

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 2 Implementation of the Quarterly Reporting/Prospective Budgeting (QR/PB) System  
for the CalWORKs Program

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing, as follows:

August 25, 2004  
Office Building # 9  
744 P St. Auditorium  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on August 25, 2004.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

CONTACT: Office of Regulations Development  
California Department of Social Services  
744 P Street, MS 7-192  
Sacramento, California 95814

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## CHAPTERS

Manual of Policies and Procedures, Division 22 (State Hearings and Request for Review), Chapter 22-000 (State Hearing - General), Sections 22-071 (Adequate Notice) and 22-072 (Timely Notice - Aid Pending Hearing); Chapter 22-300 (AFDC Administrative Disqualification Hearings - General), Section 22-305 (General Provisions); Division 40 (Reception and Application), Chapter 40-000 (Implementation Schedule), Section 40-036 (Implementation of Quarterly Reporting/Prospective Budgeting for CalWORKs Recipients); Chapter 40-100 (General), Sections 40-103 (Definitions and Designations - General), 40-105 (Applicant and Recipient Responsibility), 40-107 (County Responsibility), 40-119 (How and Where Application is Made), 40-125 (Reapplications, Restorations, and County of Responsibility), 40-131 (Interview Requirement), 40-173 (County Department Responsibility for Notifying Applicants and Recipients), 40-181 (Continuing Activities and Determination of Eligibility), 40-183 (Intraprogram Status Change), 40-188 (Transfer Procedure), and 40-190 (County Responsibility); Division 41 (Linking Factors of Public Assistance Eligibility), Chapter 41-400 (Deprivation of Parental Support or Care), Section 41-405 (Termination of Deprivation); Division 42 (Nonlinking Factors of Public Assistance Eligibility), Chapter 42-200 (Property), Sections 42-209 (Differentiation of Property and Income), 42-213 (Property Items to Be Excluded in Evaluating Property Which May Be Retained), and 42-221 (Transfer of Property or Income); Chapter 42-300 (General Time Limit Requirements), Section 42-302 (60-Month Time Limit Requirements for Adults), Chapter 42-400 (Residence); Chapter 42-700 (Welfare-to-Work), Sections 42-716 (Welfare-to-Work Activities), 42-721 (Noncompliance with Program Requirements), 42-751 (Underpayments and Overpayments for Transportation and Ancillary Support Services), and 42-769 (Application of Bonuses and Sanctions); Division 44 (Standards of Assistance), Chapter 44-100 (Income), Sections 44-101 (Income Definitions), 44-102 (Availability of Income), 44-111 (Payments Excluded or Exempt from Consideration as Income), 44-113 (Net Income), 44-115 (Evaluation of Income In-Kind), and 44-133 (Treatment of Income -- CalWORKs); Chapter 44-200 (AU Composition and Need), Sections 44-205 (Establishing the AU), 44-207 (Income Eligibility), and 44-211 (Special Needs in CalWORKs); Chapter 44-300 (Aid Payments), Sections 44-304 (Aid Payment Schedules), 44-305 (Aid Payments - Payee and Delivery), 44-313 (Budgeting Methods for AFDC-FG/U), 44-314 (Maximum Family Grant (MFG), 44-315 (Amount of Aid), 44-316(MR) (Reporting Changes Affecting Eligibility and Grant Determinations), 44-316(QR) (Mid-Quarter Reporting and County Actions), 44-318 (Beginning Date of Aid (BDA) for Persons Being Added to the AU), 44-325 (Changes in Amount of Payment), 44-327 (Delayed Payment), 44-340 (Underpayments), 44-350 (Overpayments -- General), and 44-352 (Overpayment Recoupment); Chapter 44-400 (Reduced Income Supplemental Payments), Sections 44-400 (Reduced Income Supplemental Payments), 44-401 (Eligibility for a Reduced Income Supplemental Payment), and 44-402 (Computation of a Reduced Income Supplemental Payment); Division 47 (CalWORKs Child Care), Chapter 47-200 (Stage One Child Care Eligibility), Section 47-220 (Eligible Clients); Chapter 47-300 (Responsibilities of the County), Section 47-320 (Information Collection); Division 48 (Records), Chapter 48-000 (Records - General), Section 48-001 (County Department Responsibility for Records); Chapter 80-300 (Definitions and Forms), Sections 80-301 (Definitions) and 80-310 (Definitions -- Forms); Chapter 82-600 (Conditions of Eligibility/Cooperation/Sanctions), Section 82-612 (Unemployment Insurance Benefits (UIB); Chapter 82-800 (Assistance Unit), Section 82-812 (Temporary Absence), Section 82-820 (Included Persons), Section 82-832 (Excluded Persons); Division 89 (Demonstration Projects), Chapter 89-100 (Assistance Payments Demonstration Project (APDP) and California Work Pays Demonstration Project (CWDPDP), Section 89-110 (Maximum Aid Payment (MAP) Level and MAP Restrictions), Section 89-130 (Restricted Accounts for Recipients); Chapter 89-200 (Minor Parent), Section 89-201 (Minor Parent Requirement)

