to participate.

The CR and QR forms, along with the instructions for them, are mandated forms to be used by the counties, with substitutes permitted after approval by CDSS. Any language changes or reformatting that may be necessary due to a participating county’s automation constraints require CDSS review and approval.

Finalized forms and instructions will be sent to participating counties under separate cover.

Notices of Action (NOAs)

Attached are copies of the NA 960X and NA 960Y Notice of Action (NOA) forms (Attachments F and G), that have been revised to make reference to the CW 7Q form and the applicable law. At this time, the department has identified the following additional state-issued NOA forms that will require revision to implement AB 510.

MESSAGE	ACTION	TITLE
M40-181C	Inform	Balderas Reminder Notice
M40-181D	Deny	No Completed Monthly Report at Restoration
M43-201A	Inform	Child Support Disregard Payment
M44-133V	Change	Minor Parent, Financial Eligibility
M44-207K4	Change	Suspend Part of AU, Financial Eligibility
M44-207L	Suspend	Financial Eligibility Test
M44-315A	Change	\$10 Minimum Payment

These NOAs will need revisions to change "CW 7" to "CW 7Q" and "monthly" to "quarterly," and some NOAs may require more extensive changes. We may also be required to revise or establish other NOAs as we work toward implementation of AB 510. The department will work with participating counties to make the necessary changes to NOAs and informing notices.

Informing Notice

As described in the Caseload Conversion section, participating CWDs must provide all recipients in their counties with a mass informing notice. In addition, CWDs must provide each applicant with the informing notice during the intake process.

The mass informing notice is not included in this ACL, but will be developed once counties have been selected to participate. Language for the mass informing

notice will be developed by CDSS in conjunction with the participating counties and will be made available prior to April 2001.

SETTING UP THE QUARTERLY REPORTING CYCLE

A CalWORKs recipient shall be assigned a specific reporting cycle using the application date, the terminal digit of the case number, or some other method determined by the automation consortia to which the CWD belongs. The CWD shall align the FS recertification with the CalWORKs annual redetermination of eligibility to the extent possible. For CalWORKs' companion FS cases, certification periods may be shorter than one year, but in no event may the FS household's certification period exceed one year.

The following terminology will be used to describe the months in the QR cycle:

- Data Month – the month for which the recipient reports all information necessary to determine eligibility.
- Submission Month – the month in which the QR form is required to be submitted to the CWD. This month immediately follows the Data Month.
- Payment Month(s) – the future month(s) in which benefits are paid/issued. The first payment month is the month immediately following the Submission Month.

This terminology and description of the months is provided in order to better explain the proper sequence of events in the quarterly reporting cycle. Information regarding circumstances from a Data Month can only be reported on a Quarterly Report in a subsequent month, and that month is called the Submission Month. CWDs must process the information reported on the QR during the Submission Month in order to determine the household's benefits for future months, or Payment Months. Once determined, the cash aid and FS allotment would stay at the same level until a change is reported that requires an adjustment to the benefits. Because recipients will also be required to report changes as they occur, CWDs will be processing changes on an ongoing basis, regardless of what part of the cycle the recipients are in. As such, it should be noted that adjustments to the family's cash aid or FS allotment can and will be made in any month, regardless of whether it is a Data, Submission or Payment Month.

During the initial conversion period to the new CR/QR system, it will be necessary for counties to ensure that recipients are brought into the QR cycle and given their first QR as early as possible so that sufficient data can be collected for purposes of the project evaluation.

During the application process, CWDs must provide all households with a QR form when the AU is determined to be eligible. The CWD must clearly indicate to the household when the initial QR is due and for which Data Month they will be responsible for reporting information. Thereafter, the CWD must ensure that the household receives the QR no later than the first day of each Submission Month.

Quarterly Reporting Cycle Based on Application Date

For CWDs that choose to establish the QR cycle using the application date, the month of application will be considered a Payment Month, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month. The CWD shall establish three QR cycles, each comprised of four months. The CWD will assign the applicant to one of these cycles depending on the month of application. Attachment A1 shows how the three cycles can be set up and how the county would assign cycles based on the application month. In this system, the recipient would have four established months for which they know they must submit reports. For example, using the chart on page 27, Attachment A1, if a client is assigned to Cycle 2 based on the application month of January, (s)he would be required to submit QRs in the months of April, July, October, and January. The reports require that recipients provide complete income information and eligibility changes from the Data Months of March, June, September, and December (as well as limited information regarding changes from prior months as described on pages 18 and 19).

When a CalWORKs case has a companion FS case (Public Assistance Food Stamp case or “PAFS” case), the CWD may want to establish a certification period so that it expires at the end of a Submission Month. This will allow the CWD, at the time of the FS recertification period, to also obtain the QR.

Quarterly Reporting Cycle Based on Terminal Digits

For CWDs that choose to establish the QR cycle based on using the terminal digit methodology, the CWD must assign a cycle to an applicant/recipient based on the last digit of his/her case number. The CWD shall establish three QR cycles, each for a particular set of numbers. Counties may choose how to determine the groupings. Following is one example of how a county might set up their QR cycle:

- Cycle 1 will be assigned to cases ending in 0, 1, 2, and 3.
- Cycle 2 will be assigned to cases ending in 4, 5, and 6.
- Cycle 3 will be assigned to cases ending in 7, 8, and 9.

