

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 31, 2001

Regulation Package 0501-12

CDSS MANUAL LETTER NO. FS-01-03

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

Regulation Package #0501-12**Effective 8/10/01****Sections 63-016, 63-102, 63-300, 63-504, 63-801, 63-802, and 63-804**

The USDA has mandated that certain noticing requirements be placed in the initial demand letters sent to households when an overissuance has been discovered. These noticing requirements benefit the household in that they offer specific information about the rights of the household, how the claims were calculated, how the household may appeal the collection process, and how the household may negotiate a payment schedule with the county.

Additionally, these regulations implement procedures for the establishment and collection of claims against the trafficking of food stamps. Immediate implementation of these regulations will assist in ensuring that food stamps are being used lawfully by the food stamp recipients for the purposes in which they were intended. This will assist in maintaining the integrity of the Food Stamp Program, and will afford California's counties additional tools in pursuing claims against the trafficking of food stamps.

These regulations were adopted on an emergency basis effective August 10, 2001 and will be considered at the Department's public hearing held on September 24, 2001.

FILING INSTRUCTIONS

Revisions to all manuals will now be shown in graphic screen. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Food Stamp manual changes was FS-01-02.

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**FOOD STAMP REGULATIONS
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- .3 The amended and adopted provisions as specified in Section 63-014.2 shall be implemented prospectively for all Food Stamp households beginning August 1, 1992.
- .4 A determination of entitlement to a restoration of lost benefits shall be made either upon request of the household, or when the CWD becomes aware that a household was denied benefits or would have been eligible for a higher allotment, and shall be implemented as follows:
- .41 Any household that was denied benefits shall receive restored benefits back to July 1, 1992 or the date of application, whichever is later.
- .42 Currently participating households shall receive benefits back to July 1, 1992 or the first month in which application of these provisions would have affected the household's benefits, whichever is later.
- .43 Restoration of lost benefits does not apply to Section 63-501.521(e).

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code and 7 CFR 273.21(s).

63-015	IMPLEMENTATION OF AMENDED ANNUAL STANDARD UTILITY ALLOWANCE (SUA) ADJUSTMENT EFFECTIVE DATE	63-015
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Effective October 1, 1994 and each October 1 thereafter, the CWDs shall implement the revised Food Stamp Standard Utility Allowance annual adjustment for providing continued SUA allowances as specified by changes to Section 63-502.353(d).

NOTE: Authority cited: Sections 18900 and 18901, Welfare and Institutions Code. Reference: Section 18901, Welfare and Institutions Code; 7 CFR 273.9(d)(6), (7) and (8); and the Food Stamp Act of 1977, Section 5(e) [7 U.S.C., Section 2014(e)].

63-016	IMPLEMENTATION OF CHANGES TO RECIPIENT CLAIM ESTABLISHMENT AND COLLECTION STANDARDS	63-016
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Effective August 10, 2001, the CWDs shall implement the adopted and amended provisions in MPP Sections 63-102, 63-300.2, 63-504.261, 63-801.1, 63-801.2, 63-801.3, 63-801.4, 63-801.7, 63-802.2 and 63-804.64.

NOTE: Authority cited: Sections 10553, 10554, and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18902, Welfare and Institutions Code; and Public Law 104-4.

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.1 Purpose of the Food Stamp Program

The Food Stamp Program is designed to promote the general welfare and to safeguard the health and well-being of the nation's population by raising the levels of nutrition among low-income households. Section 2 of the Food Stamp Act of 1977 states, in part:

Congress hereby finds that the limited food purchasing power of low-income households contributes to hunger and malnutrition among members of such households. Congress further finds that increased utilization of food in establishing and maintaining adequate national levels of nutrition will promote the distribution in a beneficial manner of the nation's agricultural abundance and will strengthen the nation's agricultural economy, as well as result in more orderly marketing and distribution of foods. To alleviate such hunger and malnutrition, a Food Stamp Program is herein authorized which will permit low-income households to obtain a more nutritious diet through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation.

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.2 Scope of the Regulations

Chapter 100 contains general information, definitions, and other material applicable to Food Stamp Program operations. Chapter 200 sets administration of the Program. Chapter 300 describes the application processing requirements and standards. Chapters 400 and 500 describe the eligibility standards and criteria to be applied by CWD in certifying applicant households. Chapter 600 sets forth requirements and procedures for food coupon issuance, use, replacement, and close-out activities. Chapter 700 provides procedures for coupon ordering and CWD responsibilities in maintaining coupon accountability. Chapter 800 describes the corrective actions for under/overissuances, wrongful denials or terminations, recipient fraud, etc. Chapter 900 explains procedures for issuing emergency coupon allotments to certain victims of disasters unable to purchase adequate amounts of food. Chapter 1000 sets forth the state/county coordinated Outreach Program responsibilities. Chapter 1100 contains all the federal and state forms that are required in the administration of the Food Stamp Program.

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63-102	DEFINITIONS	63-102
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- (a) (1) "Access device" means the device which may be used to access the master issuance or record-for-issuance file in an automated direct access system. A plastic card with a magnetic strip is a type of access device.
- (2) AAdministrative Disqualification Hearing Waiver≡ means the DPA 479 Rev. 8/95.
- (3) "Administrative (Agency) Error (AE)" is an overpayment claim caused by an action or failure to take action by the CWD. (The only exception is an overpayment caused by a household transacting an untampered, expired Authorization to Participate (ATP) card).
- (4) "Aid to Families with Dependent Children (AFDC)" means the financial aid program for needy children who lack parental support and care. This term refers to the program in general, regardless of the source of funding.
- (A) Federally-funded AFDC is authorized under Title-IV of the Social Security Act of 1935, as amended. Households entitled to federal AFDC must meet federal eligibility requirements.
- (B) State-only AFDC is the state and county-funded AFDC program for otherwise eligible persons who do not meet specific federal eligibility requirements.
- (5) "Allotment" means the total value of coupons a household is authorized to receive during each calendar month of certification.
- (6) "Annual Review Period" means the 12-month period from October 1 of each calendar year through September 30 of the following calendar year.
- (7) "Application" means:
- (A) The forms which are completed by a household member or authorized representative when applying for Food Stamps; or
- (B) The forms used to apply for AFDC by households in which all members apply for or receive Public Assistance, including any necessary Food Stamp Program attachments approved by FNS.
- (8) "Authorization document" means an intermediary document issued by the CWD and used to authorize a specific benefit amount for a household. An "Authorization to Participate card (ATP)" is a type of authorization document.

63-102 DEFINITIONS (Continued)**63-102**

- (b) (1) "Beginning Months" in a retrospective budgeting system means the first month the household is certified for food stamps and the month thereafter. For households applying for food stamps and PA benefits at the same time, a third beginning month shall be assigned if necessary for the household to transition from prospective to retrospective budgeting during the same months for both food stamps and PA. The first beginning month cannot be any month which immediately follows a month in which a household is certified and subject to retrospective budgeting in any project area. The month following the month of suspension shall not be considered a beginning month.
- (2) "Budget Month" in a retrospective budgeting system means the month from which income and other circumstances (except household composition) of the household are used to calculate the household's allotment for the corresponding issuance month.
- (3) A "bulk storage point" means a location which receives and stores coupons from FNS for two or more CWDs and transfers them to issuance agents. It must report coupon inventories on the FNS-250. Coupons are not issued to recipients from bulk storage points.
- (c) (1) "Calendar month" means a period running from the first of the month through the end of the month.
- (2) "California Food Assistance Program (CFAP)" means the state program that provides Food Stamp Program benefits to noncitizens who were legally present in the United States prior to August 22, 1996, and have been determined ineligible for federal Food Stamp Program benefits due solely to their immigration status, as detailed in Section 63-405. The establishment of legal presence can be verified through INS at application. CFAP also provides Food Stamp Program benefits to certain noncitizens who are eligible for CFAP if they entered the U.S. on or after August 22, 1996 as specified in Section 63-403.1.
- (3) "Categorical Eligibility" means being considered eligible for food stamps, as specified in Sections 63-301.6, .7 and .8, because of the household's eligibility for public assistance (PA) or general assistance (GA).
- (4) "Child/spousal support disregard payment" means those payments received from an absent parent, and issued to recipients of Aid to Families with Dependent Children (AFDC) in accordance with federal law, PL 98-369, Section 2640, of the Deficit Reduction Act (DEFRA). These payments are disregarded as income for the AFDC program, but shall be considered income for the Food Stamp Program.
- (5) "Claims collection point" means an entity responsible for the collection of claims.
- (6) "Combined Households" means those households which contain participants of the federal Food Stamp Program and CFAP.

