

December 11, 2020

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

EXECUTIVE SUMMARY

ALL COUNTY LETTER NO. 20-132

This All County Letter issues policy guidance to County Welfare Departments regarding federal changes to CalFresh eligibility rules and reporting responsibilities for applicants and recipients who receive substantial lottery or gambling winnings.



KIM JOHNSON
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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GAVIN NEWSOM
GOVERNOR

December 11, 2020

ALL COUNTY LETTER NO. 20-132

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH PROGRAM SPECIALISTS
ALL CONSORTIA MANAGERS
ALL QUALITY CONTROL COORDINATORS

SUBJECT: CALFRESH ELIGIBILITY RULES AND REPORTING
RESPONSIBILITIES FOR APPLICANTS AND RECIPIENTS WITH
SUBSTANTIAL LOTTERY AND GAMBLING WINNINGS

REFERENCE: [UNITED STATES CODE \(U.S.C., TITLE 7, CHAPTER 51, SECTION 2015\(S\); FEDERAL REGISTER \(FINAL RULE\): SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM: STUDENT ELIGIBILITY, CONVICTED FELONS, LOTTERY AND GAMBLING, AND STATE VERIFICATION PROVISIONS OF THE AGRICULTURAL ACT OF 2014; TITLE 7 OF THE CODE OF FEDERAL REGULATIONS \(CFR\) SECTION 272.2 \(D\)\(1\)\(XVIII\); 7 CFR 272.17; 7 CFR 273.11 \(R\); 7 CFR 273.12 \(A\)\(1\)\(VIII\); 7 CFR 273.12 \(A\)\(5\)\(III\)\(G\)\(3\); 7 CFR 273.12 \(A\)\(5\)\(VI\)\(B\)\(5\); 7 CFR 273.8 ; 7 CFR 273.8 \(B\); 7 CFR 273.9; 7 CFR 273.10 \(g\)\(2\); 7 CFR 273.13; 7 CFR 273.18; FOOD AND NUTRITION SERVICE \(FNS\) FINAL RULE IMPLEMENTATION MEMO FOR LOTTERY AND GAMBLING WINNERS; FNS FINAL RULE IMPLEMENTATION MEMO FOR LOTTERY AND GAMBLING WINNERS; FNS QUESTION AND ANSWER MEMO](#)

This All County Letter (ACL) issues policy guidance to County Welfare Departments (CWDs) regarding federal changes to CalFresh eligibility rules and reporting requirements for CalFresh applicants and recipients who receive substantial lottery or gambling winnings.

Background

On April 15, 2019 the Food and Nutrition Service (FNS) published the final rule for the Supplemental Nutrition Assistance Program (SNAP): Student Eligibility, Convicted Felons, Lottery and Gambling, and State Verification Provisions of the Agricultural Act of 2014 ([84 FR 15083](#)).

Section 4009 of the Agricultural Act, codified at [7 U.S.C. section 2015\(s\)](#), establishes new reporting requirements for SNAP recipients who receive substantial lottery or gambling winnings. Households who receive substantial winnings must immediately become ineligible for benefits per [7 CFR 273.11\(r\)](#), and remain ineligible until they meet financial resource and income eligibility requirements.

Under the new rule, households must not wait until their periodic report (i.e. SAR 7) or recertification to report receipt of substantial winnings. Households must report receipt of substantial winnings within ten calendar days of receipt of the winnings anytime during the certification period. As a result, the final rule establishes a new mid-period reporting requirement. This mid-period reporting requirement is in addition to existing mid-period reporting requirements that require households to report when gross monthly income received exceeds the household's Income Reporting Threshold (IRT) or, if applicable to the household, when an Able Bodied Adult Without Dependent's (ABAWDs) work hours drop below an average of 20 hours per week or 80 hours total per month.

The final rule also requires that states establish agreements with entities responsible for the regulation or sponsorship of gaming in the state (i.e. gaming entities) in order to identify recipients with substantial winnings through a data match process.

FNS issued an explanatory memo on June 13, 2019, and a question and answer document on November 1, 2019, clarifying new policies related to the receipt of substantial lottery and gambling winnings.

Substantial Lottery or Gambling Winnings Reporting Requirements

During the certification period, an ongoing household is mandated to report specified changes to the CWD within ten calendar days of the date of the change. As mentioned, these required mid-period reports include gross monthly income received over the household's IRT and, if applicable to the household, a reduction in an ABAWD's work hours below an average of 20 hours per week or 80 hours total per month.

Under the new rule, an ongoing household is now also required to report during the certification period when the household receives substantial lottery and gambling winnings. This report must be made within ten calendar days of receiving the winnings.

Households do not need to report substantial winnings that are received prior to initial application. This mid-period reporting requirement only applies during the certification period.