Once a recipient is assigned to a cycle, the recipient will be required to submit a QR in his or her cycle-specific months, regardless of when (s)he applied. See Attachment A2 for an illustration of a QR cycle that is based on terminal case digits.

CWDs that use this method of establishing a QR cycle will be required to establish FS certification periods for the PAFS portion of a CalWORKs case in such a way as to ensure that the certification period always ends at the end of a Submission Month. In this way, the Payment Month for CalWORKs will be aligned with the issuance month for the new certification period.

CHANGE REPORTING

RECIPIENT REPORTING RESPONSIBILITIES

What must be reported (CalWORKs and FSP)

The change reporting component of the new CR/QR system requires that all CalWORKs and all FS recipients, including non-assistance FS recipients, report changes in their circumstances within ten calendar days of the date the change becomes known to the household. Changes that must be reported are as follows:

- Changes in sources of income or in the amount of gross monthly income, earned and unearned, of more than \$100. This includes reporting when a recipient has obtained employment, has terminated employment, or has changes in hours worked.

For example: The recipient reported receiving \$500 in income for the month of August. In September, his income increased by \$50. The recipient is not required to report this change, because it is under the \$100 reporting threshold. In October, his income increased by another \$51. The recipient is not required to report this change for the same reason.

For example: If a recipient's income increased by \$50 in early September and then later decreased by \$51 later in that same month, these amounts would not be combined and would not be required to be reported by the recipient. Changes must increase **or** decrease by a monthly total of \$101 before it is considered a reportable change.

- All changes in household composition, such as the addition or loss of a household/Assistance Unit (AU) member.
- Changes in residence.
- Acquisition or sale of a vehicle.

CalWORKs only

- Any change in resources.

FSP only

- Changes in resources that reach or exceed the maximum resource eligibility standard.
- Changes in the legal obligation to pay child support of more than \$100.
- Changes in the shelter cost of more than \$100.
- Persons required to meet the Able-Bodied Adults Without Dependents (ABAWD) work rule must report any changes that result in the reduction of hours worked to less than 20 hours per week.

How changes must be reported

CalWORKs only

- Applicants. CalWORKs applicants must report all changes in circumstances within five days in accordance with MPP 40-105.14 and shall not wait until receipt of an approval notice. Applicants will not be required to report changes in writing, but will be required to verify all reported changes as requested by the CWD. (The AB 510 CR/QR system applies to recipient reporting and therefore does not affect CalWORKs regulations regarding applicant responsibilities or the application process.)
- Recipients. CalWORKs recipients will be required to report all changes in writing within ten days of the date the change becomes known to the recipient. Recipients are not required to report changes in income that are \$100 or less. However, if the recipient reports the change verbally, the CWD must request that the change be reported in writing.

FSP only

- Applicants. FS applicant households must report any change that occurs after the intake interview within ten days of the date of their notice of approval for FS benefits.
- Recipients. FS recipients may report changes verbally, in person and/or in writing.

CWD RESPONSIBILITIES (CalWORKs and FSP)

The CWD shall provide each household with a CR form at the time of approval/certification, at redetermination/recertification, whenever the household has returned a completed CR form, and upon recipient request. In addition, as noted in Attachment A, page 9, during caseload conversion to the new CR/QR system, CWDs must provide recipients with a supply of CR forms prior to the July 2001 implementation date.

The CWD shall take action (as noted below) on all reported changes to determine if the change affects the household's eligibility or benefits. The CWD shall document the nature of the change in the case file and the date and manner (e.g., in person, by telephone or in writing) in which the change was reported.

CWD ACTION ON CHANGES (CalWORKs AND FSP)

When recipients report changes in their income and circumstances and it results in a change to the household's cash grant or FS allotment, CWDs must recalculate the cash aid and FS benefits using the FSP's regulations for effecting changes for nonmonthly reporting households at MPP Section 63-504.4. In addition, when changes are reported to the CWD, the CWD must request that the change be verified (if required by current CalWORKs and/or FSP verification rules.)

CWDs must allow the household ten days to provide the verification. If the household provides the verification within this ten-day period, the county shall take action on the change within the timeframes specified in the “Increases in Benefits” and “Decreases in Benefits” paragraphs that follow under “Timing of Changes.” The timeframes shall run from the date the change was reported, not from the date of verification. If, however, the household fails to provide the required verification within ten days after the change is reported, but does provide the verification at a later date, then the timeframes for taking action on changes specified in the “Timing of Changes” section shall run from the date the verification is provided rather than from the date the change is reported. The CWD shall not terminate benefits if the household fails to provide the verification, but shall take the following actions:

- For changes resulting in a **decrease** to the grant, the CWD shall take action to reduce the benefits, pending receipt of the verification of the change, in accordance with the timely and adequate notice provisions at MPP Sections 22-071 and 22-072. If the household fails to provide verification of the change prior to the next redetermination/recertification, CWDs shall terminate benefits in accordance with timely and adequate notice provisions.
- For changes resulting in an **increase** to the grant, the county shall not take action to change the household’s benefits until verification of the change is provided.

