

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, California 95814



August 27, 2003

ALL COUNTY INFORMATION NOTICE I 54-03

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

REASON FOR THIS TRANSMITTAL

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

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CalWORKs) AND FOOD STAMP (FS) PROGRAMS QUARTERLY REPORTING AND PROSPECTIVE BUDGETING (QR/PB) QUESTIONS AND ANSWERS

REFERENCE: ASSEMBLY BILL (AB) 444, CHAPTER 1022, STATUTES OF 2002; AB 692, CHAPTER 1024, STATUTES OF 2002, ALL COUNTY LETTER (ACL) 03-18 DATED APRIL 29, 2003

The purpose of this letter is to transmit Questions and Answers (Q&As) regarding the QR/PB system in the CalWORKs and FS programs. This is the first set in a series of Q&As that will be released to County Welfare Departments (CWDs) regarding QR/PB.

The QR/PB policies and responses contained in this letter were developed with input from members of the California Welfare Directors Association (CWDA) who participated with staff from the California Department of Social Services in a Quarterly Reporting Workgroup. The CDSS would like to acknowledge the significant contribution of CWDA representatives in this workgroup and recognizes that their continued participation in our efforts to implement QR/PB is critical to the success of this major endeavor.

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

CalWORKs Policy  
 CalWORKs Forms, Notices  
 Food Stamps Policy  
 FSP Forms and Notices  
 Fraud Policy  
 IEVS Matches  
 FSET/ABAWDs

Ron Alvarado (916) 654-1794  
 Shawn Bradley (916) 653-8675  
 LeAnne Torres (916) 654-2135  
 Sandra Pierce (916) 653-5208  
 Mark Gagnon (916) 263-5735  
 Nanci O'Brien (916) 263-5713  
 Robert Nevins (916) 654-1408

WTW Program  
Work Support Services (WSS)  
Cal-Learn/Teen Programs  
Child Care  
Refugee Cash Assistance

Audrey King (916) 654-0946  
WSS analyst (916) 654-1424  
Consultants (916) 657-4249  
Suzanne McNamee (916) 657-3815  
Camille Ancona (916) 653-7785

Sincerely,

*Original signed by  
Bruce Wagstaff on  
8/27/03*

BRUCE WAGSTAFF  
Deputy Director  
Welfare to Work Division

Attachment

c: CWDA  
CSAC

# CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CaIWORKs) AND FOOD STAMP (FS) PROGRAMS QUARTERLY REPORTING AND PROSPECTIVE BUDGETING (QR/PB) QUESTIONS AND ANSWERS

## 1. How should infrequent income and charitable contributions be treated?

**Answer:** For both CaIWORKs and the Food Stamp Program (FSP), the following answer applies:

Prospective Budgeting rules require the CWD to determine if income is reasonably anticipated (amount and receipt date known). If the income can be reasonably anticipated to be received by the Assistance Unit/Household (AU/HH), the CWD must use it in the benefit calculation.

For income that is infrequent or irregular, the CWD should determine if the income is less than \$30. If yes, the income is exempt. If no, the CWD must decide if the income can be reasonably anticipated. If it can be reasonably anticipated, use the income; if it cannot be reasonably anticipated, don't use the income.

Charitable cash contributions of not more than \$30 in a calendar quarter are exempt. Any amount that exceeds \$30 in a quarter that can be reasonably anticipated should be used as income in the budget calculation over the recipient's assigned quarterly reporting period.

## 2. For CaIWORKs, are the \$225 and 50 percent disregards applied to each month's income or to the averaged income? Will deductions for the FSP be applied similarly?

**Answer:** For CaIWORKs, determine the average monthly income for each type of income (disability-based, earnings, unearned) and apply disregards to the monthly average for each income type. For the FSP, apply appropriate FS deductions to the monthly average income.

## 3. What should the CWD do if the client reports two different changes on a voluntary report where one change would result in increased benefits and the other would result in decrease benefits? Should the net action be taken or should each change be evaluated independently?

**Answer:** The CWD must determine if the changes are two separate changes independent of each other or if they are two events that are part of one change.

- If the changes are separate, the CWD must act on them individually, in the sequence in which they occurred, and in accordance with the QR/PB rules. The CWD would act on changes that result in an increase, but not on changes that could result in decreased benefits.
- If the changes are two events that are part of one change (e.g. new person reported in the home who has income or who starts getting income), the required action would depend on the timing of the changes.
- The CWD should follow the general rules of QR/PB:
  1. Do not decrease benefits mid-quarter unless it is as a result of a change that is mandatorily required to be reported or a county-initiated action that is listed in ACL 03-18; and
  2. Only act on "known-to-county" changes if the recipient was required to report the change.