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(7)	<p>"Commercial boarding house" means an establishment licensed as an enterprise which offers meals and lodging for compensation and profit. In a county without licensing requirements, a commercial boarding house shall be defined as a commercial establishment which offers meals and lodging for compensation with the intent of making a profit. The number of boarders residing in a boarding house shall not be used to determine if a boarding house is a commercial enterprise.</p>	
(8)	<p>"Communal dining facility" means a public or nonprofit private establishment approved by FNS which prepares and serves meals for elderly persons, or for supplemental security income (SSI) recipients and their spouses; a public or private nonprofit establishment (eating or otherwise) that feeds elderly persons or SSI recipients and their spouses, and federally subsidized housing for the elderly at which meals are prepared for and served to the residents. It also includes private establishments which contract with a local agency to offer meals at concessional prices to elderly persons or SSI recipients and their spouses.</p>	
(9)	<p>"Compliance with CWD Time Limits" means taking action within the time frames specified. If the last day for taking action falls on a Saturday the CWD shall take action on or before that date. When the last day for taking action falls on a Sunday or other holiday, as specified in Government Code Sections 6700 and 6701, the CWD shall take action on the next normal working day except for expedited service time frames as specified in Section 63-301.531.</p>	
(10)	<p>"County agency (CWD)" means the agency of county government which has been delegated the responsibility for the administration of the federally aided public assistance programs within the county.</p>	
(11)	<p>"Coupon" means a type of certificate provided pursuant to the provisions of Division 63, Food Stamp Regulations, for the purchase of eligible foods.</p>	
(12)	<p>"Coupon issuer" means the CWD or any person, partnership, corporation, organization, or other entity with which a CWD has an CDSS approved contract for, or to which it has assigned responsibility for the issuance of coupons to households.</p>	
(d)	<p>(1) "Date of entry" or "Date of admission" means the date established by the Immigration and Naturalization Service as the date the sponsored alien was admitted for permanent residence.</p>	
(2)	<p>"Days" unless stated otherwise refers to calendar days.</p>	
(3)	<p>"Delinquent claim" is either a claim that has not been paid by the due date and a satisfactory payment arrangement has not been made, or a payment arrangement has been made and a scheduled payment has not been made by the due date.</p>	
(4)	<p>"Department" means the California Department of Social Services.</p>	
(5)	<p>"Director" means the director of the California Department of Social Services.</p>	
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- (6) "Disaster" means one of two types of disasters which are:
- (A) "Lesser disaster" means a disaster such as, but not limited to, a flood, fire, other catastrophe or temporary emergency that has not been declared a major disaster but is severe enough to have disrupted commercial channels of food distribution.
 - (B) "Major disaster" means one of the following occurrences which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby:
 - (i) any natural catastrophe (such as a hurricane, tornado, storm, high water, winddriven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm or drought); or
 - (ii) regardless of cause, any fire, flood, or explosion.
- (7) "Disqualification Consent Agreement" means the DFA 478.
- (8) "Drug addiction or alcoholic treatment and rehabilitation program" means any drug addiction or alcoholic treatment and rehabilitation program under Part B of Title XIX of the Public Health Service Act (42 USC 300x et seq.) conducted by a private nonprofit organization or institution or a publicly operated community mental health center.
- (A) "Under Part B of Title XIX of the Public Health Service Act" (42 USC 300x et seq.) is defined as meeting the criteria which would make it eligible to receive funds, even if it does not actually receive funding under Part B of Title XIX.
- (e) (1) "Elderly or disabled member" means a member of a household who:
- (A) is 60 years of age or older;

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- (3) "Household Disaster" means a natural event such as flood, tornado, or a devastating event such as a fire.
- (4) "House-to-house trade routes" means any retail food business operated from a truck, bus, pushcart, or other vehicle which can move easily from place to place.
- (i) (1) "Identification (ID) card" means the DFA 287.
- (2) "IEVS" means the Income and Eligibility Verification System (see Section 20-006.1).
- (3) "Immigration and Naturalization Service (INS)" means the Immigration and Naturalization Service, U.S. Department of Justice.
- (4) "Inaccessible Resource" means the resource or vehicle would be exempt from consideration if its equity value is \$1,500 or less.
- (5) "Inadvertent Household Error (IHE)" is any claim for an overpayment resulting from an unintentional error on the part of the household.
- (6) "Indigent Noncitizen" means a sponsored noncitizen who, in the absence of the assistance provided by the agency, would go hungry and homeless, taking into account the noncitizen's own income plus any cash, food, housing, or other assistance provided by other individuals, including the sponsors.
- (7) "Initial Application and Certification" means the first application for certification filed, or an application for certification filed after any break in certification.
 - (A) For the purpose of prorating benefits (see Section 63-503.13):
 - 1. The first application for benefits a household has ever filed, or
 - 2. An application for certification filed after any period during which the household was not certified for participation except for migrant and seasonal farm worker households. Migrant and seasonal farm worker households which have a break in participation of 30 days or less shall be considered to have continuous participation.
 - (B) For the purpose of determining verification requirements (see Section 63-300.5):
 - 1. The first application for benefits a household has ever filed, or
 - 2. An application for certification filed after at least a one month break since the household was last certified, or

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3. An application received from any household which was immediately previously certified in another project area regardless of whether or not there has been a one month break since the household was last certified.
- (C) For the purpose of determining whether or not it is a beginning month(s) for a household which shall be subject to retrospective budgeting (see Section 63-503.21):
 1. The first application for benefits a household has ever filed, or
 2. An application for certification filed after at least a one-month break since the household was last certified and retrospectively budgeted.
- (8) "IPV" means intentional Program violation (see Section 20-300.1).
- (9) "Issuance Month" in a monthly reporting and retrospective budgeting system means the month for which a food stamp allotment is issued. The allotment is based on income and circumstances in the corresponding budget month. In prospective budgeting, the budget month and issuance month are the same. In retrospective budgeting, the issuance month is the second month after the budget month.
- (10) "Issued" means an item is disbursed. Therefore, coupons or ATPs are considered issued when deposited in the mail or handed over the counter.
- (11) An "issuing point" means a location operated by the CWD and/or its issuance agent which issues coupons to recipients.
- (j) Reserved
- (k) Reserved

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	<p>(B) If none of the above conditions exist then whether or not a minor should be considered under the parental control of the individual with whom he/she resides shall be determined using the following criteria. The eligibility worker shall assess the relative importance of the criteria below to each individual case in determining whether or not parental control exists:</p> <ul style="list-style-type: none"> (a) The minor is economically self-supporting and managing his/her own affairs. (b) The closer a minor is to 18 years the more significant age becomes in the determination of parental control. (c) The minor is absent from the individual with whom he/she is residing for significant periods of time and comes and goes without the individual's approval. <p>(C) Repealed by CDSS Manual Letter No. FS-89-04, (effective June 29, 1989).</p> <p>(2) "Person in Violation of Probation or Parole" means an individual who is in violation of a condition of probation or parole imposed under a federal or state law. The initial offense for which probation or parole was ordered need not have been a felony.</p> <p>(3) "Photo ID Card" means an identification card used in a Photo Identification Card System to identify the bearer as eligible to receive and use Food Stamps.</p> <p>(4) "Photo Identification Card System" is one which meets all the requirements of Section 63-504.8. The photo identification card system may utilize a single identification card which meets the requirements of Sections 63-504.7 and 63-504.8 or two identification cards which together meet the requirements of these sections.</p> <p>(5) "Photo Imaging" means the process that automatically scans an individual's facial features and produces a facial image. The image is added to the statewide SFIS database.</p> <p>(6) "Prescreening" means gathering information prior to filing an application to perform a preliminary review of eligibility for participation in the Food Stamp Program. Prescreening does not include gathering information to refer an applicant to the appropriate program or office.</p> <p>(7) "Program" means the Food Stamp Program conducted under the Food Stamp Act and regulations.</p> <p>(8) "Project area" means the county designated as the administrative unit for program operations. Upon prior FNS approval, a city, Indian reservation, welfare district, or any other entity with clearly defined geographic boundaries, or any combination of such entities, may be designated as a project area, or the state as a whole may be designated as a single project area.</p>	
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- (9) A "project area code" is the nine-digit number assigned to each CWD and/or its issuance agents regardless of whether the CWD issues coupons or not.
- (10) "Prospective Budgeting" means the computation of a household's food stamp allotment for an issuance month based on an estimate of income and circumstances which will exist in that month.
- (11) "Prospective Eligibility" means the determination of a household's eligibility for an issuance month based on an estimate of a household's income, circumstances, and composition which will exist in that issuance month.
- (12) "Public Assistance (PA)" means a program funded under Title IV-A of the Social Security Act of 1935, as amended, or matching state funds for public assistance programs. Programs must be means-tested, and all household members must be receiving or authorized to receive benefits from a Temporary Assistance to Needy Families (TANF), or state-funded program.
 - (a) For purposes of determining categorical eligibility, as specified in Section 63-301.7, PA recipients include individuals authorized to receive PA benefits whether or not they are actually receiving a PA payment. This includes recipients whose PA benefits have been suspended or recouped, or those who are entitled to PA benefits but are not paid such benefits because the grant is less than \$10.00.

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- (b) Examples of PA households are:
 - 1. all members receive benefits from the CalWORKs program which is 50 percent TANF-funded.
 - 2. all members receive benefits from the CalWORKs Two-Parent program, which is 50 percent state-funded.

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- (q) Reserved
- (r) (1) "Recipient Claim" is an amount owed because benefits were overissued or benefits were trafficked.
- (2) Compliance with "Recipient Due Dates" means items shall be received by close of business on the date specified unless that date falls on a weekend or holiday, in which case the due date is by close of business on the next normal working day.

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- (3) "Record-for-issuance file" means a file which is created monthly from the master issuance file, which shows the amount of benefits each eligible household is to receive for the issuance month and the amount actually issued to the household.
- (4) "Regulations" means the provisions of this manual. Regulatory citations refer to provisions of this manual unless otherwise specified.
- (5) "Refugee Cash Assistance (RCA)" means cash assistance provided under Title IV of the Immigration and Nationality Act to refugees who are ineligible for Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI) and who have resided in the United States for less than a 12-month period from their initial entry into the country.
- (6) "Report Month" means the month in a monthly reporting and retrospective budgeting system during which the CA 7 from the budget month is due and the month during which the household's allotment for the issuance month is calculated. The report month is between the budget month and the issuance month.
- (7) The "reporting point code" is the nine-digit number assigned to each reporting point. In counties in which the CWD itself issues coupons, the project code and the CWD reporting point code will be the same. CWDs not currently issuing but which wish to begin doing so must ensure that their project area code is activated as a reporting point before they begin issuance.
- (8) A "reporting point" means a CWD which prepares and submits an FNS-250 to FNS.
- (9) "Retail food store" means:
 - (A) An establishment or recognized department of an establishment, or a house-to-house trade route, whose eligible food sales volume, as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry, is more than 50 percent for food items for home preparation and consumption. See Section 63-102(h) for house-to-house trade route definition.
 - (B) Public or private communal dining facilities and meal delivery services, drug addict or alcoholic treatment and rehabilitation programs, public or private nonprofit shelters for battered women and children, or public or private nonprofit group living arrangements which accept food stamps in exchange for meals, and public or private nonprofit establishments that feed homeless persons, (e.g., soup kitchens or shelters), which have been authorized by the Food and Nutrition Service (FNS) to accept food stamp coupons.