TIMING OF CHANGES

In recalculating recipients’ benefits, the timing of changes shall be as follows:

Increases in Benefits (CalWORKs and FSP)

If a reported change, other than changes in household composition or decreases in income of \$50 or more, results in an increase in benefits, the CWD must make the change effective no later than the first aid payment/allotment issued ten days after the date the change was reported to the CWD.

For example: A change reported on May 15 would affect the household’s benefits no later than June 1. A change reported on May 28 would result in a change to the benefits no later than July 1.

Increases in Benefits Due to the Addition of a New Household Member or Due to a Decrease in Income of \$50 or More

CalWORKs only

- Adding a person. When the AU reports the birth of a newborn or the addition of a new AU member, the CWD shall follow existing CalWORKs regulations regarding Beginning Date of Aid rules at MPP Sections 44-317.2 (add newborn) and 44-318 (add new person). If the AU is entitled to a current month supplement in accordance with these regulations, the CWD

shall ensure that the payment is made to the AU. These supplemental payments will not be used in the FS budget if this income was not anticipated.

- Loss of or decrease in income. When the AU experiences an unanticipated decrease in income of more than \$50 after the grant for the month has been issued, the CWD will make the change to the current month's aid payment and issue a supplemental payment for that month.

In order to be eligible for a current month supplement, the AU must report the \$50 (or greater) decrease in income in the current month, and within ten days of the date the change becomes known to the AU. The CWD shall request verification of the change and shall not take action to increase the grant until verification has been provided. Once the AU provides verification, the CWD shall recalculate the grant for that month and issue the supplement within ten days.

The AU does not need to report this change in writing initially, but the CWD shall follow up to obtain a written report in accordance with guidelines detailed on page 17 (Additional CWD Action – CalWORKs only).

FSP only

For changes that result in an increase in benefits due to the addition of a new household member, or due to a decrease of \$50 or more in gross monthly income, the CWD will refer to 63-504.422(b). For instances in which a new member is added to the household or there is a decrease in income of \$50 or more, the CWD will make the change effective not later than the month following the month in which the change is reported. If the change is reported after the 20th day of the month, the CWD will issue a supplementary authorization document or otherwise provide an opportunity for the household to obtain the increase in benefits by the 10th day of the following month, or the household's normal issuance cycle in that month, whichever is later.

For example: If the household reports the birth of a child on May 15, the CWD must increase the household's benefits effective June 1. If the household reports the same change on May 28, the CWD must increase benefits no later than June 10th. The change to increase benefits by the addition of the new household member is effective no later than June 1; however, the CWD must process the change by no later than the 10th of the month, or by the household's normal issuance cycle, whichever is later.

Decreases in Benefits (CalWORKs and FSP)

If the benefit level decreases or the household becomes ineligible as a result of a change, the CWD must issue a notice of adverse action within ten days of the date the change was reported. The decrease in benefit level must be made effective no later than the first month for which timely notice can be provided.

For example: A household member gets a raise on May 20 and reports the change on May 30. The CWD is unable to decrease benefits for June, as it is too late to send a timely (10-day) notice to reduce the household's benefits. The CWD must therefore send a Notice of Action (NOA) by June 9. The NOA period expires ten days after the date of the NOA, or June 19. The decrease in benefits would be effective with the July payment/allotment.

In addition, the CWD must suspend a household's benefits for one month if the household becomes temporarily ineligible because of an anticipated periodic increase in recurring income or other change that is not expected to continue in the subsequent month.

Additional CWD Action (CalWORKs only)

When the AU reports a change verbally, in addition to requesting that the change be verified (if required by current CalWORKs verification rules), the CWD must require that the change be reported in writing within ten days. The CWD shall send a CR form to the client when requesting verification of the change. CWDs are required to document verbal changes in the case record.

- If the AU submits sufficient verification for the CWD to determine eligibility and calculate the aid payment, but the AU fails to submit a written report, the CWD shall take action to recalculate the grant. The CWD may not discontinue the case for failure to provide a written report at this time. The AU will eventually be required to submit a written report of the change during the QR process. (See pages 18-19 for details regarding reporting prior months' changes during the QR process.)
- If the AU fails to submit the CR that the CWD mailed to the household, but provides the CWD with any written report of the change, this written report will meet the "in writing" requirements. If the written report, together with the verification, provides sufficient information to make an accurate determination of eligibility and aid payment level, the CWD shall take appropriate action.

Overpayments/Overissuances and Underpayments/Underissuances

Participating CWDs shall follow all applicable existing state FS regulations for the establishment of claims against households.

If the household fails to report a change within ten days or the county worker fails to act on a reported change within ten days, and the household receives benefits to which it is not entitled, a claim against the household must be filed for recoupment of overpaid benefits as specified in FSP regulation section 63-800. A household shall not be liable for a claim because of a change that it was not required to report.

