



CDSS

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DEPARTMENT OF SOCIAL SERVICES

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GOVERNOR

March 22, 2013

ALL COUNTY LETTER 13-17

REASON FOR THIS TRANSMITTAL

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

TO: ALL COUNTY WELFARE DIRECTORS
ALL CALFRESH COORDINATORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL CONSORTIUM PROJECT MANAGERS
ALL QUALITY CONTROL PROGRAM COORDINATORS

SUBJECT: UPDATED INFORMATION FOR SEMI-ANNUAL REPORTING IMPLEMENTATION FOR CALFRESH

REFERENCE: ALL COUNTY LETTER NO. 12-25; ALL COUNTY LETTER NO. 13-08; 7 CODE OF FEDERAL REGULATIONS (CFR) 273.12(a)(5)(v); 7 CFR 273.12(a)(5)(vi); 7 CFR 273.24(b)(7); 7 CFR 273.10(c)(1)

The purpose of this All County Letter (ACL) is to provide County Welfare Departments (CWDs) with updates on Semi-Annual Reporting (SAR) implementation instructions in ACL 12-25 and expand on policy and procedures for CalFresh. Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011) requires CDSS to replace the current Quarterly Reporting/Prospective Budgeting (QR/PB) with a SAR system no later than October 1, 2013. ACL 12-25 was released on May 17, 2012 with instructions that were contingent on federal waiver approvals and clarification from the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS). FNS has denied several reporting waiver requests as addressed in ACL 13-08.

This letter provides updated implementation instructions with specific procedures and examples as stated in ACL 13-08. This letter explains how waiver denials impacted ACL 12-25 CalFresh instructions, expands upon procedures, and clarifies procedures for reports of changes in income and household composition.

The waiver denials impacted instructions in ACL 12-25, as the letter was written anticipating waiver approvals. Subsequently, any reference in the letter which described projecting of income and expenses over SAR payment period for CalFresh, are rescinded. CWDs instead must project income and expenses over the certification period, and then readjust as needed. Additionally, CWDs must act on any changes considered verified upon receipt (VUR).

WAIVER REQUEST RESPONSES

AB 6 required that CDSS seek all necessary federal waivers in order to implement SAR in a manner that promotes compatibility between the CalWORKs and CalFresh programs.

- CDSS requested a waiver to only act on voluntary mid-period reports that would result in an increase in household benefits. This waiver was denied. Therefore, for household composition and income changes in non-assistance CalFresh (NACF) cases, CWDs must act on changes considered VUR to reduce or terminate benefits at any point during the certification period. As allowed by 7 CFR 273.12(a)(5)(vi), for voluntary changes outside of the SAR 7 or SAWS 2, CWDs shall not act to reduce CalFresh benefits, if the household reports a change for another public assistance program and the change does not trigger action in that other program.
- CDSS requested that FNS allow projecting and averaging of household income and expenses over the 6-month SAR period. This waiver was denied. For CalFresh recipients, CWDs must use anticipated and averaged household income (as required by FNS rules) and expenses over the length of the certification period, and revise at mid-period when the household submits its periodic report form or a voluntary report that results in increased benefits.
- CDSS requested to shorten CalFresh certification periods to align with other programs such as CalWORKs during conversion to SAR. FNS clarified that current policy allows for CalFresh to align certification periods for Public Assistance CalFresh (PACF) cases/other programs. There is no change from previous instructions in this regard.
- CDSS requested FNS require simplified reporting households to report any mid-period change in address. This waiver request is still pending.

REPORTING REQUIREMENTS AND ACTION ON CHANGES

CalFresh SAR households are only required to report mid-period when their income goes over the income reporting thresholds (IRT) of 130 percent of the federal poverty level for household size, and if able-bodied adults without dependents (ABAWD) work hours drop below 20 hours averaged monthly outside of the household's initial certification/recertification and SAR 7 reporting month.

Generally in SAR, benefits are frozen for the certification period. Exceptions to this rule are listed below.

CWDs must act on changes that:

- Are required to be reported on the SAR 7; or
- Are considered VUR and result in a mid-period decrease in CalFresh benefits; or
- Result in a mid-period increase in CalFresh benefits due to a change in household composition or a decrease in income that is verified; or
- Result in a decrease/discontinuance based on mandatory mid-period reports; or
- Result in a decrease/discontinuance based on county-initiated actions; or
- The household requests discontinuance.