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- (C) Drug addict or alcoholic treatment and rehabilitation programs or public or private nonprofit group living arrangements which redeem coupons directly through wholesalers.
- (D) Any private nonprofit cooperative food purchasing venture, including those whose members pay for food prior to receipt of the food.
- (E) A farmer's market.
- (10) "Retrospective Budgeting" means the computation of a household's food stamp allotment for an issuance month based on actual income and circumstances which existed in the budget month.
- (s) (1) "Seasonal Farmworker" means a nonmigrating individual who is employed seasonally in an agricultural production activity during the certification period. A seasonal farmworker household is a household where any member is a seasonal farmworker.
- (2) "Self-employed farmer" means a farmer who receives or anticipates receiving annual gross proceeds of \$1000 or more from the farming enterprise.
 - (A) For the purpose of this section, "farming enterprise" shall be defined as the growing of agricultural products or the raising of livestock for income.
- (3) "Self-employed fisherman" means a fisherman who receives or anticipates receiving annual gross proceeds of \$1000 or more from a fishing enterprise. The fisherman, like a farmer, must produce food and is subject to the same chances as farmers that can result in losses, such as market demands, weather conditions, and the environment. This includes fishermen who are involved in catching or harvesting fish or other types of water life.

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- (10) "Staple food" means those food items intended for home preparation and consumption which include meat, poultry, fish, breadstuffs, cereals, vegetables, fruits, fruit and vegetable juices, and dairy products. Accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices are not staple foods for the purposes of qualifying a firm to participate in the Food Stamp Program as a retail food store.
- (11) "State agency (CDSS)" means the agency of the State Government which has the responsibility for the administration of the federally aided public assistance programs within the state.
- (12) "Statewide Fingerprint Imaging System (SFIS)" is the automated system designed to detect and prevent duplicate participation in the Food Stamp Program by matching the fingerprint images of applicants and recipients against those already in the SFIS database. The county is also required to take a photo image of each household member required to comply with SFIS, using the SFIS equipment.
- (13) A "storage point" means a location where a CWD and/or its issuing agent keeps or stores coupons.
- (14) "Supplemental Security Income (SSI)" means monthly cash payments made under the authority of: (1) Title XVI of the Social Security Act, as amended, to the aged, blind, and disabled; (2) Section 1616(a) of the Social Security Act; or (3) Section 212(a) of Public Law 93-66.
- (15) "Suspended Claim" means a food stamp overissuance claim on which no collection action has been initiated or collection action has ceased in accordance with Section 63-801.5.
- (t)** (1) "Terminated Claim" means that the CWD has determined the claim to be uncollectible because the three-year suspension period for the food stamp overissuance claim has expired.
- (2) "Thrifty food plan" means the diet required to feed a family of four persons as determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall make household-size adjustments in the thrifty food plan taking into account economies of scale.

63-102	DEFINITIONS (Continued)	63-102
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- (3) "Trafficking" means the buying or selling of coupons, access devices or authorization documents such as ATP cards for cash or consideration other than for eligible food, or the exchange of firearms, ammunition, explosives, or controlled substances for food coupons.
- (4) "Transaction receipt" means the document produced in an automated direct access issuance system which can be designed to be signed prior to the issuance of benefits by a household member designated on the ID card or any authorized representative.
- (5) "Transitional housing" means time limited residency to facilitate the movement of homeless individuals and families to permanent housing. The residency shall be determined to be time limited when the household states that their housing situation is temporary, or the CWD or the housing unit imposes a time limit.
- (u) (1) "Underissuance" means the amount by which the allotment to which the household was entitled exceeds the allotment which the household received.
- (v) (1) "Validity period" means the time frame during which a household may obtain benefits by transacting an authorization document or receiving benefits at an issuance point.
- (w) (1) "Wholesale food concern" means an establishment which sells eligible food to retail stores or to meal services for resale to households.
- (x) Reserved
- (y) Reserved
- (z) Reserved

NOTE: Authority cited: Sections 10553, 10554, and 18904, Welfare and Institutions Code. Reference: Sections 10554, 10830, 11486.5 and 18930 through 18934, Welfare and Institutions Code; 8 U.S.C.A. Section 1522(e); 42 U.S.C.A. 601, et seq.; and 42 U.S.C.A. 5122; 7 CFR 272, 7 CFR 272.4(f); 7 CFR 273, 7 CFR 273.1(c)(5); 7 CFR 271.2; 7 CFR 273.2, .2(j), (j)(4), and (v)(2)(i)(B); 7 CFR 273.4(a)(3)(ii) and (iv), .4(c), (c)(2), and (e)(3)(iv); 7 CFR 273.5(a); 7 CFR 273.8; 7 CFR 273.9(c)(1)(ii)(D); and (c)(11)(i) and (ii); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12(e); 7 CFR 273.16(c); 7 CFR 273.18(a)(1)(ii); 7 CFR 273.18(e)(3)(v), (e)(5)(v) and (n)(1)(i); 7 CFR 273.21(b); 7 CFR 274.3(a)(2); 7 CFR 2710.2; 45 CFR 401; 45 CFR 400.62; Public Law (P.L.) 100-77, Section 802; (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock. No. CV-89-0768]); Section 66011, Education Code; P.L. 102-237, Section 902; 7 U.S.C. 2014(c)(2)(B) and (k)(2)(F); 7 U.S.C. 2022(b)(4); 8 U.S.C. 1631; U.S.D.A. Food and Nutrition Service Administrative Notices 94-39, 97-44, and 98-56; Hamilton v. Madigan (9th Cir. 1992) 961 F.2d 838; Food Stamp Act Section 6(k)(1); P.L. 104-193, Sections 272, 273, 805, 821, and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Register Vol. 59, No. 224, dated November 22, 1994; and Federal Register Vol. 65, No. 130, dated July 6, 2000 and Vol. 65, No. 149 Corrections, dated August 2, 2000.

63-300	APPLICATION PROCESS	63-300
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Section 63-300 applies to the application process for both the federal Food Stamp Program and the California Food Assistance Program (CFAP).

.1 General Process

The application process includes filing and completing an application, being interviewed, and having certain information verified. The CWD shall act promptly on all applications and provide food stamp benefits retroactive to the month of application to those households that have completed the application process and have been determined eligible. Expedited service shall be available to households that qualify under the provisions of Section 63-301.5. Specific responsibilities of the household and CWD are detailed below.

.2 Application Form and Form Deviation

All applications for Food Stamp Program eligibility shall be made on the DFA 285-A1, DFA 285-A2, and DFA 285-A3. For households which apply for both AFDC and Food Stamps at the same time, the SAWS 1 CA1/DFA 285-A1, and BC JA 2 CA2/DFA 285-A2, and SAWS 2A CA2/DFA 285-A2/MC 210 shall be used. These forms also may be used for Food Stamp only cases. These joint application forms also may be used for food stamp and/or General Assistance (GA) cases.

.21 Screening

Applicants shall not be required to complete any CWD developed prescreening form.

.22 IEVS Interface

All applicants for, and recipients of food stamp benefits shall be notified in writing at the time of application, and at each recertification, that information available through IEVS will be requested, used, and may be verified through collateral contact when discrepancies are found by the CWD, and that such information may affect the household's eligibility and level of benefits.

.23 Privacy act statement. For all households applying or being recertified for food stamp benefits, the following applies:

.231 The collection of information, including the Social Security Number (SSN) of each household member, is authorized under the Food Stamp Act of 1997. This information will be used to determine if a household is eligible or continues to be eligible to participate in the food stamp program. The information will be verified through computer matching program and will also be used to monitor compliance with program regulations and for program management.

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.232 The information may be disclosed to other federal and state agencies for official examination, and to law enforcement for apprehending persons fleeing to avoid the law.

.233 If a claim is made against a household, the information on the application, including all SSNs, may be referred to federal and state agencies and private claims collection agencies for claims collection action.

.234 Providing the requested information, including SSNs of each household member, is voluntary. However, failure to provide this information will result in denial of food stamp benefits to each individual failing to provide a SSN.

.24 Recertification of Monthly Reporting Households

Households subject to Food Stamp monthly reporting requirements shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the CA 7 for the budget month that corresponds to the first month of the new certification period.

.25 Recertification of Nonmonthly Reporting Households

Nonmonthly reporting households shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2.

63-300	APPLICATION PROCESS (Continued)	63-300
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.3 Filing, Notice of Right to File and Withdrawal

Households must file food stamp applications by submitting the forms to the food stamp office either in person, or through an authorized representative, by mail, fax, through an electronic transmission, or through an on-line electronic application. The length of time to deliver benefits is calculated from the date the application is filed with the CWD. Applications signed through the use of electronic signature techniques or applications containing a handwritten signature and then transmitted by fax or other electronic transmission are acceptable.

