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REASON FOR THIS TRANSMITTAL

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

September 27, 2012

All County Letter (ACL) 12-49

To: ALL COUNTY WELFARE DIRECTORS
 ALL CalWORKs PROGRAM SPECIALISTS
 ALL CALFRESH COORDINATORS
 ALL COUNTY DISTRICT ATTORNEYS
 ALL COUNTY CHILD CARE COORDINATORS
 ALL COUNTY REFUGEE COORDINATORS
 ALL COUNTY WELFARE TO WORK COORDINATORS
 ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
 ALL CONSORTIA MANAGERS

SUBJECT: CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO
 KIDS (CalWORKs) AND CALFRESH PROGRAMS:
 IMPLEMENTATION OF THE ANNUAL REPORTING/CHILD ONLY
 (AR/CO) SYSTEM

REFERENCE: SENATE BILL (SB) 1041 (CHAPTER 47, SECTIONS 7-10,
 STATUTES OF 2012); ALL COUNTY LETTER (ACL) No. 12-25

The purpose of this ACL is to transmit instructions to County Welfare Departments (CWDs) regarding the new Annual Reporting (AR) provisions of SB 1041, which take effect October 1, 2012, for certain CalWORKs child-only cases. The California Department of Social Services (CDSS) has developed the following instructions to provide CWDs with the necessary guidance to: 1) implement the AR provisions of SB 1041; 2) provide information to applicants and recipients regarding the new reporting changes; and 3) identify and program the automation revisions needed for CWDs to implement the AR provisions.

NOTE: Given that the automation system programming changes necessitated by AR/CO will not be complete by October 1, 2012. CWDs must ensure that AR/CO cases are not erroneously discontinued due to recipients not turning in completed Quarterly Eligibility/Status Report Forms (QR 7s) after October 1, 2012.

BACKGROUND

The passage of SB 1041 created a number of changes to the CalWORKs program. The changes addressed in this ACL relate to certain CalWORKs assistance units (AUs) who will transition from a recipient Quarterly Reporting (QR) system to an AR system. Such AUs are referred to as AR/CO cases. The change from a QR system to an AR system is effective October 1, 2012. In an effort to promote compatibility between the CalWORKs and CalFresh programs, CalFresh households (HHs) associated with CalWORKs AR/CO cases will, if not already, be assigned Change Reporting (CR) status effective October 1, 2012.

OVERVIEW

SB 1041 mandates that CDSS implement a recipient AR system for certain CalWORKs cases that have no eligible adult in the AU. If all adults in a case are ineligible for or otherwise not receiving CalWORKs themselves, the case will be an AR/CO case. The following list of AR/CO cases is not exhaustive:

- All adults have timed out (i.e., Safety Net case);
- The adult(s) is excluded from the AU because of a disqualifying drug felony conviction, fleeing felon status, or has been found by a court to be in violation of probation or parole;
- The adult(s) does not qualify for CalWORKs due to immigration status;
- The adult(s) does not qualify because of failure to provide SSN;
- The adult(s) is receiving Supplemental Security Income (SSI);
- The adult(s) is a Non-Needy Relative (NNR); or
- The adult(s) is sanctioned due to refusal to assign child/spousal support rights.
- The adult(s) has been convicted of an Intentional Program Violation (IPV) prior to July 1998; or
- The adult(s) is a striker pursuant to Manual of Policies and Procedures (MPP) Section 44-206.1(b) and ineligible for CalWORKs for him/herself.

In general, CWDs should use the following guiding principle in determining whether a case is AR/CO: If there is no aided adult in the AU, the case is an AR/CO case, with the exception of an adult who has been sanctioned due to non-compliance with welfare- to-work (WTW) requirements. This WTW exception is codified in statute. Specifically, the WTW exception from AR/CO rules is meant to assist CWDs in helping

recipients achieve self-sufficiency by maintaining more frequent contact with the recipient, rather than reducing contact to once per year.

Also, cases that are subject to a penalty are not considered AR/CO cases, unless there is no adult in the AU. For example, if the AU is subject to a 25% penalty for failure to cooperate with the local child support agency for child/spousal support and paternity establishment, the case is not an AR/CO case. Additionally, if the adult in the AU has been penalized for failure to meet certain specified CalWORKs requirements, the case is not subject to AR/CO rules. These types of penalties result in a reduction to the AU's grant, but the adult who is subject to the penalty (1) remains in the AU, (2) is still considered aided, and (3) must comply with WTW requirements. Therefore, because the adult is still part of the AU, the case is not considered to be a child-only case. An example of when the case would still be AR/CO would be when an excluded SSI parent does not cooperate with child support enforcement requirements, which would result in a 25% penalty to the AU. Since there is no adult in the AU, the case would still be AR/CO, even though there is a penalty applied to the case.

Examples of when the adult may be penalized include, but are not limited to, failure to comply with immunization requirements without good cause, failure to comply with school attendance requirements for children under 16, and being disqualified due to being convicted of an IPV which occurred after July 1998. In each of these instances, the adult, though penalized, is an eligible member of the AU. Therefore, the case would remain subject to QR rules (or Semi-Annual Reporting (SAR) rules following the implementation of SAR in October 2013).

Further, in two-parent cases, if one parent remains aided and included in the AU and the other parent is not aided, the case will not be an AR/CO case, because there is an aided adult in the case.

NOTE: Any case in which there is an aided adult is not an AR/CO case. This includes cases in which optional members such as stepparents, Registered Domestic Partners (RDPs), needy non-parent caretakers, etc., have opted to receive CalWORKs and are aided as a member of the AU.

Additionally, Refugee Cash Assistance (RCA), Entrant Cash Assistance (ECA) and Trafficking and Crime Victims Assistance Program (TCVAP) cash assistance cases (typically for single adults and families without children) will not be AR/CO cases. RCA, ECA and TCVAP cash assistance rules do not allow minor children to be aided under these programs without an aided adult. If the adult(s) is discontinued or ineligible, the entire case is discontinued or ineligible unless the minor child is emancipated. TCVAP CalWORKs cases follow CalWORKs guidelines for AR/CO cases.

AR/CO cases will report once per year, using redetermination (RD) forms. In addition to the annual RD, AR/CO cases will also have to report certain changes that occur mid-year, referred to as mandatory mid-year reporting requirements. For the purposes of AR, "mid-year" refers to changes that occur at any time during the annual benefit period. Mandatory and voluntary mid-year reports will be addressed in more detail on pages 13 through 19 in this letter.

CALFRESH IMPACT

SB 1041 also requires CDSS to implement AR provisions in the CalFresh program for CalWORKs AR/CO cases also receiving CalFresh benefits to the extent permitted by federal law, regulations, waivers, and directives, in a cost-effective manner that promotes compatibility between the CalWORKs and CalFresh programs and minimizes the potential for payment errors.

Accordingly, CDSS is assigning change reporting (CR) status to all CalFresh HHs associated with a CalWORKs AR/CO case. In order to achieve greater compatibility between CalWORKs and CalFresh, CDSS has submitted the following two waiver requests to the United States Department of Agriculture, Food and Nutrition Services (FNS):

- The first waiver requests that for all CalFresh HHs impacted by SB 1041, the requirement to report changes of \$100 or more of earned income and \$50 of unearned income, and changes in source of income be waived. The waiver proposes that the HHs would report income changes in accordance with the requirements in SB 1041 (see the "MANDATORY MID-YEAR REPORTS AND BENEFIT CHANGES" section of this letter). All other CR requirements will remain in effect (see list below).
- The second waiver requests that all CalWORKs AR/CO cases with earned income that are also receiving CalFresh benefits (which as of October 1, 2012 will be assigned CR status) to be certified for 12 months. This waiver is necessary because current federal regulations mandate that CR HHs with earned income may be certified for a maximum of six months. This waiver request does not apply to other CalFresh CR cases with earned income that are not associated with an AR/CO case.