CWDs must restore lost benefits and/or compute a cash aid underpayment whenever the underpayment/underissuance was caused by agency error or due to a reversal of Intentional Program Violation disqualification, or as otherwise stated in federal regulation. In the FSP, restoration of lost benefits is limited to the 12-month period prior to either a request for restoration by a household or when the state discovers the loss, whichever occurs first. (Refer to FSP regulation section 63-802.)

QUARTERLY REPORTING (CalWORKs and FSP)

All CalWORKs and FS recipients (with the exception of NAFS households who are currently exempt from monthly reporting pursuant to MPP 63-505.21) will be required to complete and submit a Quarterly Report (QR) every three months. This QR must provide the CWD with all the information necessary to determine continuing financial eligibility and benefit levels. The QR must be submitted whether or not the household has experienced any changes during the three-month period covered by the QR.

Recipients shall provide detailed information for a specified month of the quarter (the Data Month), and attest, under penalty of perjury, that they have reported all required information for the specified month and any required changes for the other two months covered by the report. The QR requires recipients to report all income received for the Data Month and is not limited to income changes greater than \$100. The \$100 threshold applies only to changes reported outside of the quarterly reporting process.

Most changes that have occurred during a quarter will already have been reported and acted on through the change reporting process before the QR is due. However, CWDs shall compare information in the case record with information presented on the QR and act on the report to the extent that actual or anticipated changes are reported thereon.

In addition, it should be noted that changes may also occur during a month in which recipients are required to submit a QR. The recipient must submit the QR by the 5th of the month. The family may then experience another change after submitting the QR. That change must be reported to the county within ten days, and will be used by the CWD when determining future benefit amounts.

CalWORKs only

In addition to providing information regarding the Data Month, each CalWORKs recipient must state whether a reportable change occurred in the two months prior to the Data Month. If such a change occurred, the recipient must state whether the change was reported in writing. The CWD is responsible for reviewing the QR and comparing it with information contained in the case records. The following actions will be required based upon the CWD's comparison of the QR with case records:

- If the recipient indicates there was a change, and it was reported in writing, the CWD must verify that the case record contains a written report.
- If there was a change, but it was not reported in writing within ten days, and the recipient fails to report the change on the QR form, the CWD must request that the recipient provide the information in writing under penalty of perjury within ten days.
- If the recipient indicates there were no changes in the prior months, and the CWD determines there was a change (e.g., by recipient verbal report or via data match), the CWD must request that the recipient provide the information in writing under penalty of perjury within ten days.
- Recipients will not be required to provide written reports of information already provided in writing through the change reporting process.

When it has been determined that the recipient did not report a prior change in writing or on the QR or the county has no record that a report was made, and the recipient fails to provide a written report requested by the CWD, the CWD shall terminate cash aid in accordance with timely and adequate notice provisions at MPP Sections 22-071 and 22-072. CWD's must also continue to use existing guidelines for determining if family members would remain eligible for Medi-Cal benefits after cash aid is terminated.

FSP only

FS households may report changes verbally, in writing, or in person. If the recipient previously reported a change by any of these methods, the CWD will not require the recipient to report the change again on the QR. The household must affirm on the QR that required changes have been reported for the prior two months.

However, if the household states on the QR that it experienced a change in a prior month, but had not previously reported the change or the county has no record that a report was made, the household must report that change on the QR. If the household fails to report the change on the QR, the county will request that the household provide the information in writing under penalty of perjury within ten days. If a written report is not provided within ten days, the CWD shall terminate FS benefits in accordance with existing timely and adequate notice provisions.

CalWORKs and FSP

Deadlines. The recipient must complete and return the QR to the county by the 5th calendar day of each Submission Month, but not before the first calendar day of that month. If a QR is not received by the 11th of the month, the CWD shall provide the AU/household with a NOA indicating that the QR has not been

submitted, and if not provided to the CWD by the end of the month, benefits will be terminated.

If the recipient submits a QR that is incomplete, the CWD must send a NOA to the AU/Household indicating that the form was incomplete and that the recipient must provide a complete report by the end of the month or benefits will be terminated. The CWD must provide the recipient with a copy of the incomplete report along with the NOA and indicate what information is necessary in order to consider the report complete.

Late QR. If the recipient provides the CWD with a complete QR any time after the 11th of the month but on or before the first working day of the following Payment Month, the CWD shall rescind the discontinuance action and determine cash aid and FS eligibility based on information provided on the QR.

CalWORKs only

Balderas Contact. If the CWD has provided the household with the notice of discontinuance, and the household fails to submit the QR timely, the CWD must attempt to make a personal contact with the recipient (by telephone or in person) to remind the recipient of the need to submit the QR form. The Balderas reminder contact provisions at MPP Section 40-181.221b shall be used in the CR/QR system, including the timing and content of the reminder contact. If unable to make a personal contact, counties must send a written notice to the recipient as a reminder to submit a complete report before the deadline.

COMPLETENESS CRITERIA FOR THE QR (CalWORKs and FSP)

The recipient must answer all questions on the QR form or the form will be considered incomplete. The answers, together with submitted evidence/verifications, must be sufficient for the CWD to determine eligibility and benefit amounts for the AU/household.

If elements pertaining to one program's requirements are missing from the QR submitted for both programs, the QR shall be considered incomplete for that program only. It will be considered complete for the other program.