.31 Each household shall be advised of their right to file an application, either paper or electronic, on the same day they contact the Food Stamp office during office hours.

.32 The household shall also be advised that it does not have to be interviewed before filing the application and may file an incomplete application form as long as the form contains the applicant's name and address, and is signed by a responsible member of the household or the household's authorized representative.

.321 Applications contain the penalty of perjury statement and must be signed by one adult household member or authorized representative or a responsible minor when the applicant household is composed entirely of minors and has no adult to act on its behalf.

.322 One adult household member or authorized representative shall attest, under penalty of perjury, that all eligible members of the Food Stamp household are either U.S. citizens, national or lawful alien residents.

.33 The CWD shall document the date the application was filed by recording on the application the date it was received by the food stamp office.

.34 Contacting the Food Stamp Office

The CWD shall encourage households to file an application form the same day the household or its representative contacts the food stamp office in person or by telephone and expresses interest in obtaining food stamp assistance. If a household contacting the food stamp office by telephone does not wish to come to the appropriate office to file the application that same day and instead prefers receiving an application through the mail, an application form shall be mailed to the household on the same day the telephone request is received. An application shall also be mailed on the same day a written request for food assistance is received.

63-504	HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY	63-504
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(Continued)

.26 Changes in Eligibility Status or Benefit Levels

The CWD shall provide a notice of action to inform a household of any change in eligibility status or benefit level during their certification period.

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The Department of Social Services and the CWDs are permanently enjoined by court order in Saldivar v. McMahon from implementing MPP 22-022(j). Therefore, the CWDs are to continue to provide timely and adequate notice in all instances where the proposed action would result in a discontinuance or reduction of benefits due to a late or incomplete CA 7.

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.261 Adverse Actions

Timely notice shall be provided to a household prior to any action to reduce or terminate its benefits within the certification period, except as specified in Sections 63-504.264, .266, and .267. If a hearing officer determines that an overissuance claim exists, the household must be renotified of the claim, and delinquency is based on the due date of the subsequent notice and not the initial pre-hearing demand letter sent to the household.

.262 Increased Benefits

Adequate notice shall be provided to a household whenever benefits are increased as a result of a reported change no later than the date the increased benefits are received.

.263 Proposed Change in Benefits

Notice of a proposed change in benefits shall be sent to a monthly reporting household that fails to submit verification/information of a deduction with a CA 7 that is otherwise complete as specified in Section 63-504.32, or submits a CA 7 that contains questionable information as defined in Section 63-300.53.

- (a) The notice of action shall be sent no later than 10 days before the end of the report month. The household shall be given until the extended filing date to provide the missing verification/information.

63-504	HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY	63-504
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(Continued)

- (b) If the household submits a CA 7 after the CWD has mailed the notice specified in Section 63-504.27, the CWD need not provide a notice informing the household of a proposed change in benefits.
- (c) If the household submits incomplete verification/information after the CWD has mailed a notice informing the household of a proposed change in benefits, the CWD need not provide a second notice.

.264 Notification to Monthly Reporting Households

The CWD shall provide a notice of action to a monthly reporting household to inform them of any increase or decrease in benefits or any suspension of benefits as specified in Section 63-504.37, resulting from information reported by the household on the CA 7.

- (a) Notice shall be provided to a household which submits a complete CA 7, including all required verification, to the CWD by the 11th of the report month:
 - (1) At least 10 days before the effective date of a decrease in benefits; or
 - (2) No later than the date of receipt for an increase in benefits.
- (b) Notice shall be provided to a household which submits a complete CA 7 after the 11th of the report month and by the extended filing date no later than the household's normal or delayed issuance date.

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- .265 The recommended CDSS developed form to use for notification of changes in eligibility status or benefit levels, or the suspension of benefits, is the DFA 377.4 or a County substitute containing all notice requirements.

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63-504	HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY (Continued)	63-504
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.88 Photo ID Card Waivers

- .881 One or more of the minimum photo ID requirements in Section 63-504.84 may be waived for any CWD that can demonstrate that its alternate ID card or system will provide adequate safeguards against fraudulent and duplicate issuances.
- .882 In counties where photo ID cards are mandated, and a waiver is desired, the CWD shall request a waiver from FNS through SDSS. Decisions on the granting of waivers will be made on a case-by-case basis.

NOTE: Authority cited: Sections 10554, 11265.1, and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(8)(i); (f) (8)(i)(A) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (f)(8)(ii), (h), and (h)(1)(i)(D), 7 CFR 273.2(j)(3) and (4); 7 CFR 273.8(b); 7 CFR 273.10(d)(4), (f), (g)(1)(i) and (ii); proposed 7 CFR 273.12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and (c); 7 CFR 273.12(e)(1), (e)(2), and (e)(4); 7 CFR 273.13(a)(2); 7 CFR 273.13(b)(1); 7 CFR 273.14; 7 CFR 273.14(b)(3) and (e); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.21(e)(1), (f)(1)(iii), (f)(1)(iv)(B), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3)(ii), (i), (j), (j)(1)(vi), (j)(1)(vii)(A) and (r), (j)(2)(iii), (j)(3)(ii), (j)(3)(iii)(B), (j)(3)(iii)(C), and proposed (j)(3)(iii)(E) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 274.10; Public Law (P.L.) 100-435, Section 351, P.L. 101-624, and P.L. 103-66; Section 1717, [7 U.S.C. 2014(e)]; 7 U.S.C. 2014(d)(7) and 2017(c)(2)(B); U.S.D.A. Food and Consumer Services, Administrative Notices 94-39 and 97-50; P.L. 104-193, Sections 801, 807 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); and Federal Administrative Notice 97-99, dated August 12, 1997.

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63-800	CORRECTIVE ACTIONS	63-800
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63-801	CLAIMS AGAINST HOUSEHOLDS	63-801
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.1 Establishing Claims Against Households and/or Against Sponsors of Alien Households

All adult household members shall be jointly and individually liable for the value of any overissuance of benefits to the household. The CWD shall establish a claim, in accordance with Section 63-801.2, against any household that has received more food stamp benefits than it is entitled to receive or any household which contains an adult member who was an adult member of another household that received more food stamp benefits than it was entitled to receive, except as specified in Section 63-801.12. Any sponsor of an alien and the sponsored alien shall be held jointly and individually liable for repayment of any overissuance of food stamp benefits that results from incorrect information provided by the sponsor. In such cases, the CWD shall establish a claim against the sponsor or the alien household as provided in Section 63-801.13. In instances of trafficking, any person who is connected to the household, such as an authorized representative, who actually traffics or otherwise caused an overissuance or trafficking, shall be liable for the repayment of the trafficking claim.

.11 Time Frame for Establishing Inadvertent Household Error, Administrative Error, and Intentional Program Violation Claims

The CWD shall take action, within the time frames of this section, to establish a claim against any household that received an overissuance due to an inadvertent household or administrative error. Intentional Program violation claims shall be established and handled in accordance with Section 63-801.23.

.111 The CWD shall take action on inadvertent household and administrative error claims for which less than three years have elapsed between the month the overissuance occurred and the month the CWD determined by computation that an overissuance occurred, irrespective of the date the DFA 842 was completed.

.112 The CWD shall not take action on inadvertent household and administrative error claims for which more than three years have elapsed between the month the overissuance occurred and the month the CWD determined by computation that the overissuance occurred irrespective of the date the DFA 842 was completed.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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.12 No claim shall be established if an overissuance occurred as a result of an administrative error which resulted in an overissuance of \$35 or less, or as the result of the following:

.121 The CWD failed to ensure that a household fulfilled the following procedural requirements:

- (a) Signed the application form;
- (b) Completed a current work registration form;
- (c) Was certified in the correct county.

.122 The household transacted, but did not alter an expired authorization document.

.13 Claims Against Alien Households and Sponsors of Alien Households

.131 The CWD shall hold the alien's household solely liable for repayment of an overissuance in benefits, and establish a claim against the household, if the CWD determines that the sponsor had good cause or was not at fault for providing the incorrect information that resulted in the overissuance.

.132 If the CWD determines that the sponsor did not have good cause, or was at fault, as specified in Section 63-801.413, the CWD shall establish a claim for the overissuance against either the sponsor or the sponsored alien's household, or both. The CWD either shall establish claims against both parties at the same time or establish a claim against the party it deems most likely to repay first.

- (a) If a claim is established against the sponsor first, the CWD shall ensure that a claim is established against the household whenever the sponsor fails to respond within 30 days of receipt to the notice of action requesting repayment.
- (b) The CWD shall return to the sponsor and/or the household any amounts repaid in excess of the total amount of the claim as determined on the DFA 842.

.2 Types of Claims

The CWD shall categorize and account for all claims against households as inadvertent household error claims, administrative error claims or intentional Program violation claims.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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.21 Inadvertent Household Error Claims

- .211 A claim shall be handled as an inadvertent household error claim if the overissuance was caused by a misunderstanding or unintended error on the part of the household or the sponsor of an alien household. This shall also apply to such errors made by categorically eligible households, provided the claim can be calculated based on a change in net income and/or household size.
- .212 Instances of inadvertent household error which may result in a claim include, but are not limited to, the following:
- (a) The household, or the sponsor unintentionally failed to provide the CWD with correct or complete information.
 - (b) The household unintentionally failed to report to the CWD changes in household circumstances or the circumstances of its sponsor.
 - (c) The household unintentionally received benefits or more benefits than it was entitled to receive pending a state hearing decision because the household requested a continuation of benefits based on the mistaken belief that it was entitled to such benefits.