NOTE: The implementation of SB 1041 and the second waiver has no impact on CalFresh HHs associated with a CalWORKs AR/CO case in which all adult members are elderly or disabled that are assigned 24-month certification periods. These HHs should continue to be assigned the maximum certification period allowed by federal regulations.

CDSS will issue guidance under separate cover when or if either of these waivers are approved. Absent federal approval of the requested waivers, CalFresh cases impacted by SB 1041 will report as mandated by existing CR rules as specified in the MPP Sections 63-505.511 through 63-505.518. As set forth in the MPP, the following changes must be reported within 10 days:

- Changes in the source of income (starting, stopping, changing job);
- Earned income changes by \$100 or more;
- Unearned income changes by \$50 or more (except CalWORKs, General Assistance, or Social Security Cost of Living Adjustments (COLAs));
- Changes in HH composition;
- Change in residence and resulting change in shelter expenses;
- A change in the amount of child support payments made to a non-HH member as specified in MPP Section 63-502.2(p), and/or a change in the legal obligation to pay child support; and
- For able bodied adults without dependents (ABAWDs) only, a reduction of work effort to less than 20 hours per week, or averaging less than 80 hours per month, for purposes of determining whether the ABAWD has satisfied the work requirement specified in MPP Section 63-410.2.

In addition, as stated on the Food Stamp Household Change Report Form (DFA 377.5), the following changes are also required to be reported within 10 days:

- Any member of the HH who is avoiding or running from the law to avoid any felony prosecution, custody or confinement after conviction, or who is found by a court to be in violation of probation or parole;
- Any HH member who is convicted of a disqualifying drug-related felony after August 22, 1996, for the manufacture, sale, or distribution of a controlled substance(s), or for any activity in connection with these unlawful acts, or harvesting, cultivating or processing marijuana, or involving a minor in the above activities.

CalFresh HHs associated with a CalWORKs AR/CO case with earned income will, pending approval of the second waiver listed above, be assigned a maximum six-month certification period. However, in accordance with Chapter 7 of the Code of Federal Regulations (CFR) § 273.14(b)(3), CDSS is exercising the state option that these HHs will not need to be interviewed during the initial six-month recertification (RC) during a 12-month period. The HH must be interviewed in conjunction with the RD interview during the second RC in the 12-month period. With the exception of the interview, all other procedures for recertification will apply (including the recipient completing the required RC forms and action being taken on the CalFresh case as appropriate) at the initial RC in accordance with MPP Sections 63-504.25 and 63-504.6.

For determining eligibility and grant amount for the CalWORKs portion of a combination CalWORKs/CalFresh case, if the AU/HH reports a change that is mandated for the CalFresh Program but not mandated for CalWORKs, CWDs may not change the AU's grant if the reported change would result in a reduced grant.

SUMMARY OF CHANGES FOR AR/CO CASES

AR/CO cases will no longer be required to submit a regular periodic report (such as the QR 7) to the CWD, and instead will be required to report all eligibility circumstances one time per year during the annual RD/RC interview. In addition, AR/CO changes some recipient reporting requirements, as well as how CWDs process reported changes and determine the grant and CalFresh benefits for a 12-month period.

CDSS recently released No. ACL 12-25, dated May 17, 2012, which introduced a new Semi-Annual Reporting (SAR) system for CalWORKs and CalFresh recipients. SAR is expected to be phased in by CWDs between April 2013 and October 1, 2013.

ACL No. 12-25 is significant for AR/CO purposes in that some of the same reporting and budgeting features that were introduced for SAR will also be used for AR/CO cases. For the sake of expediency and efficiency, SAR rules described in ACL No. 12-25 that will be used for AR/CO implementation will also be referenced in this ACL, primarily for the purpose of providing additional detail via another source rather than including duplicate instructions in this letter. While CDSS is aware that new AR/CO rules are being implemented in advance of SAR implementation, we hope that the detailed instructions provided in the SAR letter will prove useful for CWDs and consortia while reprogramming automation systems and developing training materials and CWD procedural guidelines to implement AR/CO.

In addition to the requirement that child-only cases only report once per year, AR/CO will require the following changes:

- CWDs will use prospective budgeting of reasonably anticipated income without averaging income over a specified period;
- AR/CO cases will be required to report changes in their AU's income using a new three-tiered Income Reporting Threshold (IRT);
- CWDs will be required to act on IRT changes by either discontinuing the case or decreasing benefits, whichever is appropriate, as soon as adequate and timely (10-day) notice can be provided to the AU;
- AR/CO cases will be required to report changes in HH composition within 10 days;
- CWDs will be required to act on changes in HH composition reported by an AR/CO case. If a change in HH composition results in a decrease to the AU's

- grant or a discontinuance of aid, the CWD is required to reduce the grant or discontinue the case with timely and adequate notice;
- CWDs may initiate overpayment/overissuance recoupment, via grant/allotment adjustment at the beginning of the month, at any time during the year, as long as timely and adequate notice is provided to the AU prior to reducing benefits;
- CalWORKs AR/CO cases are not mandated to complete any written mid-period/mid-year reports, such as the QR 7. (AR/CO cases are mandated to report certain changes mid-year; however if an AR/CO case does not experience such changes mid-year, no mandatory written report like the QR 7 is required for CalWORKs.) CalFresh cases impacted by SB 1041 must comply with the existing reporting requirements for CR HHs, as specified in MPP Section 63-505.511 through 63-505.518. Refer to MPP Sections 63-504.41 and 63-505.52 for information regarding the DFA 377.5. Alternatively, HHs may submit the AR 3 to report changes. (The AR 3 is discussed later in this ACL.)

BUDGETING INCOME UNDER AR

Under AR/CO, CWDs will be required to use the prospective budgeting methodology for determining continuing recipient benefits. These rules have been simplified from the QR budgeting rules (that currently require averaging income to determine a monthly grant amount over a three-month period) in order to more closely align with the federal Supplemental Nutrition Assistance Program (SNAP) guidance on prospective budgeting. Prospective budgeting requires CWDs to use income that the applicant or recipient anticipates with reasonable certainty will be received in the upcoming annual period. Current income information obtained at application or redetermination, as well as any reasonably anticipated changes in income, shall be used as an indicator of the income that is and will be available to the AU/HH for the annual reporting period. Changes in income reported mid-year will be evaluated using the current month's income, in conjunction with any anticipated changes.

It is critical that CWD staff thoroughly document how they arrived at the income amount being projected and used to calculate/determine benefits. Case narratives and other documentation will be particularly critical when documenting any changes in income, including, but not limited to: new income, income that is ending, income that is expected to change, income that fluctuates (including anomalies such as overtime or missed work), and income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months. If the CWD has no conflicting information, the income and anticipated changes should be used to determine benefits for the upcoming AR/CO period. Income is "reasonably anticipated" when the recipient and CWD determines it is reasonably certain that the recipient will receive a specified amount of monthly income in the AR/CO period. If the amount of income that will be received or when it will be received is uncertain, the portion of the AU/HH's income that

is uncertain shall not be counted. This definition applies to earned and unearned income.