**NOTE:** *For Quality Control purposes, it is critical in each of these types of situations for the Eligibility Worker to document the rationale/justification for the action taken. The documentation/narrative should include a discussion about the sequence of the changes, the action taken, and the reason for the action.*

The following are examples of various situations involving multiple mid-quarter changes.

- **Example 1:** In a January/February/March quarter, Mom reports dad (who has no income) in the home in February. The CWD adds him to the AU effective March 1. Dad begins getting income that does not exceed the Income Reporting Threshold (IRT) on March 5. How should this be handled?

**Answer:** Dad has become a member of the AU. The CWD should not consider Dad's income until it is required to be reported on the next QR 7, due in April. His income should be included in the budget for the May/June/July quarter.

- **Example 2:** Jan/Feb/Mar quarter. Dad moves back in the home February 4 without income. The AU/HH voluntarily reports Dad in the home that day. The add-on application is still pending as of Feb. 20. Dad begins getting income February 10. Should the CWD use this new income when taking action to add Dad to the AU?

**Answer:** If the request for add-on has not been finalized/approved, the CWD must use his income and treat it as part of the voluntary report to add Dad. If his income and adding him would result in decreased benefits to the AU, the CWD should not act to add him to the AU until the first of the next QR

Payment Quarter. If adding Dad and his income would result in financial ineligibility, the CWD cannot add him to the AU, but must discontinue the AU/HH at the end of the current quarter, after the AU reports his income on the QR 7 for February, submitted in March.

- **Example 3:** Dad moves in to the home and has income. Mom has a decrease in earnings. Should the CWD act on both changes at the same time?

**Answer:** No, the CWD should not act on both changes at the same time. The CWD shall act on each change separately and according to the sequence in which the changes occur. The CWD must ask what the sequence of events was. If the events occurred in this order, the CWD should not act to add dad, who has income, to the AU since that would result in decreased benefits for the AU. The CWD should act to increase the grant due to mom's decreased income. The CWD shall not reevaluate the net result by trying to add dad and his income again when increasing the grant based on Mom's decreased income. Dad should not be added to the AU/HH until the next quarter, after the AU/HH reports him being in the home on the QR 7.

- **Example 4:** The client reports that income for one parent in the home increased, while income for the other parent in the home decreased. Should the CWD evaluate the net result of the two changes?

**Answer:** No. The CWD would not evaluate the net result of the two changes. Each change must be acted upon separately and in the sequence of occurrence. The CWD must determine the sequence of events and act separately on these changes. Following the general QR rule - act only to increase benefits, not to decrease benefits. In this scenario, if the sequence occurred in the order written above, the CWD would not act to decrease benefits based on the parent's increased income, but would act to increase benefits based on the other parent's income decreasing. However, the county would need to look for this information to be reported on the next QR 7 and would take action on the increased income the following QR Payment Quarter.

- **Example 5: (FSP only)** A child in the FS household turns 2, which would cause the child care deduction for the FS HH to be reduced from \$200 to \$175. At the same time, mom's income also decreases. Should the CWD evaluate the net result of these two changes?

**Answer:** No, the CWD would not evaluate the net result of the two changes. The CWD must act to increase FS benefits based on mom's decreased income, but cannot act to decrease child care expenses resulting from the child turning two, because that would result in decreased FS benefits. The

child turning two is "known to the county," but no action to decrease benefits should be taken based on this change, because it was not a change that the mother was required to report mid-quarter. However, the county would need to take action the next QR Payment Quarter to decrease FS benefits based on the decreased child care expense due to the child turning two.

- **Example 6:** An AU reports that Dad moved into the home with earnings in the first month of the quarter. The CWD does not take action to add Dad, because this would result in a decrease in benefits. In month two, Mom loses her job. Should the CWD only act on the loss of Mom's income, or should the CWD reevaluate adding Dad and his income and act to change benefits only if the combination of changes results in a net increase?

**Answer:** The CWD must determine the sequence of the changes and act on each change separately. In this scenario, if the sequence occurred as described above, the CWD would act only to increase benefits based on mom's decreased income. The CWD should not reevaluate adding Dad and his income when calculating benefits based on Mom's job loss, regardless of whether the two events would result in a net increase. Adding Dad and his income would serve only to reduce the level of increased benefits Mom would have gotten based solely on her decreased income. However, the county need to look for the new information regarding Dad and his income on the next QR 7 and would act to reduce the AU/HH's benefits based on this information the following QR Payment Quarter.

- **Example 7:** An AU/HH voluntarily reports a change that would decrease benefits. The CWD does not act to change benefits based on the reported change, because it would result in decreased benefits. Later in the same quarter, a change occurs that the recipient is mandatorily required to report mid-quarter (e.g. another AU/HH member is convicted of a drug felony and the AU/HH reports it). Should the CWD recalculate the current quarter's benefits using all known information, including the previously reported change?