.22 Administrative Error Claims

- .221 A claim shall be handled as an administrative error claim if the overissuance was caused by the action or inaction of any CWD. This shall also apply to categorically eligible households only when the CWD incorrectly determined the household's net income and/or household size. The only exception is an overpayment caused by a household transacting an untampered Authorization to Participate (ATP) card.
- .222 CDSS does not compromise overissuances with the exception of administrative errors occurring on or after March 1, 2000. These administrative error overissuances are automatically compromised and recouped pursuant to the Lomeli v. Saenz court case settlement agreement. This agreement stipulates that administrative error overissuances are to be recouped by reducing the monthly allotment by five percent or \$10.00, whichever is greater for up to a total of 36 consecutive calendar months.
- .223 Instances of administrative error which may result in a claim include, but are not limited to, the following:
- (a) The CWD failed to take prompt action on a change reported by the household.
 - (b) The CWD incorrectly computed the household's income or deductions, or otherwise assigned an incorrect allotment.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- (c) The CWD incorrectly issued duplicate authorization documents which were subsequently transacted by the household.
- (d) The CWD continued to provide a household with food stamp allotments after its certification period had expired without benefit of a reapplication determination.
- (e) The Agency failed to provide a household a reduced allotment because its PA grant increased.

.23 Intentional Program Violation Claims

.231 A claim shall be handled as an intentional Program violation claim for an overissuance or trafficking only if an administrative disqualification hearing official or a court of appropriate jurisdiction has determined that a household member or the sponsor had committed an intentional Program violation, as defined in Section 20-300.1 or if an individual accused of intentional Program violation has signed either a Disqualification Consent Agreement or an Administrative Disqualification Hearing Waiver as defined in Sections 63-102(a)(2) and (d)(6). Prior to a determination of intentional Program violation the claim against the household shall be established and handled as an inadvertent household error claim.

.232 Repealed by Manual Letter No. FS-87-12, effective 10/1/87.

.3 Calculating the Amount of Claims

.31 Inadvertent Household and Administrative Error Claims

.311 For each month that a household received an overissuance due to an inadvertent household or administrative error, the CWD shall determine the correct amount of food stamp benefits the household was entitled to receive.

- (a) The CWD shall not allow claims established prior to April 1, 1984 to be recalculated for non-IPV-caused overissuances which occurred more than 12 months prior to the month of discovery.

For an IPV claim, calculate the claim back to the month that the IPV first occurred.

- (b) The CWD shall calculate the amount of the overissuance which occurred during the ~~six~~ years preceding the date the overissuance was discovered. The CWD shall not include in its calculation any amount of the overissuance which occurred in a month more than ~~six~~ years prior to the date the overissuance was discovered.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- (c) In cases involving reported changes, the CWD shall determine the month the overissuance initially occurred as follows:
 - (1) If, due to an inadvertent error on the part of the household, the household failed to report a change in its circumstances within the time frames required in Section 63-505, the first month affected by the household's failure to report shall be the first month in which the change would have been effective had it been timely reported. However, in no event shall the CWD determine as the first month in which the change would have been effective any month later than two months from the month in which the change in household circumstances occurred.
 - (2) For monthly reporting households, a claim shall be established when the household fails to report a change on the CA 7 by the extended filing date for the appropriate report month. For nonmonthly reporting households, a claim shall be established if the household fails to report a change within 10 days of the date the change became known.
 - (3) If the household timely reported a change, but the CWD did not act on the change within the required time frames, the first month affected by the CWD's failure to act shall be the first month the CWD would have made the change effective had it timely acted. However, in no event shall the CWD determine as the first month in which the change would have been effective any month later than two months from the month in which the change in household circumstances occurred.
- .312 If the household received a larger allotment than it was entitled to receive, the CWD shall establish a claim against the household equal to the difference between the allotment the household received and the allotment the household should have received.
 - (a) For categorically eligible households, a claim shall be determined only when the amount of the overissuance can be calculated on the basis of the household's net income and/or household size.
 - (b) For further action required when the overissuance is discovered for a month or months in which any member has already performed a Workfare or work component requirement, see Section 63-407.89.
 - (c) When determining the amount of benefits the household should have received, the CWD shall not apply the 20 percent earned income deduction to that portion of earned income which the household failed to report.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- .313 After calculating the amount of the inadvertent household or administrative error claim, the CWD shall offset the amount of the claim against any amounts which have not yet been restored to the household as a restoration of lost benefits in accordance with Section 63-802.54. The CWD shall then initiate collection action for the remaining balance, if any.

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The California Department of Social Services and the CWDs are permanently enjoined by court order in Lopez v. Glickman from applying that part of 63-801.313 regarding the offset of administrative error claims. CWDs shall not offset the amount of an administrative error claim against any amount of lost benefits which have not yet been restored to the household.

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.32 Intentional Program Violation Claims

- .321 For each month that a household received an overissuance due to an act of intentional Program violation, the CWD shall determine the correct amount of food stamp benefits, if any, the household was entitled to receive. The amount of the intentional Program violation claim shall be calculated back to the month the act of intentional Program violation occurred, regardless of the length of time that elapsed until the determination of intentional Program violation was made or the date the Waiver of Right to an Administrative Disqualification Hearing or Disqualification Consent Agreement was signed.

However, the CWD shall not include in its calculation any amount of the overissuance which occurred in a month more than six years from the date the overissuance was discovered or prior to March 1, 1979. If the household member is determined to have committed intentional Program violation by intentionally failing to report a change in its household's circumstances, the first month affected by the household's failure to report shall be the first month in which the change would have been effective had it been reported. However, in no event shall the CWD determine as the first month in which the change would have been effective any month later than two months from the month in which the change in household circumstances occurred.

- .322 If the household received a larger allotment than it was entitled to receive, the CWD shall establish a claim against the household equal to the difference between the allotment the household received and the allotment the household should have received.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- .323 When determining the amount of benefits the household should have received, the CWD shall not apply the 20 percent earned income deduction to that portion of earned income which the household intentionally failed to report as determined by an administrative disqualification hearing or a court of appropriate jurisdiction or by the signing of an Administrative Disqualification Hearing Waiver or a Disqualification Consent Agreement.
- .324 Once the amount of the intentional Program violation claim is established, the CWD shall offset the claim against any amount of lost benefits that have not been restored to the household as lost benefits in accordance with Section 63-802.54.

.33 **Trafficking-Related Claims**

- .331 Claims arising from trafficking-related offenses will be the value of the trafficked benefits as determined by the following:
 - (a) Admission by the individual;
 - (b) Adjudication; or
 - (c) Documentation that is the basis for the trafficking determination.
- .332 The CWD must establish a claim before the last day of the quarter following the quarter that the overpayment or trafficking incident was discovered. The CWD will ensure that no less than 90 percent of all claim referrals are established or disposed of in this time frame.

.4 **Collecting Claims Against Households and Sponsors of Alien Households**

- .41 Criteria for Initiating Collection Action on Inadvertent Household and Administrative Error Claims
 - .411 CWDs shall initiate collection action against the household for all inadvertent household error claims, or administrative error claims or against the sponsor in accordance with Section 63–801.413, unless one of the following conditions apply:
 - (a) The total amount of the claim is less than \$35, and the claim cannot be recovered by reducing the household's allotment.
 - (b) The CWD has documentation which shows that the household or the sponsor of an alien household cannot be located.
 - .412 The CWD may postpone collection action on inadvertent household error claims in cases where an overissuance is being referred for possible legal prosecution or for administrative disqualification, and the CWD determines that collection action will prejudice the case.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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.413 Prior to initiating collection action against the household of a sponsored alien for repayment of an overissuance caused by incorrect information having been provided concerning the alien's sponsor or sponsor's spouse, the CWD shall determine whether such incorrect information was provided due to inadvertent error or intentional Program violation on the part of the alien or the alien's sponsor. The CWD shall inform the alien's sponsor that neither the sponsor nor his/her spouse shall be held responsible for repayment of the overissuance if the sponsor can demonstrate that he/she had good cause or was not at fault for the incorrect information having been provided to the CWD.

(a) A sponsor will be without fault or have good cause for not providing correct information only when the sponsor has met all of his/her responsibilities in providing correct information, but the alien has not.

(b) A sponsor shall not be held at fault for a CWD administrative error.

.42 Criteria for Initiating Collection Action on Intentional Program Violation Claims

If an administrative disqualification hearing official or a court of appropriate jurisdiction finds that a household member or the sponsor of an alien household member committed intentional Program violation or if an individual accused of intentional Program violation signs either an Administrative Disqualification Hearing Waiver or Disqualification Consent Agreement, the CWD shall initiate collection action against the individual's household or the sponsor of the alien household member. In addition, to the extent possible, the CWD shall make a personal contact with the household and/or its sponsor.

.421 The CWD shall initiate such collection unless:

(a) the household has repaid the overissuance already,

(b) the CWD has documentation which shows the household (and its sponsor, if an alien household), cannot be located, or,

(c) the CWD determines that collection action will prejudice the case against a household member referred for legal prosecution.

.422 The CWD shall initiate collection action for an unpaid or partially paid claim even if collection action was previously initiated against the household while the claim was being handled as an inadvertent household error claim. In cases where a household member was found guilty of intentional Program violation by a court or has signed a Disqualification Consent Agreement, the CWD shall request that the matter of restitution be brought before the court or addressed in the agreement reached between the prosecutor and accused individual.