For all other changes, narrate in the case record only and act at the receipt of the SAR 7 or the next recertification, whichever is earlier. This applies to changes not required to be reported mid-period or not VUR that:

- Cause a decrease in benefits; or
- Lack complete information such that the CWD cannot determine how the change will affect benefits.

Reported information is considered 'VUR' when the information is not questionable. Changes that cannot be verified by client statement alone are:

- Income;
- Medical costs for a deduction;
- Legal obligations to pay child support and the amount paid.

NOTE: If the household calls and reports a change in income, but it is unclear if household income will exceed the 130 percent level, send a form (under development) with a note to remind the household of their reporting requirements.

VERIFIED UPON RECEIPT (VUR)

Verified upon receipt means that the information provided is *not* questionable, the provider is the primary source of the information, and no further information is needed to take action.

Examples of information from the primary source considered VUR include:

- BENDEX and SDX from the Social Security Administration
- SAVE from the United States Citizenship and Immigration Services
- Unemployment compensation for the state unemployment agency
- Worker's compensation from the state agency

Examples of internal agency information that is considered VUR include:

- State agency determination of an IPV
- Actions taken by other programs within the county agency that affect CalFresh expenses
- Information from a state, county or local work agency that a client failed to comply with work requirements

If secondary information is requested for verification in order to act on a change in another program (such as Medi-Cal), then by definition it is not VUR. Documentation may constitute verification in another program without being considered VUR in CalFresh.

NOTE: CWDs can hold the results of an IEVS match until the interim report or recertification if the information is not considered verified upon receipt. Information not considered VUR includes (but is not limited to): quarterly wage match data, new hire matches, unearned income matches from Internal Revenue Service, and wage data from the Social Security Administration.

MID-PERIOD HOUSEHOLD COMPOSITION CHANGES

A voluntary report of household composition change by the head of household or responsible adult household member is considered VUR, and must be acted on. For reports of household composition change by another source, CWDs must contact the household to verify eligibility.

Example 1:

A mom calls and reports one of her children has left the home. If the household is CalFresh only, act on the change and reduce the household size and send out a notice of action (NOA). If the household is a PACF case, since CalWORKs

does not act, FNS regulations allow CalFresh not to act. Send out a 'No Change NOA' and note in case record for the SAR 7 report.

Example 2:

Same situation as above, but the report of the child leaving the home comes from a neighbor – a third party. No action is taken because the information was not reported by the head of household and is not VUR.

INCOME OVER AND UNDER IRT

The only required mid-period report of income is when household income exceeds 130 percent of the federal poverty level (FPL) for the household size. In the event of a voluntary mid-period report of income less than the IRT that is not verified, CWDs must note the report of the change in the case record to be reviewed at the time of the next SAR 7 or recertification. Send out a 'No Change NOA'. However, if a household provides undisputed verification that requires no further inquiry and is VUR, then the CWD must act to reduce benefits.

Example 3: Income under 130 percent of FPL- VUR.

January through December certification period. On March 15, the CWD receives an SDX report that indicates a SAR household has been determined eligible for \$300 in Social Security benefits and the first regular payment will be April 3. This information is considered VUR because it was reported by the party that is responsible for the income. The CWD narrates the information in the case record, sends a 10-day notice to reduce benefits and takes action for the April benefits.

Example 4: Income under 130 percent of FPL- not verified.

Same scenario as above. On March 15, mom reports she is eligible for Social Security and the first payment of \$300 will be received April 3. This information is not VUR because the CWD needs further information in order to verify the change. If additional verification is not received, no action is taken. Send out a 'No Change NOA' and note in case record for the next SAR 7 or SAWS 2.

Example 5: Income under 130 percent of FPL- verified.

Same scenario as above. On April 7, mom reports she is eligible for Social Security and sends in a copy of the first payment of \$300 that was received April 3. This information is considered verified because the CWD needs no

further information in order to verify the change. The CWD narrates the information in the case record, sends a 10-day notice to reduce benefits and takes action to change for the May allotment.

SAR households are required to report when their gross income exceeds 130% of the FPL. Once this information has been reported, at application or during the certification period, no further reporting of excessive gross income is required.

Households reporting an unanticipated one-time increase in income that is not expected to continue (e.g., receipt of an extra paycheck in a month or an increase in pay due to overtime or extra hours) are not required to report additional one-time increases in income in the same SAR period. (See ACL 12-15.) For example, a SAR period for a household paid biweekly may have two months with 5 weeks where an 'extra' payment is received in the same month. The household reports this occurrence the first month it happens. The household is not required to report additional instances of one-time income over IRT in the same SAR payment period and no error or over-issuance is cited.