Recipients will no longer be required to report an exact amount of anticipated monthly income for each month of the AR/CO period. Instead, recipients will be required to provide information about current income and any anticipated changes in the following 12 months. The income reported on the SAWS 2 will be considered reasonably anticipated and will be used in the budget calculation unless the recipient reports that they anticipate a change in the upcoming AR/CO period. If an AU/HH anticipates receipt of new income from a new source in the upcoming AR/CO period, such as a new job or unemployment insurance (UI) benefits, this income shall only be considered reasonably anticipated if the CWD determines that:

1. The AU/HH verifies that the income has been or will be approved or authorized within the upcoming AR/CO period, or the AU/HH is otherwise reasonably certain that the income will be received within the AR/CO period;
2. The anticipated amount of the income is known and verified, or the AU/HH is otherwise reasonably certain of the amount of the income; and
3. The start date of the income is known and verified, or the AU/HH is otherwise reasonably certain of the start date of the income.

If an AU/HH anticipates receipt of new income in the upcoming AR/CO period, but does not have reasonable certainty of the dates and amounts expected to be received, this income cannot be considered reasonably anticipated and therefore shall not be used in determining the benefits for the upcoming AR/CO period. If the new income exceeds the IRT mid-year, then the recipient would be required to report it and benefits must be recalculated as necessary.

If the AU/HH's monthly income fluctuates or they expect the income reported on the SAWS 2 to change in the upcoming AR/CO period, the CWD must attempt to find out the amount of income the AU/HH reasonably expects to receive, in order to determine what income, if any, can be reasonably anticipated and used in the next AR/CO period's benefit calculation. Only that portion of income that the AU/HH reasonably anticipates it will receive can be used in the benefit calculation. If, for example, a recipient has fluctuating income, but agrees that she usually makes at least a minimum of \$200 per month, the minimum anticipated income can be anticipated and used in the benefit calculation. If however, a recipient can't anticipate an amount or if she will get paid in the upcoming AR/CO period, then no income can be reasonably anticipated or used in the benefits calculation.

New income cannot be anticipated unless the AU/HH is reasonably certain of the amount of income and the start date. If an AU/HH reports that they expect their income to change or stop, but are uncertain of when or by how much, the CWD cannot reasonably anticipate this change. However, if the recipient states that the income reported on the SAWS 2 is not typical, explains why, and lists an estimate of future income, barring any information to the contrary, the recipient's estimate of future income should be used to determine the AU/HH's benefit amount. Additionally, if the recipient states that their income fluctuates so much that they can't anticipate any income, no income will be counted in the benefit calculation. If the CWD disagrees that the income is too unpredictable to anticipate, it must explore with the applicant or recipient what amount, if any, can be reasonably anticipated and used in the budget and thoroughly document the basis for the amount used in the case narrative.

As with QR, whenever a full month's income is anticipated but is received on a weekly or bi-weekly basis the income shall be converted to a monthly amount in the following manner using a "conversion factor":

- Income received weekly shall be converted to a monthly amount by adding the four (or five) weekly paychecks together, dividing by four (or five) and multiplying the weekly averaged income by 4.33.
- Income received bi-weekly shall be converted to a monthly amount by adding the two (or three) bi-weekly paychecks together, dividing by two (or three) and multiplying the bi-weekly averaged income by 2.167.

Each paycheck does not need to be the same amount; however, the AU/HH must reasonably anticipate that their monthly income will continue in order to convert the income into a monthly average. In contrast, if the AU/HH receives weekly or bi-weekly paychecks, but their income fluctuates month to month and they cannot reasonably anticipate what their income will be, the conversion factor must not be used.

Income that is starting or ending mid-year will not be averaged over every month of the AR/CO period. Income that the recipient anticipates will begin or end in one of the months of the upcoming AR/CO period will only be counted in the months that the income is reasonably anticipated to be received. This is a change from QR and will allow an AU/HH to receive the maximum benefit amount in the months in which this income is not received. This rule holds true for applicant cases as well; income from the month of application will only be used to determine eligibility and benefit amount in the months in which that income is expected to be received.

The only exception to prospective budgeting, as stated in ACL No. 12-25, page 31, is for CalFresh HHs associated with a CalWORKs AR/CO case, who by contract or self-employment, derive their income in a period of time shorter than one year. The HHs shall have that income averaged over the 12-month AR/CO period, provided the

income from the contract is not received on an hourly or piecework basis. In cases where the CalFresh HH also has a CalWORKs AR/CO case, the contract/self-employment income (referenced above) for CalWORKs shall be budgeted in the same manner as for CalFresh. However, for the AR/CO cases not in receipt of CalFresh benefits, the contract/self-employment income (referenced above) shall be calculated in accordance with prospective budgeting and reasonably anticipated income rules and not averaged over the 12-month period.

Example 1: A recipient works at a school cafeteria from the middle of September to the middle of June. During her July RD/RC, she reports that her job ended in the middle of June. The CWD looks at the case file for prior work information and determines that this recipient always has a break in employment during the summer months. The CWD must clarify with the recipient if she expects her normal job with the school to begin again the following September. If she does expect her job to resume in September the income she receives from September through June must be added together and divided by 12 in order to come up with an average monthly income for the AR/CO period. (e.g., She receives \$400 in September and June and \$800 a month in October through May. She receives \$7,200 a year. $\$7,200 \div 12 = \600 . \$600 would be counted as her average monthly income for the AR/CO period.

Example 2: A continuing CalWORKs AR/CO case in receipt of CalFresh benefits completes the SAWS 2 and all other paperwork for their RD/RC. The recipient reports and verifies current income of \$300 per month. The income fluctuates from month to month. The recipient reports she may receive \$350 one month and \$275 another month, and there is no way to predict how much she will receive any one month. The recipient, however, agrees that she generally gets \$300 per month. In this instance, the CWD will budget for \$300 per month, based on current income, for the AR/CO period, since it reflects what can be reasonably anticipated. The case file must document the basis for determining the anticipated income. The recipient may voluntarily report a decrease in income in future months, and the CWD would issue a supplement, if appropriate, based on the voluntary report.

Example 3: A continuing CalWORKs AR/CO case in receipt of CalFresh benefits completes the SAWS 2 and all other paperwork for their RD/RC. The recipient reports no current income, but reasonably anticipates (and provides verification) that she will earn \$500 per month starting in month three, and the income will continue. In this instance, the income is not averaged. Instead, a full grant is provided in months one and two, and the \$500 in income is budgeted for months three through 12. When the CWD decreases the grant based on the increased income, it must send a timely and adequate notice of the decrease in month two to the AR/CO case before the benefits for month three are decreased.

Example 4: A continuing CalWORKs AR/CO case in receipt of CalFresh benefits completes the SAWS 2 and other paperwork for their RD/RC. The recipient reports and verifies current income over the IRT, such that the case is discontinued. The recipient reports she expects the income to continue until month four, when she reasonably anticipates she will be laid off. In this instance, the CalWORKs and CalFresh cases are discontinued at the end of the month with timely and adequate notice, and Transitional CalFresh benefits would be issued for the following month.

Example 5: A continuing CalWORKs AR/CO case in receipt of CalFresh benefits completes the SAWS 2 and other paperwork for their RD/RC. The recipient reports current income of \$300 per month, which she expects to continue in months one through five. The recipient then reasonably anticipates and provides verification (during the RD/RC interview) that she will receive \$400 in months six through eight and \$500 in months nine through 12. In this instance, the CWD would not average the income to get one monthly income amount for the 12 month AR/CO period. Instead, the CWD would budget the actual amount reasonably anticipated, resulting in one grant amount for months one through five, a different (lower) grant amount for months six through eight, and a third grant amount for months nine through 12.