63-801 CLAIMS AGAINST HOUSEHOLDS (Continued)**63-801****.43 Initiating Collection on Claims**

.431 CWDs shall initiate collection action by providing the household or the sponsor of an alien household an initial notice of action to begin collection action and requesting repayment. (Subsequent demand letters or notices may be sent at the discretion of the CWD.) The due date or time frame for repayment must be no later than 30 days after the date of the initial notice of action, and shall provide the following information:

- (a) The amount owed, the type (IPV, IHE, or AE) and reason for the claim, the period of time the claim covers, how the claim was calculated, any offsetting that was done to reduce the claim, how the household or its sponsor may pay the claim, the household's or the sponsor's right to a state hearing if the household or the sponsor disagrees with the amount of the claim, and that the household has 90 days to request a fair hearing.
- (b) If the household already has had a state hearing on the amount of the claim as a result of consolidation of the administrative disqualification hearing with the state hearing, the household shall be advised that they have no right to another state hearing on the amount of the claim.
- (c) If there is an individual or organization that will provide free legal representation, the household shall be advised of the availability of these services.
- (d) The household, or the sponsor shall be informed of the length of time the household has to decide which method of repayment it will choose and inform the CWD of its decision, and of the fact that the household's allotment will be reduced if the household fails to agree to make restitution.
- (e) (Reserved)
- (f) Claim collection will be from all adults who were in the household when the overpayment occurred.
- (g) The household has the opportunity to inspect and copy any records related to the claim.
- (h) If the claim is not paid, it may be sent to other collection agencies that may use various methods to collect the claim.
- (i) If not paid, the claim will be referred to the Federal government for collection. However, the household may make a written agreement to pay the claim amount prior to referral for Federal action.

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- (j) If the claim is not received by the due date and becomes delinquent, the household may be subject to additional processing charges and will be subject to involuntary collection action(s).
- (k) A due date or time frame to repay or make arrangements to repay the claim, unless the CWD will impose an allotment reduction. (If allotment reduction is to be imposed, the percentage to be used and effective date must be stated.)
- (l) Any household or sponsor against which the CWD has initiate collection action shall be informed of their right to request renegotiation of any repayment schedule to which the household or the sponsor has agreed should the economic circumstances of the household or the sponsor undergo a change.
 - (1) A change in economic circumstances shall include, but not be limited to, changes in income, resources, or expenses. A change in household allotment shall not constitute a change in economic circumstances.

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- (m) The recommended CDSS developed forms to use for requesting repayment of claim determinations are the DFA 377.7B, the DFA 377.7D, and the DFA 377.7F.

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- .432 If the household pays the claim, payments shall be accepted and submitted to CDSS in accordance with the procedures outlined in Section 63-801.8.
- .44 Action Against Households and Sponsors of Alien Households Who Fail to Respond
 - .441 The CWD shall reduce the household's Food Stamp benefits without further notice as specified in Section 63-801.73, when:
 - (a) Collection action has been initiated against the household or the sponsor for repayment of a claim; and
 - (b) The household is currently participating in the Food Stamp Program; and
 - (c) The household does not respond to the notice of action requesting repayment within 30 days of the date the notice is mailed.

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.442 Other Collection Methods

- (a) The CWD shall pursue other collection actions, as appropriate, to obtain restitution of a claim against any household or sponsor who fails to respond to a written demand letter for repayment of any IPV claim, unless the CWD can determine that such other actions are generally not cost effective.
- (b) The CWD may also pursue other collection actions as appropriate, to obtain restitution of a claim against any household or sponsor who fails to respond to a written demand letter for repayment of any inadvertent household error, or administrative error claim.
- (c) If the CWD chooses to pursue other collection actions and the household pays the claim, payments shall be submitted to CDSS as specified in Section 63-801.8. The CWD's retention of claim collections shall be based on the actual amount collected from the household through such collection actions excluding collection costs.

.45 Determining Delinquency of Claims

.451 Unless specified in Section 63-801.454, a claim shall be considered delinquent if:

- (a) The claim has not been paid by the due date, and a satisfactory payment arrangement has not been made, or
- (b) A payment arrangement has been established, and a scheduled payment has not been made by the due date.

.452 The date of delinquency for a claim covered under Section 63-801.451(a) is the due date on the initial written notification/demand letter. The claim will remain delinquent until payment is received in full, a satisfactory payment agreement is negotiated, or allotment reduction is invoked.

.453 The date of delinquency for a claim covered under Section 63-801.451(b) is the due date of the missed installment payment. The claim will remain delinquent until payment is received in full, allotment reduction is invoked, or the CWD determines to either resume or renegotiate the repayment schedule.

.454 A claim will not be considered delinquent if another claim for the same household is currently being paid either through an installment agreement or allotment reduction, and the CWD expects to begin collection on the claim once the prior claim(s) is settled.

.455 A claim is not subject to the requirement for delinquent debts if the CWD is unable to determine delinquency status because collection is coordinated through the court system.

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.5 Suspending and Terminating Collection of Claims

.51 Suspending Collection of Inadvertent Household and Administrative Error Claims

.511 If no collection action was initiated because of conditions specified in Section 63-801.411, the CWD shall be permitted to suspend an inadvertent household or administrative error claim.

.512 If collection action was initiated, and at least one demand letter has been sent, the CWD may be permitted to suspend further collection action of an inadvertent household error claim or of an administrative error claim against a nonparticipating household when:

- (a) The household cannot be located; or
- (b) The cost of further collection action is likely to exceed the amount that can be recovered.

.52 Suspending Collection of Intentional Program Violation Claims

.521 The CWD shall be permitted to suspend collection action on intentional Program violation claims at any time if it has documentation that the household and/or the sponsor cannot be located.

.522 If collection action was initiated, and demand letters as specified below sent, the CWD shall suspend further collection action on any intentional Program violation claim against a nonparticipating household or its sponsor when the cost of further collection action is likely to exceed the amount that can be recovered.

- (a) At least one demand letter for claims of less than \$100.
- (b) At least two demand letters for claims between \$100 and \$400.
- (c) At least three demand letters for claims of more than \$400.

.53 Terminating Collection of Claims

The CWD shall be permitted to determine that a claim is uncollectible after it has been held in suspense for three years. The CWD shall use a suspended or terminated claim to offset a restoration of lost benefits in accordance with Section 63-802.54.

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.54 Claims Discharged Through Bankruptcy

CWDs shall act on behalf of, and as, FNS in any bankruptcy proceeding against bankrupt households owing food stamp claims. CWDs shall possess any rights, priorities, interests, liens or privileges, and shall participate in any distribution of assets, to the same extent as FNS. Acting as FNS, CWDs shall have the power and authority to file objections to discharge, proofs of claims, exceptions to discharge, petitions for revocation of discharge, and any other documents, motions or objections which FNS might have filed. Any amounts collected under this authority shall be transmitted to FNS as provided in Section 63-801.8.

.6 Change in Household Composition

.61 The CWD shall initiate collection action against any or all of the adult members of a household which received an overissuance for which an intentional Program violation, inadvertent household or administrative error claim was established in accordance with Section 63-801.1.

.611 If a change in household composition occurs, the CWD shall initiate collection action which may be taken against any or all households which contain an adult member who was an adult member of the original household that received an overissuance. The CWD may also offset the amount of the claim against restored benefits in accordance with Section 63-802.542.

.62 In pursuing claims, the CWD shall use any of the appropriate methods of collecting payments as specified in Sections 63-801.43 and 63-801.7. The CWD shall not collect more than the amount of the claim under any circumstances.

.7 Method of Collecting Payments

CWDs must accept any payment for a claim, whether it is a full or partial payment. As specified in Section 63-801.4, CWDs shall collect payments for claims against households as follows:

.71 Lump Sum

.711 If the household or the sponsor chooses to pay the claim at one time, the CWD shall collect a lump sum payment. The household shall not be required to liquidate all of its resources to make this one lump sum repayment.

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- .712 If the household or the sponsor prefers to make a lump sum cash payment as partial payment of the claim, the CWD shall accept this method of payment.
- .713 If the household or the sponsor chooses to make a lump sum payment of food stamp coupons as full or partial payment of the claim, the CWD shall accept this method of repayment.
- .72 Installments
 - .721 The CWD shall negotiate a payment schedule with the household or the sponsor if the household or sponsor chooses this method for a full or partial repayment of the claim. Payments shall be accepted by the CWD in regular installments. The household may use food coupons as full or partial payment of any installment. A CWD shall use the full amount of the claim to offset any restoration of lost benefits due the household.
 - .722 If the household or the sponsor fails to make a payment in accordance with the established repayment schedule (either a lesser amount or no payment), the CWD shall notify the household or the sponsor that no payment or an insufficient payment was received.
 - (a) The notice of action requesting repayment shall inform the household or the sponsor that:
 - (1) They may contact the CWD to discuss renegotiation of the payment schedule; and
 - (2) Unless the overdue payments are made or the CWD is contacted to discuss renegotiation of the payment schedule, the benefits of a currently participating household **with an** established **claim** will be reduced without a further notice and as specified in Section 63-801.73.
 - (b) If the household, or the sponsor responds to the notice of action requesting repayment, the CWD shall take one of the following actions as appropriate:

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- (1) If the household or the sponsor makes the overdue payments and wishes to continue payments based on the previous schedule, permit the household or the sponsor to do so;
 - (2) If the household or the sponsor requests renegotiation, and if the CWD concurs with the request, negotiate a new payment schedule;
 - (3) If the household or the sponsor requests renegotiation of the amount of its repayment schedule, but the economic circumstances of the household or the sponsor have not changed enough as specified in Section 63-801.431(1)(1) to warrant the requested settlement, the CWD may continue renegotiation until a settlement can be reached. The CWD may invoke allotment reduction against a currently participating household for repayment of an intentional Program violation claim if a settlement cannot be reached.
- (c) If the household or the sponsor fails to respond, the CWD shall invoke allotment reduction. If allotment reduction is invoked, no further notice is required.