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

These regulations implement and make specific AB 444 (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statute of 2002), and AB 1402 (Chapter 398, Statutes of 2003) which provides authority for the Quarterly Reporting/Prospective Budgeting (QR/PB) reporting system. This regulation package contains a tandem regulation format to allow for the operation of both Monthly Reporting/Retrospective Budgeting (MR/RB) and QR/PB during counties' staggered implementation of Quarterly Reporting (QR) in accordance with the QR/PB Director's Declaration as specified in Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002). This format is necessary to maintain current monthly reporting (MR) regulations for those counties that are pending QR implementation and will remain in place until all counties have implemented the QR system.

In current regulations under MR/RB, CalWORKs recipients are required to report income, household composition, and eligibility circumstances on a monthly income/eligibility report. Furthermore, recipient income is budgeted on a retrospective basis using actual income from two months prior to determine the current month's CalWORKs cash grant.

In proposed regulations QR/PB will require recipients to submit an income/eligibility report once per quarter. Recipient's eligibility and cash aid will be determined for a three-month quarterly period based on information provided by the recipient in a quarterly report. Income will be budgeted on a prospective basis using income reasonably anticipated to be received during the QR Payment Quarter. Eligibility and cash aid will be "frozen" for the duration of the quarter, except mid-quarter adjustments may occur under specified circumstances. Circumstances in which eligibility and cash aid may be adjusted during the quarter include: 1) Recipient mid-quarter reports which result in an increase in cash aid; 2) Recipient mandatory mid-quarter reports which result in a decrease in cash aid or a discontinuance from aid; 3) County initiated actions which result in a decrease in cash aid or a discontinuance from aid.

## COST ESTIMATE

1. Costs or Savings to State Agencies: There is costs of \$3.3 million in CalWORKs Grants and \$2.9 million in CalWORKs Admin included in the FY 2003-04 budget.
2. Costs to Local Agencies or School Districts: The current year budget includes \$749,000 in county share of funding for CalWORKs Grants.
3. Nondiscretionary Costs or Savings to Local Agencies: None.
4. Federal Funding to State Agencies: There is \$25.9 million in CalWORKs Grants and \$25.2 million in CalWORKs Admin included in the FY 2003-04 budget.

## LOCAL MANDATE STATEMENT

These regulations impose a mandate upon county welfare departments but not on school districts. Since the county share of the program is capped at a specified maintenance of effort level, there are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund.

#### STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

#### STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

#### SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

#### ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

#### STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

#### STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

#### AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553, 10554, and 11450.5, Welfare and Institutions Code; and Section 71, Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002), as amended by Section 3, AB 1402 (Chapter 398, Statutes of 2003). Subject regulations implement and make specific Welfare and Institutions Code Sections 11004.1, 11265.1, 11265.2, 11265.3, and 11450.5; Section 70, AB 444 (Chapter 1022, Statutes of 2002); Section 71, AB 444 (Chapter 1022, Statutes of 2002), as amended by Section 3, AB 1402 (Chapter 398, Statutes of 2003); and Section 37 of AB 444 (Chapter 1022, Statutes of 2002).

#### CDSS REPRESENTATIVE REGARDING RULEMAKING PROCESS OF THE PROPOSED REGULATION

Contact Person:	Maureen Miyamura	(916) 657-2586
Backup:	Robin Garvey	(916) 657-2586

#### EMERGENCY STATEMENT

These regulations are to be adopted on an emergency basis. In order to allow interested persons an opportunity to submit statements or arguments concerning these regulations, they will be considered at public hearing in accordance with Government Code Section 11346.4.

AGENDA ITEM(S) FOR THIS PUBLIC HEARING – August 25, 2004

ITEM #1      ORD #0404-01 Quarterly Reporting in the Food Stamps Program

ITEM #2      ORD #0404-02 Implementation of the Quarterly Reporting/Prospective Budgeting  
(QR/PB) System for the CalWORKs Program