Example 6: An AR/CO case reports and verifies during the RD/RC current income of \$150 and \$250, paid bi-weekly, which is reasonably anticipated to continue for the remainder of the AR/CO period. The CWD converts the income to a monthly amount by adding the two bi-weekly checks, dividing by two, and applying the conversion factor, i.e., $\$200 \times 2.167$, to calculate the monthly income.

Example 7: An AR/CO case reports and verifies during the RD/RC current income of \$150, \$200, \$75, and \$130, paid weekly. The recipient reports her income varies from month to month and she cannot reasonably anticipate what her income will be in future months. The CWD would interview the recipient further to determine the minimum amount expected to be received per month, if any. If no minimum can be established, the conversion factor must not be used. If a minimum can be established with ongoing weekly pay, the CWD must use the conversion factor. The CWD must document in the case file the rationale for determining monthly pay used in the final budget calculation.

Please refer to ACL No. 12-25, pages 24-35, for additional details on income eligibility and budgeting.

REDETERMINATION/RECERTIFICATION

Unlike QR, CalWORKs AR/CO cases will only be subject to an annual RD, without the requirement of a mid-year periodic report similar to the QR 7. CalFresh cases impacted by SB 1041 will now be CR HHs. CalFresh HHs associated with a CalWORKs AR/CO case will not be subject to periodic reporting and will be required to complete an annual RC in accordance with CR rules, conditional upon federal waiver approval for cases

with earned income. However, as previously stated, in accordance with CFR § 273.14(b)(3), CDSS is exercising the state option that these HHs will not need to be interviewed during the interim six-month RC during the 12-month period. The RD/RC will occur in month 12, the final month in the AR/CO benefit period, and handled pursuant to existing noticing and processing deadline regulations for RD/RCs. CWDs should schedule AR/CO annual RD/RC appointments early enough in month 12 of the AR/CO benefit period to meet 10-day noticing requirements, in the event that the CWD will need to decrease benefits the first of the month following the RD/RC, or discontinue benefits if the AR/CO family fails to comply with RD/RC requirements.

Example 1: An AR/CO case has an RD/RC due in January 2013. The CWD should schedule the RD/RC in early January 2013, month 12 of the AR/CO benefit period. During the RD/RC, the recipient reports earned income on the RD/RC forms, and does not anticipate any changes to the income. The CWD would use this income information to determine the grant/allotment amount for the following annual AR/CO benefit period, which begins February 1, 2013. The new AR/CO benefit period will be February 2013 through January 2014.

Example 2: An AR/CO case has an RD/RC due in March 2013. The case consists of an NNR with earned income and a child. The CWD should schedule the RD/RC in early March 2013, month 12 of the AR/CO benefit period. In this case, the AU would get a full grant for an AU of one, because the caretaker relative is non-needy and the NNR's income is not used to calculate the child's grant. In determining CalFresh benefits, the CWD would need to use existing CR budgeting rules. The AR/CO benefit period is April 2013 through March 2014. Please note the certification period for CalFresh would be six months, unless the federal waiver requesting 12-month certification periods for CRs with earned income is approved.

Pursuant to MPP Section 44-313.111 (QR), when recipients attend their RD/RC appointment, the CWD will use the information on the RD/RC forms and any additional information provided by the AU/HH to determine continuing eligibility and future benefit amounts based on all conditions of eligibility. During the RD/RC interview, CWDs must ask the recipient about any known changes to the income reported on the RD/RC form to ensure that the correct income is used to prospectively budget the benefit and grant amounts for the annual benefit period. CWDs will thoroughly document in the case narrative all factors used in determining current income that will be used to calculate benefits along with any reasonably anticipated changes.

It is important that CWDs remind recipients that they may voluntarily report decreases in income any time throughout the year, so that CWDs can increase cash aid and/or CalFresh benefits based on the decreased income, upon receiving verification from the recipient.

NOTE: CalFresh cases impacted by SB 1041 in which all adult members are elderly or disabled must be certified for 24 months, the maximum amount allowed by federal regulations. For the CalWORKs portion of the combination CalWORKs/CalFresh case, the CWD must require an annual RD for the CalWORKs AU. CWDs may consider the RD to satisfy the contact required given a 24-month certification period. The CalFresh HH is not required to submit any application forms. For CalWORKs the annual RD is still required. When the AU/HH does not comply with the RD and the CalWORKs program is discontinued, the CalFresh HH must be evaluated for Transitional CalFresh eligibility.

MANDATORY MID-YEAR REPORTS AND BENEFIT CHANGES

Mandatory mid-year reporting requirements under AR/CO are the same as the mandatory mid-period reporting requirements described in ACL No. 12-25 for SAR, with one addition: under AR/CO, changes in HH composition must also be reported.

When a CalWORKs AR/CO case experiences any mandatory mid-year reporting changes, the recipient must report the changes, verbally or in writing, to the CWD within 10 days of occurrence.

Specifically, CalWORKs AR/CO cases must report mid-year:

- 1) Income exceeding the IRT;
- 2) Changes in HH composition;
- 3) Address changes;
- 4) Drug felony convictions
- 5) Fleeing felon status; or
- 6) Court findings probation or parole violations.

In addition, AR/CO cases also in receipt of CalFresh benefits must report the following changes in accordance with CR rules within 10 days of occurrence:

- Changes in the source of income (starting, stopping, changing job);
- Earned income changes by \$100 or more;
- Unearned income changes by \$50 or more (except CalWORKs, General Assistance, or Social Security COLAs);
- Change in residence and resulting change in shelter expenses;
- A change in the amount of child support payments made to a non-HH member as specified in MPP Section 63-502.2(p), and/or a change in the legal obligation to pay child support;

- A reduction of work effort to less than 20 hours per week, or averaging less than 80 hours a month, for purposes of determining whether an ABAWD has satisfied the work requirement specified in MPP Section 63-410.2;

In addition, as stated on the DFA 377.5, the following changes are also required to be reported within 10 days:

- Any member of the HH who is avoiding or running from the law to avoid any felony prosecution, custody or confinement after conviction, or who is found by a court to be in violation of probation or parole; or
- Any HH member convicted of a disqualifying drug-related felony after August 22, 1996, for manufacturing, sale or distribution of a controlled substance(s), or any activity in connection with these unlawful acts, or harvesting, cultivating or processing marijuana, or involving a minor in the above activities.

The table below provides a comparison of reporting requirements for QR, AR/CO, and SAR. (The table does not reflect CR reporting requirements.)

QR - CalWORKs	AR/CO - CalWORKs	SAR - CalWORKs
<ol style="list-style-type: none"> 1. Income exceeding the IRT (one IRT); 2. Address changes; 3. Drug felony convictions 4. Fleeing felon status; or 5. Violations of conditions of probation or parole. 	<ol style="list-style-type: none"> 1. Income exceeding the IRT (three IRTs); 2. Address changes; 3. Drug felony convictions 4. Fleeing felon status; or 5. Violations of conditions of probation or parole; 6. <i>Changes in HH composition.</i> 	<ol style="list-style-type: none"> 1. Income exceeding the IRT (three IRTs); 2. Address changes; 3. Drug felony convictions 4. Fleeing felon status; or 5. Violations of conditions of probation or parole.