.723 In cases where the household is currently participating in the Food Stamp Program and a payment schedule is negotiated for repayment of a claim, the CWD shall ensure that the negotiated amount to be repaid each month through installment payments is not less than the amount which could be recovered through allotment reduction. Once negotiated, the amount to be repaid each month through installment payments shall remain unchanged regardless of subsequent changes in the household's monthly allotment. However, the CWD, the household, or the sponsor shall have the option to initiate renegotiation of the payment schedule if they believe that the economic circumstances of the household or the sponsor have changed enough to warrant such action.

.73 Reduction in Food Stamp Allotments

.731 CWDs shall collect repayments for a claim from a household currently participating in the Program by reducing the household's food stamp allotments as provided in Section 63-801.44.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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- .732 Prior to reduction, the CWD shall send the household a DFA 377.7C, a DFA 377.7E, or a DFA 377.7G informing them of the appropriate formula specified in Section 63-801.737, for determining the amount of food stamps to be recovered each month and the effect of that formula on the household's allotment (i.e., the amount of food stamps the CWD expects will be recovered each month), and of the availability of other methods of repayment.
- .733 If the household requests to make a lump sum cash and/or food stamp coupon payment as full or partial payment of the claim, the CWD shall accept this method of payment. The CWD shall reduce the household's allotment as specified in Section 63-801.736, to recover any amounts of a claim not repaid through a lump sum cash and/or food stamp coupon payment, unless a payment schedule has been negotiated with the household.
- .734 The provision in Section 63-503.325 for a \$10 minimum benefit level for households with one and two members only, shall apply to the allotment prior to the reduction.
- .735 The CWD shall use the full amount of the claim to offset any restoration of lost benefits.
- .736 The amount of food stamps to be recovered each month through allotment reduction shall be determined in accordance with the following procedures and the calculated figure rounded as specified in Section 63-503.31.
- (a) Inadvertent Household and Administrative Error Claims
- For inadvertent household and administrative error claims, the amount of food stamps recovered shall be 10 percent of the household's monthly allotment or \$10 per month, whichever is the greater amount.

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(b) Intentional Program Violation Claims

For intentional Program violation claims, the amount of food stamps shall be 20 percent of the household's monthly allotment or \$20 per month, whichever is the greater amount.

.74 Other Collection Actions

.741 CWDs may employ any other collection methods to collect claims. These actions include, but are not limited to, referrals to collection and/or similar private and public sector agencies, state tax refund and lottery offsets, wage garnishments, property liens, and small claims court.

.75 Unspecified Joint Collections

.751 When an unspecified joint collection is received for a combined public assistance/food stamp recipient claim, each program must receive its pro rata share of the amount collected. An unspecified joint collection is when funds are received in response to correspondence or a referral that contained both the food stamp and other program claim(s) and the debtor does not specify to which claim to apply the collection.

.76 Unemployment Compensation Benefits

.761 Arrangements may be made to intercept the liable individual's unemployment compensation benefits to collect any claim. This collection may be included as part of a repayment agreement.

(a) Unemployment compensation benefits may be intercepted by obtaining a court order.

(b) Any intercept of unemployment compensation benefits must be reported as "cash" payments.

.77 Public Service

.771 If authorized by a court, the value of a claim may be paid by the household performing public service.

63-801	CLAIMS AGAINST HOUSEHOLDS (Continued)	63-801
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.78 Interstate/Intercounty Claims Collection

.781 In cases where a household moves out of state, the CWD shall initiate or continue collection action against the household for any overissuance to the household which occurred while it was under the state's jurisdiction. The CWD which overissued benefits to the household shall have the first opportunity to collect any overissuance. However, if the CWD which overissued benefits to the household does not take action to collect as soon as administratively possible, then the government agency which administers the area into which the household moves may initiate action to collect the overissuance. Prior to initiating action to collect claims against households which have moved into the state, the CWD shall contact the agency which overissued benefits to ascertain that it does not intend to pursue prompt collection. Once the CWD accepts responsibility, claim collection incentive and reporting shall be retained by the CWD which collects the overissuance, regardless of whether the household remains in the state or not, and all interstate transfers shall be reported to FNS.

.782 In cases where a household moves from one county to another within the state, the CWD in the county where the overissuance occurred shall initiate or continue collection action against the household. If the CWD in the county where the household was overissued benefits is unable to take action to collect, then the CWD in the county of the household's new residence shall initiate action to collect the overissuance. However, prior to initiating action to collect such overissuances, the CWD in the household's new county of residence shall contact the CWD in the county where the overissuance occurred to ascertain that it is unable to pursue collection action. The claim collection incentive is retained by the CWD which collects the overissuance.

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- .86 In cases where FNS has billed CDSS for CWD negligence, FNS will credit any amounts collected from households which were caused by the CWD's negligence.

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.9 Accounting Procedures

Each CWD shall maintain an accounting system for monitoring claims against households. At a minimum, the accounting system shall be designed to readily accomplish the following:

- .91 Identify claims by categories of inadvertent household error, administrative error, and intentional Program violations.
- .92 Provide data necessary to complete the FNS-209.
- .93 Document the circumstances which resulted in a claim, the procedures used to calculate the claim, the methods used to collect the claim and, if applicable, the circumstances which resulted in suspension or termination of collection action.
- .94 Identify those situations in which an amount not yet restored to a household as a restoration of lost benefits can be used to offset a claim owed by the household.
- .95 Identify those households that have failed to make installment payments on their claims.
- .96 Document how much money was collected in payment of a claim and how much was submitted to CDSS through an adjustment of the CWD's advance.
- .97 Identify, at certification, households that owe outstanding payments on a previously established claim determination. The initial allotment shall not be reduced to offset claims. Actions on identified claims shall be as specified in Section 63-801.4.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code; 7 CFR 271.2; 7 CFR 273.18(a), (a)(1)(ii), and (a)(2); 7 CFR 273.18(b)(3); 7 CFR 273.18(c)(1)(i), (c)(1)(ii), (ii)(b), and (c)(2)(ii) (Federal Register, Vol. 58, No. 209, pp. 58454 and 58455, dated November 1, 1993); 7 CFR 273.18(d)(4)(iii); 7 CFR 273.18(e)(1); 7 CFR 273.18(e)(3)(iv); 7 CFR 273.18(e)(3)(v); 7 CFR 273.18(e)(5)(v); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.18(e)(7)(i); 7 CFR 273.18(f); 7 CFR 273.18(g)(4)(ii); 7 CFR 273.18(g)(6); 7 CFR 273.18(g)(8); 7 CFR 273.18(g)(9); 7 CFR 273.18(h)(4); 7 CFR 273.18(i); 7 CFR 273.18(k)(5); 7 CFR 273.18(n)(1)(i); 7 U.S.C. 2022(a)(1); U.S.D.A., Food and Nutrition Service letter WFS-100:FS-10-6-CA, dated October 7, 1991; P.L. 104-193, Sections 809 and 844 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and Lomeli v. Saenz, Sacramento Superior Court, Case #98CS01747.

63-802	RESTORATION OF LOST BENEFITS	63-802
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.1 Entitlement

.11 The CWD shall restore to a household benefits which were lost whenever:

.111 the loss was caused by an administrative error as defined by Section 63-801.22, or;

.112 an administrative disqualification for an intentional Program violation was subsequently reversed as specified in Section 63-805.3, or;

.113 a statement elsewhere in the regulations specifically states that the household is entitled to restoration of lost benefits.

.12 Unless a longer period of time is specified elsewhere in regulations, lost benefits shall be restored for not more than 12 months prior to the earlier of the following dates:

.121 The date the CWD receives a request for restoration from a household; or

.122 The date the CWD is notified or otherwise discovers that a loss to a household has occurred.

.13 The CWD shall restore lost benefits even if the household is currently ineligible for Food Stamp Program participation.

.14 The CWD shall restore to a household benefits which were found by any judicial action to have been wrongfully withheld.

.141 When the judicial action is a review of a state hearing, benefits shall be restored for a period of not more than 12 months prior to the date that the state hearing was initiated, or the dates specified in Section 63-802.12, whichever is the earliest.

63-802	RESTORATION OF LOST BENEFITS (Continued)	63-802
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- .142 If the judicial action is the first action the recipient has taken to obtain restoration of lost benefits, then benefits shall be restored for a period of not more than 12 months from the date the judicial action was initiated.
- .15 Lost Benefits to Individuals Disqualified for Intentional Program Violation
- If the decision which resulted in a disqualification for intentional Program violation is subsequently reversed by a judicial action, that individual is entitled to a restoration of any benefits lost during the months that he/she was disqualified.
- .151 The restoration shall not exceed 12 months prior to the date of the CWD's notification of the reversal, except when the individual has participated in an administrative disqualification hearing. The CWD shall consider the individual's prior participation in the administrative disqualification hearing as notification that the household has requested a restoration of lost benefits, and shall restore benefits from the effective date of the notice of action informing the household of the administrative disqualification.
- .152 For each month the individual was disqualified, the amount to be restored, if any, shall be determined by comparing the allotment the household received with the allotment the household would have received had the disqualified member been allowed to participate. If the household received a smaller allotment than it should have received, the difference equals the amount to be restored.
- .16 Entitlements to Households With Delayed Photo ID Card Replacements
- Mutilated or altered photo ID cards shall be replaced as specified in Section 63-504.862 prior to the issuance of coupons. Therefore, if a household's opportunity to participate expires between the time the household requests the photo ID card replacement and the delivery of that card, the CWD shall restore any resulting lost benefits to the household.