CalWORKs only

Completeness criteria specified in MPP Section 40-181.24 shall be used to determine if the report is complete. This section includes requirements such as who is responsible for signing the form, when the report form must be signed, complete reporting of all income received in the Data Month, and providing verification of all income and changes. In addition to the criteria specified at MPP Section 40-181.24, CWDs must also ensure that recipients answer all questions regarding income from prior months, as well as questions about changes that occurred in prior months. If the recipient fails to answer these questions, the form will be considered incomplete. Note: if a recipient indicates that there were no changes in a prior month, (s)he does not need to complete the questions asking if (s)he notified the county of the change.

FSP only

The report is considered complete if:

- It is dated no earlier than the first day of the Submission Month. This shall not apply if the first day of the Submission Month falls on a non-postal delivery day, the QR is mailed by the CWD for delivery on the last postal delivery day of the Data Month; and, the recipient signs and dates the QR on or before the last day of the Data Month.
- The QR is signed by the head of household, authorized representative, or responsible household member.
- All questions and items pertaining to food stamp eligibility are fully answered and provide the CWD with the information to correctly determine eligibility and benefit level.
- Necessary documentation is attached.
- Questions regarding the prior months are answered. As in the CalWORKs program, if the recipient indicates no changes occurred in either of the two prior months, the report will not be considered incomplete if (s)he does not answer the question regarding whether the county was notified.
- If the recipient indicates that a change occurred in a prior month and the household did not previously report the change, the recipient must report the change on the QR at this time. If the recipient fails to report the previously unreported change on the QR, the QR will be considered incomplete.

GOOD CAUSE FOR FAILURE TO REPORT TIMELY

CalWORKs only

If the county determines the recipient had good cause for not providing a complete and timely QR, the county must rescind any discontinuance action taken for failure to submit a complete report. Good cause criteria at MPP Section 40-181.23 shall be used to determine if the recipient had a good reason for not submitting a complete report in a timely manner.

CDSS anticipates that the first three to six months of implementation could prove to be difficult and confusing for both recipients and county staff. CWDs must therefore apply good cause provisions liberally during the initial six months of implementation for recipients who initially do not meet their reporting requirements. Eligibility staff can do this by taking into account and documenting in case files any problems that the recipient may be experiencing in understanding the new CR/QR reporting rules. It should be noted that CWDs should always take into account a recipient's ability to understand reporting rules when good cause is being considered, but it is particularly important to be lenient during the initial months of implementation.

When a CalWORKs recipient who has been discontinued for failure to submit a QR requests restoration of CalWORKs during the calendar month following discontinuance, but after the first working day, the CWD shall determine if the

recipient had good cause for failure to submit a complete and timely report. If the CWD determines that recipient had good cause for failure to turn in the QR, the discontinuance action shall be rescinded, eligibility redetermined, and the grant amount computed based on information contained in the completed QR. (Regulations regarding timely and adequate noticing provisions must be followed when recomputing grants. That is, if a complete QR is submitted after the 10-day notice deadline, and the reported changes would result in a decrease to the grant, the change may not be made until a 10-day notice of adverse action can be provided to the recipient.) If the CWD determines that the recipient did not have good cause for failure to submit a complete QR, the CWD shall redetermine eligibility in accordance with Sections 40-125.91 and .92 (Requests for Restoration of Aid).

FSP only

If an eligible household has been terminated for failure to file a complete QR, and then files a complete report after the extended filing date, but before the end of the issuance/payment month, the CWD shall determine good cause as provided in CalWORKs MPP Section 40-181.23. If good cause is determined, the discontinuance must be rescinded and benefits restored for the issuance month. As in the CalWORKs program, CWDs should apply good cause provisions liberally during the first six months of implementation. If good cause is not determined to exist, a new FS application must be taken and eligibility determined from the date of the new application.

PROSPECTIVE BUDGETING

CalWORKs and FSP

Existing state FSP regulations for prospective budgeting will be used for determining initial and ongoing household eligibility and benefit levels for both CalWORKs cash aid and FS benefits. The prospective budgeting system uses a household's anticipated circumstances for determining eligibility and benefits in future months.

To anticipate income for purposes of determining the household's eligibility and benefit levels, the CWDs shall consider income already received by the household during the month of application and any anticipated income the household and the CWD are reasonably certain will be received during the certification period and/or future payment months. If a household is anticipating income from a new source, such as a new job, but is uncertain as to the timing and amount of the initial payment, CWD shall not anticipate receipt of the income unless there is reasonable certainty concerning the amount and the anticipated date of receipt of the income.

Reasonable certainty is the knowledge that income or a payment has been approved and authorized and will be received by the household within the month. Anticipated receipt of earned income, such as income from a new job, will only be counted if it can be determined with "reasonable certainty" that a specific amount of earnings will be received within the month.

For example:

- A household reports that a member will be employed during the month, and the payday falls within the month. In this instance, income can be reasonably anticipated for budgeting purposes.
- A household reports that a member has been approved for State Disability Insurance (SDI). The household member has not received an actual award letter or check at the time she reports approval for SDI. It cannot be reasonably anticipated that the SDI check will be received during the month. Therefore, the CWD would not use the SDI in the budget for the payment month.