CWDs must take action on all mandatorily reported changes. As a reminder, while CalFresh CR rules call for additional reporting requirements, if the change is not required to be reported for CalWORKs, CWDs may not decrease or discontinue the CalWORKs grant/case mid-year. Additionally, because the AU/HH reported the change to comply with CalFresh CR rules, if the CWD isn't taking action to change the CalWORKs grant, the CWD must send out a No Change NOA to the AU. If a recipient is determined to be financially ineligible based on an increase in income or a change in HH composition, CWDs must discontinue the case with timely and adequate notice effective the end of the month in which the change occurred. If it is determined that a recipient's benefits would decrease based on an increase in income or a change in HH composition, CWDs must decrease the benefits, with timely and adequate notice, for the remainder of the 12-month period, effective the first of the month following the month in which the change occurred. An overpayment should be established for months in which benefits were released at the previous level because a 10-day NOA could not be provided.

If the recipient reports an increase in income or a change in HH composition in the 12th month, the county is required to verify this report and consider this change during the RD/RC to determine the benefit amount for the following 12-month period, as well as to review for a supplemental benefit if the report indicates an increase in benefit amount. (See the section entitled “Voluntary Mid-Year Reports and Benefit Changes” for CWD action on reports that result in an increase to benefits.)

Example: An AR/CO recipient reports on March 12, 2013, that two of her three aided children moved out of the home on March 3, 2013. The CWD determines the AU is still eligible, but will have a reduced grant beginning in April. The CWD sends out a 10-day notice no later than March 20, 2013, informing the AU that their CalWORKs grant and CalFresh benefits will be reduced effective April 1.

NOTE: Under QR rules (and under future SAR rules), CWDs are not required to act mid-period for changes in HH composition. It is therefore important to emphasize that under AR/CO, CWDs must take action as appropriate (even to decrease the grant with a 10-day notice) when changes in HH composition are reported.

CalWORKS IRT

CalWORKs recipients subject to AR/CO must report verbally or in writing within 10 days when their income exceeds the IRT for their AU size, even if the income is received mid-year. A CalWORKs case with income exceeding the IRT in AR/CO may be discontinued or experience a decrease in benefits the first day of the month following timely and adequate notice. This is in contrast to QR, where a recipient going over IRT generally results in a case discontinuance. Under QR rules, if the income reported would not result in discontinuance, the CWD does not have authority to decrease the AU’s benefits mid-quarter and would be required to inform the AU via a No Change NOA that their benefits will not change as a result of the AU’s report of income over the IRT.

The IRT under AR/CO differs from the QR IRT, in that it uses a new three-tiered structure, which will also be adopted under SAR and was described in ACL No. 12-25. The new IRT requires that the AR/CO case report changes in income when it reaches a level that is the lesser of:

- 55 percent of the federal poverty level (FPL) for a family of three, plus the amount of income last used to calculate the recipient’s benefits; or
- the amount of income likely to render the recipient ineligible for CalWORKs benefits; or

- the amount of income likely to render the recipient ineligible for federal SNAP Benefits (130% of the Federal Poverty Level).

As with QR, the CWD is required to determine the appropriate IRT figure for each AU and provide each AU with their AU's reportable IRT in writing (see attachment A for the 2012-13 IRT levels, which are effective October 1, 2012).

CalFresh cases impacted by SB 1041 must report income changes in accordance with existing CR regulations as specified in MPP Sections 63-505.511 and 63-505.512. However, if CalWORKs benefits are decreased or discontinued due to the CalWORKs IRT, CWDs must also act to determine the impact on the benefits of the CalFresh HH with an associated CalFresh case. If the CalWORKs AR/CO case is discontinued, the CWD will discontinue CalFresh and issue Transitional CalFresh benefits in accordance with MPP Section 63-504.13.

When income in excess of the CalWORKs IRT is reported, the CWD must determine if the AU remains financially eligible for CalWORKs benefits and if so, recalculate the grant amount for the remainder of the AR/CO period using the new amount of reasonably anticipated income. The resulting decrease to the CalWORKs grant can only be made after timely and adequate notice can be provided.

If a recipient reports receipt of income that exceeds the IRT, the CWD must determine if income will continue at that level. If the income is only expected to last for one month and will not continue at that level, the CWD shall not take action to discontinue or decrease benefits. Furthermore, if an AU makes a mid-year report of increased income that is not over the IRT, that report shall be treated as voluntary, and shall not result in any decrease in benefits. The CWD must send the AR/CO case a "No Change" NOA in response to the voluntary report of a change that did not affect the AU's grant.

Example 1: A continuing AR/CO case reports and verifies income over the IRT mid-year. The CWD determines the case is still eligible for CalWORKs and CalFresh, but with a reduced benefit. The AR/CO case is provided a 10-day notice, indicating the benefit is reduced for the remainder of the AR/CO period, effective the first of the month following a 10-day notice. The reduced grant is also used to determine the HH's CalFresh allotment for the following months in accordance with CR budgeting rules.

Example 2: Same as above, but the AR/CO case reports and verifies the income over IRT is for the current month only and will not continue; the income for the case will be below IRT starting the following month. The CWD will not take any action on this CalWORKs and/or CalFresh case, other than to provide the AU with a No Change NOA.

Example 3: A CalWORKs AR/CO case has an RD/RC due in November, but the

timed-out mother in a Safety Net case reports on July 15 that her income is over IRT, and expects that level of income to continue. The CWD determines the income is sufficient to render the AU ineligible for CalWORKs. The CWD sends a 10-day notice by July 20 that the CalWORKs and regular CalFresh cases will be discontinued effective July 31 and a notice is sent informing the HH that Transitional CalFresh will begin August 1. If prior to the termination, the AU/HH reports that the income has decreased or is not reasonably anticipated to continue, Transitional CalFresh would be discontinued at the end of the month in which timely and adequate notice is provided and regular CalFresh benefits would be issued the following month.

Example 4: An AR/CO case has an RD/RC due in September, but the timed-out mother in a Safety Net case reports on September 3 that her income is over IRT and will continue at that level. The CWD will use this income to determine eligibility and the benefit amount for the following 12-month period, which may result in a decrease or discontinuance of cash aid to the AU. If the report of income over the IRT does not result in a discontinuance of CalWORKs, assuming that all other conditions of eligibility are met and the RD/RC is completed, the HH's cash aid and CalFresh benefits would be calculated taking the reported income into account. If the report of income over the IRT results in discontinuance of CalWORKs, a 10-day notice would be issued informing the AU/HH that on September 30th the CalWORKs and regular CalFresh benefits will end. Transitional CalFresh would be issued effective October 1st. If the IRT report is verified, the CWD shall not require the recipient to re-verify this information at the RD/RC.

Absent approval of the federal SNAP waiver, CalFresh CR reporting requirements (MPP Section 63-505.511 through 63-505.518) are not impacted by SB 1041.

Please refer to ACL No. 12-25, pages 36-44, for additional details on the IRT.

VOLUNTARY REPORTS AND BENEFIT CHANGES

AR/CO cases may voluntarily report changes in income and circumstances that may increase benefits any time during the AU's 12 month period of eligibility. These reports may be made in writing, online, verbally, or in person to the CWD. The CWD will only take mid-year action on those voluntary reports that result in an increase to benefits, with the exception of recipients who voluntarily request to discontinue their entire case or an optional member, discussed below.

In some cases, voluntarily reported changes may result in an increase in benefits for one program, while decreasing benefits for the other program. For example, an increase in CalWORKs could result in a decrease in CalFresh benefits.