**Answer:** The CWD must not act on the mandatory mid-quarter change using the previously reported information that would have resulted in decreased benefits. The CWD must act on each change separately and as each change occurs. In the above example, the CWD would not decrease benefits based on the voluntarily reported change. When the AU/HH later reports the new drug felony conviction, the benefits must be decreased to reflect the removal of the drug felon from the AU/HH, without reconsideration of the previous report. The CWD would act on the previous voluntarily reported information when computing the following quarter's benefits.

4. The quarter is July/Aug/Sept. The family consists of Mother, 1 cash-aided child, and 1 Supplemental Security Income (SSI) child. On August 31 the recipient calls her worker and reports that she believes her income increased in July to a level whereby she is mandated to report. The worker asks for and receives information from the client about the income that's been reported. The child received one SSI check for \$643, and the mother received two paychecks from her job totaling \$898. The IRT for this family is \$1361. Because the total income of \$1541 exceeded the IRT Mom reported it to the CWD.

A. Should the CWD exclude Supplemental Security Income/State Supplemental Program (SSI/SSP) from the combined gross income prior to determining whether the income exceeds the IRT?

**Answer:** It is the CWD's responsibility to determine whether income is exempt from being considered for eligibility and benefit determination. In this case, the SSI income would not be included in determining continuing eligibility and benefit amount.

B. Our county will not act on the reported information until verified. So, as of the day the client called, do we document and evaluate the reported information and send a no change Notice of Action (NOA)? Or do we document the reported information, verbally request verification and recalculate only when the verification has been received?

**Answer:** For reports of income that exceeds the IRT, verification will not be required prior to taking action to discontinue CalWORKs and FS benefits. (For voluntary reports of decreased income, the client must verify the decrease prior to the benefits being increased or sending a NOA.)

5. ACL 03-18 states (on page 76), "The FSP does not allow offsetting overissuances with underissuances." Is this a correct statement? What is the policy regarding offsetting overissuances with underissuances?

**Answer:** The State is subject to the Lopez v. Glickman court order, and therefore, CWDs cannot offset against administrative error claims. Offsetting is allowed against all other overissuances. State regulations are currently pending this change.

6. When an optional person is requesting to be included in or removed from the AU, when should the individual and/or his income be added and/or discontinued from the case?

**Answer:** The CWD must treat the addition/removal of an optional person and his/her income the same way as it would treat a person who is required to be mandatorily included in the AU. The CWD would add an optional

person to the AU the first of the month following the report of the change (if it results in an increase) or effective the first of the quarter (if adding him/her would result in a decrease) once eligibility has been established.

7. **What happens to a mixed FS HH when the CW grant is decreased due to a drug/fleeing felon or probation/parole violator? Should the FS case result in an increased benefit?**

**Answer:** The Public Assistance Food Stamp (PAFS) person must also be discontinued, and the new decreased CalWORKs grant amount must be used to determine the new FS benefit level. Since the case action is a result of a mandatory reporting requirement, the CWD would take action to increase and/or decrease the FS benefits as appropriate. This also applies to mixed FS HH's.

8. **CalWORKs currently shows a budget computation for cash aid on Notice of Action (NOAs). The FSP also requires it but does not require a standardized budget on their NOA.**

**A) Now that there is a new budgeting methodology, do the budgets on the NOAs need to be modified?**

**B) When displaying how we figured an AU/HH's benefits, does the CWD also need to show how it arrived at the averaged monthly income amount?**

**Answer:** **A)** Both the CalWORKs and FS budgets on the NOAs will need to be modified to reflect the new QR/PB budgeting methodology. Any county that chooses to include a FS budget on the FS NOA will need to modify the budget computation. **B)** Yes, budget computations must show how the average monthly income amount was determined. For CalWORKs, the NOA would not be considered adequate if this information were not included.

9. **(Refer to page 29 and 30 of ACL 03-18.) Should the averaged income cents be rounded or dropped? The example in the ACL drops the cents. Should the cents be dropped when averaging each income type separately (Unemployment benefits, earnings, etc.)?**

**Answer:** CalWORKs regulations indicate that the CWD must round the averaged income down to the next lowest dollar. In the FSP, regulations require the CWD to drop the cents from the averaged income. For both programs, the result is intended to be the same. Both programs would drop cents and go to the next lowest dollar.

The cents should be dropped after adding all types of income and determining the final net nonexempt income.