Substantial lottery or gambling winnings are defined as a cash prize won in a single game, purchase of a ticket, hand or similar bet, which is equal to or greater than the resource limit for elderly or disabled households as defined at [7 CFR 273.8\(b\)](#). The dollar amount of the substantial winnings is determined before taxes or other withholding. If a household member(s) shared in the purchase of a ticket, hand, or similar bet, with a non-household member(s), the total portion of the winnings allocated to the household must be considered when determining whether a household is required to report during the certification period. This new mid-period reporting requirement is applicable even if the household immediately spends or loses a substantial portion of the winnings and the remaining winnings are below the resource limit for elderly or disabled households.

Action Subsequent to a Report of Substantial Lottery or Gambling Winnings

When a report of substantial lottery or gambling winnings is made, the CWD must verify the winnings, and, if the dollar amount of the winnings is above the maximum allowed, must discontinue the entire household based on receipt of the winnings. At the time of discontinuance, the CWD must send timely and adequate notice in accordance with [7 CFR 273.11\(r\)](#). Per FNS direction, case narration is acceptable as verification for a report of substantial winnings.

All members of a household must lose eligibility when the CWD has verified that a household member has received substantial lottery or gambling winnings, as defined. A household with substantial winnings will remain ineligible until the household's income and resources do not exceed the federal limits detailed at [7 CFR 273.8](#) and [7 CFR 273.9](#). This provision applies to all households, including categorically eligible households in which all members receive California Work Opportunities and Responsibility to Kids (CalWORKs), General Assistance/General Relief (GA/GR), or Social Security Income (SSI), and households certified under Modified Categorical Eligibility (MCE).

Reapplication After Receipt of Substantial Lottery or Gambling Winnings

A household that is discontinued as a result of this rule may re-apply for CalFresh at any time. When such a household reapplies, eligibility rules at [7 CFR 273.10](#) must be used to determine the household's eligibility and the household must not be considered categorically eligible or MCE. The CalFresh gross income, net income, and resource test must be applied. This requirement only applies the first time a household is certified following the loss of eligibility for substantial lottery and gambling winnings, regardless of the length of time between the discontinuance and reapplication.

At the time of reapplication subsequent to a discontinuance for substantial winnings, if household composition has changed, or an individual household member chooses to reapply alone or as a member of another CalFresh household, this household must be considered a distinctly different household from the household that was discontinued due to substantial winnings. Counties must treat the distinctly different household as they would any other household that applies for CalFresh. This is because the household composition change created a new and distinctly different household from the household that had substantial winnings. This includes when the primary and sole applicant for CalFresh is the winner of the substantial winnings.

County Responsibility to Inform New and Existing CalFresh Households

Effective upon the release of this ACL, CWDs must verbally inform all new and existing households of the new substantial lottery and gambling winnings reporting requirement during the initial certification and recertification interview. Information on this new reporting requirement must be reviewed as part of the explanation of the household's rights and responsibilities. The CDSS highly recommends that this information be provided in context of explaining the household's mid-period reporting requirements, which include a report of gross monthly income received over the household's IRT and, if applicable to the household, a drop in ABAWD work hours below an average of 20 hours per week or 80 hours total per month.

In addition to informing the household of the reporting requirement, the CWD must inform the household that the CWD will discontinue the household if the household receives substantial winnings during the certification period. In addition, if discontinued, the household may reapply when the household meets the CalFresh income and resource limits or if the household's composition changes after the receipt of substantial winnings.

Confirmation that the household was verbally informed of the substantial winnings reporting requirement must be documented in case narration. This applies to all households that apply or are recertified after the release of this letter.

Additional notification options include CWD-generated posters in CWD offices and CWD-generated informing notices mailed to households. These notification options are not mandatory, but are considered best practices, should the CWD decide to use them.

The CalFresh Application, Periodic Report, Rights and Responsibilities, Request for Contact, Notice of Action, and other relevant forms will be updated to include explanatory language regarding CalFresh gambling and lottery winnings policies as soon as administratively feasible. The requirement to inform the household verbally during the initial certification and recertification interview of substantial winnings reporting requirements and to document verbal informing in case narration will continue to apply until these forms have been updated.

Establishment of Cooperative Agreements with Gaming Entities

The CDSS is making a good faith effort to establish cooperative agreements with as many California gaming entities as practicable in order to identify households which may include recipients who have received substantial winnings. Further guidance on data matching with gaming entities will be released under separate cover.

If you have any questions regarding this ACL, please contact the CalFresh Policy Section at CalFreshPolicy@dss.ca.gov.

Quality Control

Federal regulations at 7 CFR 273.2(f)(6) require that the case record provide sufficient documentation to support eligibility, ineligibility, and benefit level determinations. Documentation must provide enough detail to permit a reviewer to determine the reasonableness and accuracy of the determination. Especially when requiring verification of questionable information, CWDs are reminded to adequately document the case record.

Sincerely,

Original Document Signed By:

JENNIFER HERNANDEZ
Deputy Director
Family Engagement and Empowerment Division