CWD action to increase the grant and/or allotment based on voluntary reports shall be based on when the change was reported, not when the change actually occurred. The effective date of the increase in benefits is determined differently for increases due to decreased income than for increases due to adding HH members and are as follows:

- Increases due to decreased income are effective the first of the month in which the change occurs or is reported, whichever is later.
- Increases due to the addition of new HH members are effective the first of the month following the report of the change.

The recipient must provide verification of the change within the 10 day period listed on the request for verification. If verification is not received within 10 days, the CWD shall send a No-Change NOA to the AU/HH which states that no action to increase benefits was taken because verification was not received. If verification is provided after 10 days, the date the verification is provided shall be considered the date of the voluntary report.

Example 1: An AR/CO case has an RD/RC due in April 2013. The recipient reports a decrease in income on December 28, 2012, and provides verification of the decrease. The CWD will redetermine the benefit amount for the current month (December) and the remaining months in the 12-month period. Because there is not enough time to issue the higher benefit amount on January 1, the county will issue a supplemental payment for December and January and issue the correct, higher benefit beginning in February.

NOTE: As with QR, supplements under AR/CO will be issued prospectively (for the current month and future months), not retrospectively. In the above example, because the recipient reported the decrease in income in December, the supplement would be issued for December and for future months, even if the decrease in income began prior to December.

Example 2: An AR/CO case has an RD/RC due in August. On August 3, the recipient reports a decrease in income and provides verification of the decrease. The CWD would use this information to redetermine the benefit for August and issue a supplement for August, if appropriate. The CWD would also take this decreased income into account when determining the benefit amount for the upcoming 12-month period. The recipient would not have to reverify the change of income as part of the RD/RC.

Example 3: A CalWORKs AR/CO case has an RD/RC due in November 2013. In April 2013, the recipient voluntarily reports a \$110 increase in earned income, which is not over the CalWORKs IRT. The CWD may not take any action based on this voluntary report and must issue a No-Change NOA. For CalFresh, because the increased income is more than \$100, which is above the recipient reporting requirement for CR,

the CWD would send a timely and adequate notice informing the recipient of the decrease in CalFresh benefits effective the following month.

VOLUNTARY RECIPIENT REQUEST FOR DISCONTINUANCE OF BENEFITS

AR/CO recipients may voluntarily request discontinuance of the entire AU at any time mid-year. For CalWORKs, if the recipient's request is verbal, CWDs shall provide a 10-day notice prior to discontinuance. If the request is in writing, CWDs shall discontinue the case at the end of the month in which the request is made and simultaneously issue an adequate notice informing the AU of the change.

For CalFresh a timely NOA is not required if the HH voluntarily requested, in writing or in the presence of the CWD, that its participation be terminated.

CWDs are reminded that a request for discontinuance for an AU member who moved out of the home is not considered voluntary, as changes in HH composition are considered mandatory mid-year reports under AR/CO. However, an optional member may request discontinuance from the AU, while not moving out of the home. Because changes in HH composition pertain to individuals moving into and out of the home, an optional member requesting removal from the AU would not be considered a mandatory report. Nieces, nephews, or grandchildren are examples of optional persons who may be removed from the AU via a voluntary report.

COUNTY-INITIATED MID-YEAR ACTIONS

In addition to actions taken due to mandatory and voluntary mid-year reports, CWDs shall also act on "known to the county" information that results in changes in eligibility status or benefit amount. These changes are effective at the end of the month in which timely and adequate notice can be provided, even if the action results in a decrease in benefits. Such county-initiated actions can occur at any time during the 12-month period for AR/CO cases and include, but are not limited to, the following:

- a) A child is no longer eligible due to age. All applicable regulations apply as to how to discontinue a child that reaches the age limit. Like QR, such a child can be discontinued mid-year with a timely and adequate 10-day NOA;
- b) A sanction or penalty is imposed. In most cases, a sanction would have no practical effect on the grant amount of an AR/CO case, insofar as the adult is already not included in the AU. Penalties, which could have an impact on the grant amount, include, but are not limited to, failure to comply with immunization requirements, failure to comply with school attendance requirements, failure to cooperate with child/spousal support enforcement, and being convicted of an Intentional Program Violation (IPV);

- c) The child for whom assistance is being paid has been placed in a foster care home. Upon receiving such notification, the CWD shall discontinue aid to the child at the end of the month in which the placement occurred. Timely 10-day notice is not required. Example: An AU consists of two children; the mother has timed-out and is not part of the AU. On May 25, one of the two children is removed and placed in foster care with the grandparent. The AU is reduced to one as soon as the removal occurs, effective the month after removal. If the aid could not be changed prior to issuance of the CalWORKs grant for an AU of two, an O/P must be established for the AR/CO case for the month of June for the departing child's portion of the grant. The grandparent would begin receiving Foster Care payments effective June 1;
- d) The CWD determines a recipient is no longer a California resident. Upon making such a determination, the CWD shall discontinue the recipient at the end of the month and discontinue the case if the remaining AU members are not otherwise eligible with timely and adequate notice;
- e) The CWD determines that an OP/OI occurred. When CWDs make such a determination, they must correct the erroneous payment and begin collecting the OP/OI via grant recoupment with 10-day notice, unless the CWD is already recouping a separate OP/OI;
- f) A Non-Minor Dependent is transferred into his or her own AU;
- g) Aid has been approved for a child or other individual who is currently being aided in another HH;
- h) A state hearing decision results in a mandatory change mid-year;
- i) When an AU becomes a family reunification case;
- j) When the CWD acts on redetermination information;
- k) When adjustments to correct erroneous payments are made;
- l) When it becomes known to the CWD that an AU member is deceased;
- m) An AU is transferred to a Tribal TANF program;
- n) For cost-of-living adjustments;
- o) When it becomes known to the CWD that an individual is confined in a correctional facility on the first of a month and is expected to remain for a full calendar month or more; and
- p) Any other county-initiated actions that conform with AR, as determined by the department.

CASES THAT MOVE BETWEEN AR/CO AND QR/SAR

Under some circumstances, a case will transition between AR/CO and QR (prior to SAR implementation) or AR/CO and SAR (after SAR implementation). CWDs shall provide a notice to the AU/HH when a case transitions from AR/CO to QR or SAR or from QR or SAR to AR/CO. CDSS will provide the new notice under separate cover. Notably:

- When a case transitions from QR or SAR to AR/CO or vice-versa, the case retains the same QR or SAR cycle and RD/RC due date, which is based on the date of application;
- In cases where an adult is added back to the AU and the case goes from AR/CO to QR/SAR, the QR 7/SAR 7 cannot be due in the same month in which the adult is added;
- In scenarios where the adult has a QR 7/SAR 7 due in one month, but transitions to AR/CO the following month, the case will not be discontinued if the recipient fails to submit the QR 7/SAR 7. In such scenarios, the grant will remain the same (notwithstanding mandatory mid-year reports, etc.) until the RD/RC;
- Last, when a case goes from QR or SAR to AR/CO, the case becomes AR/CO the first of the month following when the adult is removed from the AU (as opposed to waiting until the beginning of the next QR/SAR period).

Example 1: The AU in an AR/CO case consists of an NNR and two children. On June 2, 2013, the NNR reports she was laid off from her job and provides verification. She applies to include herself in the AU. The CWD determines she is eligible, effective July 1, 2013. The CWD provides a NOA to the recipient (to be provided by CDSS to CWDs under separate cover), indicating the case is now subject to standard reporting rules (QR or SAR). Moreover, the QR or SAR cycle and the RD/RC month will be based on the application date.