63-802	RESTORATION OF LOST BENEFITS (Continued)	63-802
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.17 Entitlements to Households With Changed Membership

Whenever lost benefits are due a household and the household's membership has changed, the CWD shall restore the lost benefits to the household containing a majority of the individuals who were household members at the time the loss occurred. If the CWD cannot locate or determine the household which contains a majority of household members, the CWD shall restore the lost benefits to the household containing the head of the household at the time the loss occurred.

.2 Method of Restoration

.21 CWDs must reduce any restored benefits owed to a household by the amount of any outstanding claim. This may be done at any time during the claim establishment and collection process. For administrative errors, please see MPP Section 63-801.313, Lopez v. Glickman Court Case.

.22 Regardless of whether a household is currently eligible or ineligible, the CWD shall restore lost benefits to a household by issuing an allotment equal to the amount of benefits that were lost. The amount restored shall be issued in addition to the allotment currently eligible households are entitled to receive. The CWD shall honor reasonable requests by households to restore lost benefits in monthly installments if, for example, the household fears the excess coupons may be stolen, or that the amount to be restored is more than it can use in a reasonable period of time.

.23 Whenever a household entitled to a restoration of lost benefits informs a CWD that it is moving out of the county, benefits shall be restored in a lump sum prior to the move, whenever possible. When benefits cannot be restored prior to the move the CWD shall mail the entitlement in the form of coupons to the household at the new address.

.3 Agency Errors

If the CWD determines that a loss of benefits has occurred and the household is entitled to restoration of those benefits, the CWD shall automatically take action to restore any benefits that were lost. No action by the household is necessary. However, benefits shall not be restored if the benefits were lost more than 12 months prior to the month the loss was discovered by the CWD in the normal course of business, or were lost more than 12 months prior to the month the CWD was notified in writing or orally of a possible loss to a specific household. The CWD shall notify the household of its entitlement, the amount of benefits to be restored, any offsetting that was done, the method of restoration, and the right to appeal through the state hearing process if the household disagrees with any aspect of the proposed lost benefit restoration.

63-802	RESTORATION OF LOST BENEFITS (Continued)	63-802
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.55 Since coupon books with values of \$1, \$3, or \$5 cannot be issued, restorations made in allotments of \$1, \$3, and \$5 shall be rounded to \$2, \$4, and \$6 respectively.

.6 Accounting Procedures

Each CWD shall be responsible for maintaining an accounting system for documenting a household's entitlement to restoration of lost benefits and for recording the balance of lost benefits that shall be restored to the household. Each CWD shall at a minimum, document how the amount to be restored was calculated and the reason lost benefits must be restored. The accounting system shall be designed to readily identify those situations where a claim against a household can be used to offset the amount to be restored.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 54 Federal Register 30, Table of Redesignations (Part 274), p. 6991, 7 CFR 273.17(a)(1); 7 CFR 273.17(d)(4); 7 CFR 273.18(f); and Sections 10554 and 18904, Welfare and Institutions Code.

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Repealed by Manual Letter No. FS-91-03, effective 3/1/91.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 54 Federal Register 30, Table of Redesignations (Part 274), p. 6991.

63-804	STATE HEARINGS	63-804
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- .1 Availability of hearings. Households aggrieved by actions of the CWD which affect the participation of the household in the Program shall be entitled to file for a state hearing if the action is subject to a state hearing. Further, a sponsor of an alien household is entitled to a state hearing either to contest a determination that the sponsor was at fault where it was determined that incorrect information has been provided or to contest the amount of the claim. State hearings shall be conducted in accordance with the provisions of Division 22.
- .2 Notification of right to request hearing. At the time of application, each household shall be informed in writing of its right to a hearing, of the method by which a hearing may be requested, and that its case may be presented by a household member or a representative, such as a legal counsel, a relative, a friend or other spokesperson. In addition, at any time the household expresses to the CWD that it disagrees with a CWD action, it shall be reminded of the right to request a state hearing. If there is an individual or organization available that provides free legal representation in the county, the household shall also be informed of that service.
- .3 Hearing request. A request for a hearing is defined as a clear expression, oral or written, by the household or its representative to the effect that it wishes to appeal a decision or that an opportunity to present its case to a higher authority is desired. If it is unclear from the household's request what action it wishes to appeal, the CWD may request the household to clarify its grievance. The freedom to make a request for a hearing shall not be limited or interfered with in any way.

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- .621 A household provided a timely notice of action, shall file their request as specified in Section 22-004 for a hearing prior to the effective date of the proposed reduction or termination of its benefits.
- .622 A household provided a concurrent notice of action as specified in Section 63-504.264(b), shall file, as specified in Section 22-004, their request for a hearing prior to 10 days following the date the CWD mails this notice to the household.
- .623 A household provided a notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete CA 7, shall file its request prior to the effective date of the termination of its benefits.
- .63 Time Frames for Providing Continuation of Benefits
 - .631 The CWD shall provide continued benefits, as specified in Section 22-023.1, to any household entitled to such benefits within five working (5) days of the date:
 - (a) The CWD receives a written request from the household; or
 - (b) The CWD is notified by CDSS of the household's written request for a hearing; or
 - (c) CDSS receives the household's oral request for a hearing.
 - .632 Continued benefits shall not be provided to the household prior to the first regular issuance date when the household's benefits would have been reduced or terminated.
- .64 Changes Pending the Hearing Decision
 - .641 Any monthly reporting household whose benefits have been continued shall continue to file CA 7s until the end of its certification period.
 - .642 Once continued or reinstated, benefits shall not be reduced or terminated, nor shall a claim awaiting a hearing decision be considered delinquent, prior to the receipt of the official hearing decision, unless any of the following situations occur while the hearing decision is pending:

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- (a) A household's certification period expires. The household may reapply and may be determined eligible for a new certification period and for an allotment calculated by the CWD.
- (b) The hearing official makes a preliminary determination in writing at the hearing as specified in Section 22-022.523 that the sole issue is one of regulation and that the household's claim that the CWD improperly computed its benefits or misapplied or misinterpreted the regulations is invalid.
- (c) A change in household circumstances other than the issue being contested results in a reduction or termination of the household's benefits and the household fails to file a request for a hearing and continuation of benefits after receiving the corresponding notice of action.
- (d) A mass change reduces or terminates the household's benefits and the household fails to file a request for a hearing and continuation of benefits.
- (e) A monthly reporting household fails to provide required verification of items on the CA 7 resulting in a reduction or termination of benefits, unless this is the issue being contested, and the household fails to file a request for a hearing and continuation of benefits after receiving the corresponding notice of action informing the household of a proposed change in benefits or of a termination of benefits for the nonsubmittal of a complete CA 7.
- (f) A monthly reporting household fails to file a CA 7 or fails to file a complete CA 7 by the extended filing date, resulting in a termination of benefits. The household does not file a request for a hearing and continuation of benefits after receiving the corresponding notice of action informing them of a termination of benefits for the nonsubmittal of a complete CA 7.

.643 The CWD shall notify the household as specified in Section 63-504.261 whenever benefits are reduced or terminated pending the hearing decision.

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.7 Timely Action on Hearing Decisions

Decisions which result in an increase in a household's benefits shall be reflected in the coupon allotment within 10 days of the receipt of the hearing decision even if the CWD must provide a supplementary authorization document or otherwise provide the household with an opportunity to obtain the allotment outside of the normal issuance cycle. However, the CWD may take longer than 10 days if it elects to make the decision effective in the household's normal issuance cycle, provided that the issuance will occur within 60 days from the household's request for the hearing. Decisions which result in a decrease in household benefits shall be reflected in the next scheduled issuance following receipt of the hearing decision.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: 7 CFR 271.2; 7 CFR 273.18(e)(6); and Sections 10554 and 18904, Welfare and Institutions Code.

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.1 Disqualification Penalties for Intentional Program Violation

- .11 Individuals found to have committed an intentional Program violation either through an administrative disqualification hearing or by a court of appropriate jurisdiction or individuals accused of intentional Program violation who have signed an Administrative Disqualification Hearing Waiver or a Disqualification Consent Agreement shall be ineligible to participate in the Food Stamp Program as specified in Section 20-300.3.
- .12 Provisions governing administrative and court-ordered disqualifications, CWD administrative responsibilities and reporting requirements, and other related provisions are covered in CDSS' Manual of Policies and Procedures, Division 20, Chapter 20-300.

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(Continued)

.2 Participation While Awaiting a Hearing

A pending disqualification hearing shall not affect the individual's or the household's right to be certified and participate in the Food Stamp Program. Since the CWD cannot disqualify a household member for intentional Program violation until the hearing official finds that the individual has committed an intentional Program violation, the CWD shall determine the eligibility and benefit level of the household in the same manner it would be determined for any other household.

.21 The household's benefits shall be terminated if the certification period has expired and the household fails to reapply, after receiving a notice of action informing them of the expiration of their certification period.

.22 The CWD shall also reduce or terminate the household's benefits if it has documentation which substantiates that the household is ineligible or eligible for fewer benefits (even if these facts led to the suspicion of intentional Program violation and the resulting disqualification hearing) and the household fails to request a state hearing and continuation of benefits pending the hearing.

.3 Reversed Administrative Disqualifications

In cases where the determination of intentional Program violation is reversed by a court of appropriate jurisdiction, the CWD shall reinstate the individual in the Food Stamp Program if the household is eligible. The CWD shall restore benefits that were lost as a result of the disqualification in accordance with the procedures specified in Section 63-802.15.

NOTE: Authority cited: Sections 10554 and 18904, Welfare and Institutions Code. Reference: Sections 10554 and 18904, Welfare and Institutions Code.