Although income received in a prior month shall be used as an indicator of income that is and will be available to the household, the CWD shall not use past income as an indicator if changes in income have already occurred or can be anticipated. If income fluctuates to the extent that a one-month period is insufficient to anticipate future income, a longer prior period may be used if it will provide a more accurate indication of future income.

The CWD is responsible for documenting the reported change in the case file and for requesting adequate verification of the change. In addition, CWDs will be responsible for documenting how it arrived at the anticipated income amount used in determining the recipient's benefits. This case documentation will be crucial to CWDs during quality control reviews (for the FSP), in determining work participation hours for an AU/household, in providing evidence for State Hearings and in explaining to recipients how grant levels and FS benefits were determined.

CalWORKs only

A CalWORKs household that receives a lump sum that could not be reasonably anticipated will not have the income budgeted against their grant. The lump sum will count as property if it is retained beyond the initial month of receipt. The recipient is required to report the income to the CWD. Transfer of income rules continue to apply regardless of whether or not the lump sum was used in calculating the grant. This is consistent with existing CalWORKs rules.

INCOME AVERAGING**CalWORKs and FSP**

Income shall be counted only for a month in which it is expected to be received unless the income is averaged. If the receipt of income is reasonably certain but the monthly amount may fluctuate, the household may elect to income average. To average income, the CWD shall use the household's anticipation of income fluctuations over the certification period, though the number of months used to arrive at the average need not be the same as the number of months in the certification period. When a full month's income is anticipated, but it is received on a monthly or biweekly basis, the income shall be converted to the monthly amount by multiplying weekly amounts by 4.3 and biweekly

amounts by 2.15. Households receiving income on a recurring weekly or semimonthly basis shall not have their income adjusted from the previously averaged amount due to the receipt of an additional payment in a given month. When income is being averaged, recipients are not required to report changes that are solely due to the receipt of the 5th paycheck, if paid weekly, or a 3rd paycheck, if received biweekly.

CWDs shall advise households that they have the option of electing to income average and shall explain the impact on the household should they choose this option.

AB 510 reporting requirements still apply for changes in the household's circumstances, regardless of whether income averaging is used. In other words, if the household's income is being averaged, and they experience a change of income in excess of \$100 from the last reported amount, that change must be reported.

VERIFICATION REQUIREMENTS

CalWORKs and the FSP

All reported changes must be verified for both CalWORKs and the FSP. Required verification includes, but is not limited to, changes in:

- Gross income (earned and unearned), if the source has changed or the monthly amount has changed;
- Social Security numbers and the non-citizen/student/disability status of new household members;
- Any other factors of eligibility that appear questionable;
- Deprivation (CalWORKs only);
- Homeless shelter expenses if the household claims expenses that exceed the homeless shelter standard (FS only);
- Voluntarily reported medical expenses in excess of \$25 if the change would increase the household's food stamp allotment (FS only); and
- The legal obligation to pay child support and/or change in the amount, if more than \$100 (FS only).

For example: A recipient is legally obligated to pay \$50 in child support each month. In a recent court order, the amount was increased to \$155 per month. Since the change is more than \$100, the recipient is required to report and verify the change.

For the FSP, changes reported during a certification period will be subject to the same verification requirements that apply at initial certification (MPP Section 63-300.5).

With the exception of the county option to verify changes in shelter costs (other than actual utility expenses) for the FSP, changes that result in an increase in the household's benefits are to be verified prior to taking action on the changes. Households will be allowed ten days from the date the change is reported to provide the required verification. If the verification is provided timely, then original

timeframes apply. In other words, timeframes for making the changes will run from the date the change was reported, not from the date of verification. If verification is not provided timely, then timeframes for acting on changes are based on the date the verification is provided.

REDETERMINATION OF ELIGIBILITY FOR CalWORKs

The CWD shall continue to apply all existing regulations for the redetermination of CalWORKs eligibility with the following exception:

CWDs may waive the face-to-face interview for CalWORKs cases that do not receive Food Stamps if the county determines the recipient has had regular contact with the county through CalWORKs or other similar programs and has provided sufficient information to allow the CWD to accurately determine eligibility and to calculate benefits.

RECERTIFICATION FOR FOOD STAMPS

The CWD shall continue to follow all applicable existing FS regulations (MPP Section 63-504.6) for the recertification of eligible households, with the following exception:

- FS cases that require recertification more often than once per year may have face-to-face interviews waived for all but one recertification if the FS case is linked to a companion CalWORKs or General Assistance (GA) case. However, if the recipient requests a face-to-face interview, the CWD must grant the interview.

The face-to-face interview requirement **may not** be waived for any other non-assistance food stamp (NAFS) households certified more often than annually. In other words, NAFS households not receiving GA benefits are subject to the face-to-face interview requirement at every recertification.

INTERCOUNTY TRANSFERS

Cases that are transferred from a CR/QR county will be prospectively budgeted for the first two months by the receiving non-CR/QR county. Cases that are transferred from a non-CR/QR county into a CR/QR county will also be prospectively budgeted. This will ensure consistency in budgeting and will not disadvantage recipients entering or leaving a CR/QR county.