Example 2: Effective June 1, a timed-out mother in a continuing CalWORKs AR/CO case is added back to the AU due to child support repayment of aid (child support paid to the local child support agency which reimburses the CWD for aid paid to the AU). The case would retain the same QR/SAR cycle the case had prior to becoming an AR/CO case and is based on the application date. For example:

- Assuming QR rules apply, if the RD/RC month is November, the QR 7 would be due in August (the first QR period after the June change).
- If the RD/RC month is December, the QR 7 would be due in September.
- If SAR rules apply and the RD/RC is due in November, no SAR 7 would be due prior to the RD/RC because the RD/RC is less than six months away.
- If the RD/RC month is in December, no SAR 7 would be due in June, because June is the same month the mother is added back to the AU.
- If the RD/RC is in January, then the SAR 7 would be due in July.

For CalFresh the CWD shall change the status of HHs who transition from CR to QR/SAR beginning with the first day of the month following the change in HH circumstances which results in a change in the HH's status. The CWD shall provide the HH with information as specified in MPP Section 63-300.411. The CWD shall not require the HH to submit a QR 7/SAR 7 for any month in which the HH was subject to

CR requirements. If a case transitions from QR/SAR to CR the CWD shall notify the HH within 10 days of the date the CWD becomes aware of the change that the HH has become exempt from QR/SAR and is no longer required to file any future QR 7s/SAR 7s.

The change in status for the CalWORKs AR/CO case will not always impact the associated CalFresh case because some of the HHs would have CR status regardless of SB 1041 (e.g., if the HH is homeless, etc.).

INTERFACE BETWEEN CalWORKS AR/CO CASES AND CALFRESH

CWDs will encounter situations where AR/CO cases also receiving CalFresh make mid-year reports that are mandatory for CalFresh but not for CalWORKs. Such scenarios will commonly occur with respect to income, as the thresholds for reporting income are much lower for CalFresh CR HHs compared to the CalWORKs IRT.

In cases where CWDs receive information which must be reported for CalFresh, but not for CalWORKs, CWDs are to treat such information as a voluntary report for the purposes of CalWORKs, and only act on the report if it results in an increase in cash benefits.

Example 1: The CWD receives a CalFresh mandatory report that the HH had an increase in earned income of more than \$100. The CWD would take action to adjust the CalFresh allotment with timely and adequate notice. However, the change in income, provided it did not render the AU over the IRT, would be treated as a voluntary mid-period report for CalWORKs, and the grant would not be changed. The CWD would be required to send a CalWORKs No-Change NOA to the AU.

Example 2: The AU/HH reports to the CWD that they have a decrease in earnings of \$150 per month and provides verification. The CWD would consider this a voluntary report under AR/CO for CalWORKs. As appropriate, the CWD would issue a supplemental grant for the month the decrease was reported along with any future months in the AR/CO cycle, provided no other changes are reasonably anticipated. The effect on CalFresh eligibility would be determined based on CR reporting rules.

CONVERSION

Given an October 1, 2012 implementation date, CWDs will need to promptly take several steps to convert applicable QR cases to AR/CO cases. These steps include, but are not limited to:

- 1) Training county staff on AR/CO rules prior to implementing AR/CO;

- 2) Providing recipient training, including written materials and verbal instructions during intake and redetermination; and
- 3) Providing recipients with their new IRT under AR/CO.

CWDs are advised to identify AR/CO cases and transition them to AR rules effective October 1, 2012. Identified cases will not be required to turn in a QR 7 starting in October 2012. This means that cases subject to AR/CO will have turned in their final QR 7 in July, August, or September 2012, depending on their existing QR cycle. The grant level determined based on this final QR 7 will remain the same until the end of the month the RD/RC is due unless a mandatory mid-year report is made or a county-initiated action is taken after October 1, 2012, or if the AU makes a voluntary report that results in increased benefits.

Again, we remind CWDs that they must ensure that no cases will be erroneously discontinued for not submitting a QR7 after October 1, 2012.

The month the RD/RC is due for all cases transitioned to AR/CO should remain the same as it was previously under QR. This means that for the first year of implementation, depending on when the RD/RC is due, AR/CO cases will report via the RD/RC between one and 12 months after implementation of AR/CO, but then report yearly thereafter.

Example 1: An AR/CO case with a March RD/RC date moves to AR/CO effective October 1, 2012. The final QR 7 is submitted on September 5, 2012. Information from the Data Month of August (along with any reasonably anticipated changes) must be used to determine the eligibility and the grant amount for the remainder of the benefit period beginning with October 2012 benefits until the RD/RC is due in March 2013.

Example 2: Same scenario as above, but the QR 7 was scheduled to be due in November. This case is no longer required to submit their November QR 7 as of October 1, 2012. The AU/HH's benefits remain unchanged (subject to the mandatory mid-year reporting provisions and county-initiated actions under AR/CO and voluntary report increases) until the RD/RC in March 2013.

NOTE: Because CalFresh certification periods cannot be shortened, and some CalFresh cases associated with a CalWORKs AR/CO case are not aligned with respect to RD/RC dates, CWDs must change the RD dates to align with the RC date.

Example 3: An AR/CO case in receipt of CalFresh has a CalFresh RC due in December 2012 and a CalWORKs RD due in February 2013. The CWD would change the RD due date and conduct an RD/RC in December. The RD/RC appointment should be scheduled to occur early enough in December 2012 to accommodate a 10-day

notice, if needed. The recipient must be informed of the new AR/CO reporting requirements, the CalFresh CR rules, and be provided the AU's new IRT under AR/CO in writing.

CWDs are reminded that recipients should be provided with an informing notice of the new AR/CO rules when their case transitions to AR/CO and should also be instructed of the rules at intake and RD/RC, verbally and in writing, and with language assistance, as appropriate.

OVERPAYMENT/OVERISSUANCES (OPs/OIs) AND UNDERPAYMENT/UNDERISSUANCES (UPs/UIs)

As with QR, CalWORKs OPs will be based on recipient failure to report any information they are mandatorily required to report, county error, recipient late reporting, and the CWD not being able to issue the correct grant amount due to insufficient time to issue a 10-day notice. CalFresh OIs will be established based on recipient failure to report and county error.

Example 1: An AR/CO case has a benefit period of June-May. On September 5, the mother receives income in excess of the CalWORKs IRT and the CalFresh CR earned income reporting requirements, but the increased income is not enough to discontinue the case. However, the mother fails to report the increase in income until November 5. The CWD would reduce the CalWORKs grant and CalFresh allotment effective December 1 with timely and adequate notice, and establish an OP/OI for October and November because the change occurred in September, and had the mother reported the change within 10 days, the CWD would have decreased her benefits effective October 1. The CWD would also begin recoupment of the OP/OI via grant/allotment adjustment mid-year with timely and adequate notice, beginning in December, as long as the CWD is not collecting on another prior OP/OI.

FORMS, INFORMING NOTICES AND NOTICES OF ACTION (NOAs)

The following forms, informing notices and NOAs are to be used with AR/CO rules as per instructed in this letter. There are three forms categories:

Required Form-No Substitute Permitted

Forms in this category may not be modified or restructured by the CWD or consortium. However, overprinting or reformatting and Electronic Data Processing modifications are permitted. Overprinting is defined as a process in which the CWD prints additional information over a current required form without modifying the format, structure, or legal content of the form. The following have been identified as acceptable overprinting

purposes and do not require state approval: (a) to identify the CWD, (b) to add information to the “County Use Only” section, or (c) to add Eligibility Worker instructions. Any other modification must be pre-approved by CDSS before use of the form by the CWD.