10. **Can the HH switch Standard Utility Allowance (SUA) or actual expenses when they move? The ACL states that they can only do so at certification and once during the certification period.**

**Answer:** Households can switch between actual to SUA and vice versa at recertification or when it moves (63-502.363[c]). This represents a correction to page 48 of ACL 03-18.

11. **Question: If the client reported in the first month of a quarter that their income was going to be decreased for the second and third months of a quarter, and the CWD has already done a new average for the last two months' income, what action should the CWD take if the recipient reports the same decrease in month three? Example: Jan/Feb/March Quarter. In January, client reports loss of her \$1000/month job and expects \$500 in February and \$0 in March. The CWD uses an average monthly income amount of \$250 for the benefit calculation for February and March. The client comes in during March and reports that her income dropped from \$500 to \$0.**

**Answer:** The CWD should not recalculate benefits based on this second report from the client. The \$0 income for March has already been taken into account for the current quarter.

12. **If a voluntary report results in no change or decrease to CalWORKs, but the FS would increase because of the reported change, would FS act to increase benefits?**

**Answer:** Yes, the CWD should act to increase FS benefits in this situation.

13. **Please clarify the contradiction on pages 49 & 54 of ACL 03-18. Page 49 states the Maximum Family Grant (MFG) child shall be added to the AU the first of the month of the upcoming QR Payment Quarter. However, page 54 states the MFG child is added effective the first of the month following the month in which the birth was reported after all verification has been provided. Which is the correct statement?**

**Answer:** The first bullet on page 54 needs additional clarification to indicate that the eligible MFG child could be added the first of the month following the birth of the child if there were no Pregnancy Special Needs (PSN) being paid to the mother. If the CWD were paying PSN to the mother, the eligible MFG child would not be added until the next quarter when the PSN can be terminated and benefits decreased to the AU.

14. **What is the policy for handling Inter-County Transfers (ICTs) moving from a Monthly Reporting/Retrospective Budgeting (MRRB) county to a QR/PB county and vice versa?**

**Answer:** County A will continue to use their county's budgeting methodology and reporting cycle until the end of the transfer period. When County B assumes responsibility for the newly transferred case, County B will establish the new benefit amount based on their budgeting methodology and using their reporting cycle. When a case transfers from a QR/PB county to a MRRB county, the MRRB county must use prospective budgeting to determine the first two months of aid/benefits, similar to how a new application is handled.

15. **Will we have Senior Parent and Sponsor QR 7s?**

**Answer:** Yes, there will be a QR 72 and a QR 73 developed for senior parents and sponsored non-citizens. These forms will be released under separate cover when they are finalized.

16. **On the No Change NOA, can we eliminate the computation from the NOA? We feel it may be confusing to the participant if later in the month we either further decrease the grant or subsequently increase it. Or can we eliminate this NOA, since the AU will be receiving another NOA informing them that as a result of their reporting, their benefit level will change as of \_\_\_ to \_\_\_?**

**Answer:** The budget computation cannot be eliminated from the No Change NOA. Without the budget computation, the notice would not be considered "adequate." The notice of action must show the recipient how the worker arrived at the decision that the reported change did not result in an increase to benefits in order to be considered an adequate notice.

The CWD must send a No Change NOA to recipients when recipients voluntarily report a change to the CWD, and it does not result in increased benefits. The No Change NOA preserves a recipient's right to a State Hearing and cannot be eliminated.

17. **We do not require 10-day notice prior to discontinuing the AU or the out-of-home or optional individual, who no longer wishes to receive cash aid, when the request for discontinuance is in writing. We must provide a 10 day notice when the AU/household or the out-of-home or optional individual requests discontinuance verbally. Do these rules apply for both CalWORKs and FS programs?**

**Answer:** Yes, these rules regarding whether the 10-day notice is required are the same for both programs.

18. **Current regulations state that a FS HH can switch between actual and standard (40%) self-employment deductions at certification and at six months within the recertification period. How does QR impact this?**

**Answer:** There is no change to this regulation under QR.

19. **How often can the HH switch between actual and standard (40 percent) self-employment deductions during the redetermination period for the CalWORKs program?**

**Answer:** QR did not change the rule regarding how often an AU can change between the actual and standard (40 percent) self-employment deductions in CalWORKs. Per Manual of Policies and Procedures Section 44-113.212 (b), recipients who are self-employed shall be allowed to change the method of self-employment deduction only at redetermination or every six months, whichever occurs first.

20. **Can SUA be used instead of actual utility expenses when actual utility costs are less than SUA, even if the HH elected actual utility expenses as the deduction and they don't pay for heating and cooling?**

**Answer:** To be eligible for the SUA, a HH must incur heating and cooling costs separate and apart from their rent or mortgage payment. Therefore, the SUA cannot be allowed in this situation.