PROGRAM INTERFACE

EMPLOYMENT PROGRAMS (CalWORKs and FSP) – CWDs participating in CR/QR are required to track hours of employment for purposes of monitoring CalWORKs and ABAWD participation requirements and for determining work participation rates. It is recommended that eligibility staff work with employment staff to ensure that the number of hours worked are documented in the case file.

REFUGEE CASH ASSISTANCE (RCA) Program – The RCA program is in the process of developing regulations that allows CWDs to use CalWORKs rules for reporting and budgeting, which will permit CR/QR counties to apply the CR/QR system to their RCA population. It is anticipated these RCA regulations will be in place when counties begin implementing CR/QR.

FOSTER CARE - The Foster Care program will not be impacted by the requirements of the CR/QR system.

The KinGAP program in a CR/QR county will use change reporting only. When a CalWORKs household contains a KinGAP child, a QR form must be submitted to the CWD for the CalWORKs assistance unit only.

MEDI-CAL – The Medi-Cal program is eliminating quarterly reporting effective January 1, 2001 and will use change reporting rules only.

ATTACHMENT A1
Quarters Based on Application Date

This model requires CWDs to consider a client's application month as the Payment Month. This month will begin the Quarterly Reporting (QR) cycle for the new reporting system. Clients will be assigned to one of three cycles, based on their application date. For purposes of discussing months within the cycle, the following definitions will apply:

- **Payment Month** – the month in which benefits are paid. The month of application will be considered a “payment month” for purposes of identifying the appropriate client reporting cycle, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month.
- **Data Month** – the month for which the client reports all information necessary to determine financial eligibility. Even though this is the primary month from which eligibility information is gathered, the QR form will also be designed to obtain information specified in AB 510 for the two months prior to the Data Month.
- **Submission Month** – The month in which the QR form is required to be submitted to the CWD.

<u>January</u> (Application Month)	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Payment Month	Data Month	Submission Month	Payment Month	Data Month	Submission Month

<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Payment Month	Data Month	Submission Month	Payment Month	Data Month	Submission Month
					RV/RC due

<u>January</u> (13 th month)
Payment Month
New FS Cert Period

The following cycles would be assigned to each applicant, based on application date.

Cycle 1:

Application/Payment Month	Data Month	Submission Month
January	February	March
April	May	June
July	August	September
October	November	December

Cycle 2:

Application/Payment Month	Data Month	Submission Month
February	March	April
May	June	July
August	September	October
November	December	January

Cycle 3:

Application/Payment Month	Data Month	Submission Month
March	April	May
June	July	August
September	October	November
December	January	February

This system enables CWDs to align the reporting/budgeting cycle with the FS recertification date. The month in which the certification period expires will always be the Submission Month, which will be when the recertification can be completed to set up the thirteenth month's allotment.

ATTACHMENT A2

Quarters Based on Terminal Digits

This model requires CWDs to assign a client to a Quarterly Reporting (QR) cycle based on the last digit of their case number. Once the appropriate cycle is determined, the CWD will need to set up the FS certification period so that it aligns with the QR cycle in such a way that the certification period expires at the end of a “Submission Month” (month in which a QR is due). This will require counties to establish 10-, 11-, or 12-month certification periods during the client’s first year of eligibility dependent upon the reporting cycle assigned to them. For the purpose of identifying the months within the QR reporting cycle, the following definitions will apply:

- **Payment Month** – the month in which benefits are paid/issued.
- **Data Month** – the month for which the client reports all information necessary to determine financial eligibility. Even though this is the primary month from which eligibility information is gathered, the QR form will also be designed to obtain information as specified in AB 510 for the two months prior to the Data Month.
- **Submission Month** – The month in which the QR form is required to be submitted to the CWD.

Cycles:

Cycle 1 will be assigned to cases ending in 0, 1, 2 and 3. Their Submission Months will be January, April, July and October.

Cycle 2 will be assigned to cases ending in 4, 5 and 6. Their Submission Months will be February, May, August and November.

Cycle 3 will be assigned to cases ending in 7, 8 and 9. Their Submission Months will be March, June, September and December.

Special Features:

- The first month in which the initial QR form will be due will differ for recipients depending on their assigned cycle. Recipients could be required to submit their first QR in their second, third or fourth month after the application month, depending on their assigned cycle.
- The CWD will be required to adjust the length of the certification period in the first year so that it aligns with the reporting cycle in such a way that the recertification interview occurs in a Submission Month.
- This system allows for all programs (CalWORKs, FSP, Medi-Cal and General Assistance) to be compatible in the assignment of the quarterly reporting cycle months.

The three charts that follow will show what each cycle looks like in a recipient’s first year of aid. Each chart will use February as the month of application.

Quarters Based on Terminal Digits

Cycle 1: Case Number 30-22200

January	February (Application Month)	March	April	May	June
XXXXXXXXXXXXX	Payment Month	Data Month	Submission Month	Payment Month	Data Month
			1 st month recipient submits QR form		

July	August	September	October	November	December
Submission Month	Payment Month	Data Month	Submission Month	Payment Month	Data Month
			FS Certification Expires 10/31	New FS Certification Period	

January
Submission Month

- Cycle 1 will require the CWD to certify the household for a 10-month FS certification period.
- The first month in which the recipient in Cycle 1 must submit a QR form will be the second month following the month of application (April).