In the event a household reports their income may be over the CalFresh IRT, CWDs must ask if the income is expected to continue. If the income is not expected to continue, no action is taken. Send out a 'No Change NOA.' If the household expects the increased income to continue, send out a form (under development) requesting verification that the income has increased over the IRT.

If the requested verification is not received by the due date, the CWD will send a discontinuance notice for lack of receipt of the requested information needed to accurately determine eligibility or benefit level. If the requested verification is received by the due date, and documentation verifies that the household is over the IRT, the CWD will send a discontinuance notice. If the household returns the verification form stating they are earning an amount less than the household's IRT, and the information is not VUR, send out a 'No Change NOA' and note in case record for the SAR 7 or SAWS 2. If the household returns the form with verification of earnings under the household IRT that is considered VUR, send out a notice and then adjust the household amount.

Example 6: Report of income over 130 percent of FPL

On April 15, a SAR household reports that their income has increased over the IRT. The household expects to continue to receive this income each month. The household was required to report this information. The CWD sends a form (under development) requesting proof of the income. The requested verification is not received by the due date and the CWD sends a 10 day notice of discontinuance

for lack of receipt of the requested information needed to accurately determine eligibility or benefit level. After the noticing period, the CWD closes the case.

PROJECTING ANTICIPATED AND AVERAGED INCOME AND EXPENSES OVER THE CERTIFICATION PERIOD

FNS denied the waiver request to allow projecting anticipated and averaged household income and expenses over the SAR payment period rather than the certification period, as required by FNS rules. Therefore in ACL 12-25, when 'SAR payment period' is mentioned for CalFresh in regard to projecting income and expenses, the time period should refer to the certification period. 'Certification period' is to replace 'SAR payment period' when projecting household income and expenses only for CalFresh.

Examples of anticipating and averaging income and expenses over the certification period for CalFresh:

Example 1: At application, recipient reports receiving \$100 in earnings every week and reasonably anticipates that this income will continue at the same amount for the upcoming certification period. The \$100 weekly income is multiplied by the weekly multiplier of 4.33 to determine the monthly average income amount of \$433. (If the recipient reports receiving \$200 every two weeks, the \$200 bi-weekly income is multiplied by the bi-weekly multiplier of 2.167 to determine the monthly average income amount of \$433.) This amount would be forecast over the entire certification period, and then recalculated for the remainder of the certification period if a change in income is reported on the SAR 7.

Example 2: A recipient reports on his SAR 7 that four weekly paychecks were received in the following amounts: \$115, \$100, \$125, and \$95 and indicates on the SAR 7 that his income is not expected to change during the remainder of the certification period. The CWD will add the four weeks of income together, divide by four and then multiply the resulting amount by 4.33 to arrive at the average monthly income amount for the remainder of the certification period (i.e.: $\$115 + \$100 + \$125 + \$95 = \$435 / 4 = \$108.75 \times 4.33 = \$470.89$). (If five pay periods were reported in the Data Month on the SAR 7, the CWD will add each week together, divide by five, and then multiply the resulting amount by 4.33.)

CASELOAD CONVERSION AND ALIGNMENT

The CWD shall align the CalWORKs annual redetermination of eligibility and the CalFresh certification period with the SAR cycle. When an applicant is approved for aid and begins a SAR cycle, the CWD must ensure the SAR cycle is aligned with the redetermination/recertification. Current policy allows CalFresh to shorten certification periods as needed to align with CalWORKs and Medi-Cal certification periods.

ANNUAL REPORTING/CHILD ONLY (AR/CO) CASES

AR/CO cases, which are currently change only cases for the CalFresh program, will transition to SAR effective October 1, 2013.

MID-PERIOD CHANGE IN ADDRESS

SAR households are not required to report any mid-period change in address (pending FNS response to the waiver request).

TEMP SAR 1 INFORMING NOTICE

CWDs are responsible for providing households with sufficient notification by including a copy of the TEMP SAR 1 with the last two QR 7 forms prior to implementation of SAR, and with the SAR 7 forms or SAWS 2 forms for six months after implementation.

FORMS

As referenced above, CDSS is in the process of developing a series of SAR-related forms and notices. These forms and notices will be transmitted to counties and consortia as soon as possible.

If you have any questions regarding this letter, please contact your CalFresh county consultant or call the CalFresh Policy Bureau at (916) 654-1896.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division