Quarters Based on Terminal Digits

Cycle 2: Case Number 30-22204

January	February (Application Month)	March	April	May	June
XXXXXXXXXXXXX	Submission Month	Payment Month	Data Month	Submission Month	Payment Month
				1 st month recipient submits QR form	

July	August	September	October	November	December
Data Month	Submission Month	Payment Month	Data Month	Submission Month	Payment Month
				FS Certification Expires 11/31	New FS Certification Period

January
Data Month

- Cycle 2 will require the CWD to certify the household for an 11-month FS certification period.
- The first month in which the recipient in Cycle 2 submits a QR form will be the third month following the application month (May).

Quarters Based on Terminal Digits

Cycle 3: Case Number 30-22209

January	February	March	April	May	June
XXXXXXXXXXXXX	Data Month	Submission Month	Payment Month	Data Month	Submission Month
	Month of Application	1 st month recipient submits a QR form -?-			1 st month recipient submits a QR form -?-

July	August	September	October	November	December
Payment Month	Data Month	Submission Month	Payment Month	Data Month	Submission Month
					FS Certification Expires 12/31

January
Payment Month
New FS Certification Period

- Cycle 3 will require the CWD to certify the household for a 12-month certification period.
- The first month in which the recipient in Cycle 3 submits a QR form will be the fourth month following the month of application (June). (Note: The first QR will provide all information about May, and will indicate whether changes occurred in and were reported for the months of March and April. The only month for which there is no official report will be the month of application.)

ATTACHMENT B

INTENTIONAL PROGRAM VIOLATION (IPV) PENALTIES IN THE CalWORKs AND FOOD STAMP PROGRAMS

An Intentional Program Violation (IPV) means that a determination of fraud has been found by a state or federal court, by admission of an individual by signing a disqualification consent agreement, or pursuant to an Administrative Disqualification Hearing/waiver.

CalWORKs IPV Penalties

Permanent Penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed any of the following acts:
 - made fraudulent statements or representation regarding their place of residence, in order to receive assistance simultaneously, from two or more states or counties,
 - submitted false documents for nonexistent or ineligible children,
 - received cash benefits in excess of \$10,000 through fraudulent means; or
- individuals convicted of felony fraud, in a state or federal court, for theft of \$5,000 or more; or
- individuals with a third conviction of fraud in a state or federal court, or pursuant to an administrative hearing decision; or
- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the third occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts,
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, or
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of that aid.

Five-year penalty for:

- individuals convicted of felony fraud in a state or federal court, not meeting permanent penalty criteria and the theft is more than \$2,000 but less than \$5,000.

Four-year penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the second occasion** any of the following acts:
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of the aid.

Two-year penalty for:

- individuals convicted of felony fraud in a state or federal court, not meeting permanent penalty criteria and the theft is less than \$2,000; or
- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the first occasion** any of the following acts:
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of that aid.

Twelve-month penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the second occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts;
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

Six-month penalty for:

- individuals found in state or federal court, or pursuant to an administrative hearing decision, to have committed upon **the first occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts;
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

Food Stamp IPV Penalties

Permanent disqualification for:

- individuals convicted by a court of appropriate jurisdiction of:
 - trafficking food stamp benefits of \$500 or more.
 - a **first** violation for trading food stamps for firearms, ammunition, or explosives.
 - a **second** violation for trading food stamps for a controlled substance.
- individuals found to have committed a **third** intentional program violation either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

10-year penalty for:

- individuals found through an administrative disqualification hearing or a court of appropriate jurisdiction to have falsified the identity or place of residence of the individual in order to receive multiple food stamps simultaneously.

24-month penalty for:

- individuals convicted by a court of appropriate jurisdiction of a **first** violation for trading food stamps for a controlled substance.
- individuals found to have committed a **second** IPV, either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

12-month penalty for:

- individuals found to have committed a **first** IPV, either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

ATTACHMENT C

FEDERAL WAIVERS

AB 510 directed CDSS to seek waivers from the Food and Nutrition Service (FNS) to achieve maximum compatibility between the CalWORKs and FS programs. Through extensive negotiations with FNS, CDSS was able to obtain the more significant waivers needed to maximize compatibility between the two programs. FNS granted the following waivers that were necessary to implement CR/QR in the Food Stamp Program (FSP):

- Addition of a quarterly reporting component to the change reporting system used in the FSP for all households with the exception of current nonmonthly reporting households;
- Increase in the existing income reporting threshold in the FSP from \$25 to \$100 for changes in income (earned and unearned); and
- Increase of the threshold to \$100 for changes in shelter costs and changes in the legal obligation to pay child support.

The following waivers were not approved by FNS:

- The authority to waive the face-to-face interview for the annual recertification in the FSP;
- The authority to require all FSP recipients to report all changes in writing; and
- The authority to allow CWDs to act only on reported changes that are over the \$100 income reporting threshold.