Required Form-Substitute Permitted

Forms in this category are required forms for which modifications or substitutions with prior CDSS approval are permitted. CWDs may modify these forms to add or obtain information that does not (a) conflict with program policy/regulations, or (b) change the legal content of the form. Under most circumstances, merely rewording the content of a form in this category will not be approved. However, such suggestions for language improvement will be considered in future revisions.

Recommended Form

Forms in this category may be modified without prior approval from CDSS. CWDs may also choose not to use the form. When making modifications, CWDs should pay close attention to readability of the content to ensure that it is understandable by the target audience. CWDs may wish to consider using the same or similar standards used for NOAs, one of which is to use language that is at the 8th grade reading level.

More information regarding the form types and modification procedures can be found in the 23-400 Section of the Manual of Policies and Procedures, Operations Manual located on the CDSS website at

<http://www.cdss.ca.gov/ord/entres/getinfo/pdf/opsman3.pdf>.

TEMP AR 1 (9/12) – New Reporting Requirements For Cash Aid and CalFresh – (Required Form –Substitutes Permitted)

The TEMP AR 1 was created to be used as an informing notice for CalWORKs and CalFresh cases that will begin reporting annually rather than quarterly. Due to time constraints, CDSS will not be able to issue a statewide mailer to recipients. CWDs must issue the informing notice and use the language provided by CDSS. CWDs shall send this notice to all Child-Only cases that will be affected by AR/CO reporting rules as soon as administratively feasible.

CWDs may modify the notice to include the county name and contact information or add specific case information such as the case name and date of the recipient’s RD/RC, etc. without prior approval from CDSS. No other changes will be permitted.

The TEMP AR 1 language advises AR/CO cases that although they no longer need to complete any QR 7s (as of October 1, 2012), if working they must continue to provide all verification/documentation required.

AR 2 (9/12) – Reporting Changes For Cash Aid and CalFresh – (Required Form-No Substitute Permitted)

The AR 2 was created to inform AR/CO cases of their current IRT and remind them of the AR reporting requirements. CWDs must inform recipients of their IRT no less than at each RD/RC or whenever their IRT changes. CWDs may modify the AR 2 to include the county name and contact information without prior approval from CDSS. No other changes will be permitted.

AR 3 (9/12) – Mid-Year Status Report For Cash Aid and CalFresh – (Recommended Form)

The AR 3 was created to make available to recipients, a way to report changes in writing at any time during the year (except at their RD/RC). As a reminder, AR/CO cases may report mid-year changes either verbally or in writing. CWDs may modify the AR 3 to include the county name and contact information. No other changes will be permitted.

NA 1239 AR (9/12) – Notice of Action Continued (With Budget) – (Required Form – No Substitute Permitted)

The NA 1239 AR was created to use when figuring the recipients' monthly cash aid amount for an AR/CO case for the annual period or as an attachment to the No Change NOA showing that the grant will not change after a mid-year voluntary report would have caused the cash aid amount to decrease. CWDs may modify the NA 1239 AR to include the county name and contact information. No other changes will be permitted.

Note: While the current SAWS 2 does not contain a question asking about reasonably anticipated changes to current income. CDSS is currently making revisions to the SAWS 2 to add that as a new question upon implementation of SAR. In the interim, CWDs are required to ask about reasonably anticipated changes during the RD/RC interview and document the information obtained in the case narrative. CWDs should use the process described for SAR in ACL No. 12-25 to determine when income can be reasonably anticipated.

CAMERA READY COPIES AND TRANSLATIONS

For camera-ready copies in English, contact the Forms Management Unit at

ACL 12-49
Page Twenty-Seven

fmudss@dss.ca.gov. If your office has internet access you may obtain these forms from the CDSS webpage at http://www.dss.cahwnet.gov/cdssweb/FormsandPu_271.htm.

When all translations are completed per MPP Section 21-115.2, including Spanish forms, they are posted on an on-going basis on the CDSS webpage. Copies of the translated forms can be obtained at http://www.dss.cahwnet.gov/cdssweb/FormsandPu_274.htm.

For questions on translated materials, please contact Language Services at (916) 651-8876. Until translations are available, recipients who have elected to receive Spanish, Russian, Vietnamese, and written Chinese materials should be sent the English version of the form or notice along with the [GEN 1365-Notice of Language Services](#) and a local contact number.

CWDs shall ensure that effective bilingual services are provided. This requirement may be met through utilization of paid interpreters, qualified bilingual employees, and qualified employees of other agencies or community resources. These services shall be provided free of charge to the applicant/recipient. In the event that CDSS does not provide translations of a form, it is the county's responsibility to provide the translation if an applicant or recipient requests it. More information regarding translations can be found in MPP Section 21-115.

If you have any questions or need further information regarding this letter, please contact the CalWORKs Eligibility Bureau at (916) 654-1322 or the CalFresh Bureau at (916) 654-1896.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

Attachments

c: CWDA
CSAC

Attachment One

Federal Fiscal Year (FFY) 2012-13 Annual Reporting/Child-Only Income Reporting Threshold (IRT)
Effective 10-1-2012 through 9-30-2013

For FFY 2012-13, CDSS has determined that the amount likely to render an Assistance Unit (AU) ineligible for CalWORKs is less than 130 percent of Federal Poverty Level (FPL) for each AU size. Therefore the IRT amount for each AU will be the lesser of A and B below:

- A. \$875 (55% of FPL for a family of three, FFY 2012-13) plus the amount of income last used to calculate the recipient's monthly benefits or;
- B. The amount of income likely to render the AU of that size ineligible, as shown in the charts below.

Region 1

AU Size	IRT	
	Exempt	Non-Exempt
0	\$114	\$114
1	\$815	\$747
2	\$1,267	\$1,145
3	\$1,541	\$1,389
4	\$1,811	\$1,637
5	\$2,045	\$1,845
6	\$2,285	\$2,057
7	\$2,497	\$2,251
8	\$2,715	\$2,441
9	\$2,923	\$2,629
10 or more	\$3,133	\$2,815

Region 2

AU Size	IRT	
	Exempt	Non-Exempt
0	\$114	\$114
1	\$781	\$713
2	\$1,213	\$1,093
3	\$1,475	\$1,329
4	\$1,731	\$1,563
5	\$1,959	\$1,763
6	\$2,183	\$1,965
7	\$2,387	\$2,145
8	\$2,591	\$2,331
9	\$2,793	\$2,509
10 or more	\$2,991	\$2,685

IRT for CalFresh Cases Associated with an Annual Reporting/Child-Only (AR/CO) Case¹

- Earned income changes by \$100 or more; or
- Unearned income changes by \$50 or more.

¹ CalFresh AR/CO households use Change Reporting rules for the IRT.

IMPORTANT INFORMATION

New Reporting Requirements for CalWORKs and CalFresh

The county is changing your case from Quarterly Reporting to Annual Reporting. Below are the changes that are effective October 1, 2012.

Reporting Rules

Before, you turned in a QR 7 every 3 months.

As of October 1, 2012, you will only need to complete an annual redetermination/recertification (RD/RC).

Just like Quarterly Reporting, you will receive an appointment letter in the mail when your RD/RC is due. If you miss your RD/RC appointment and don't make it up by the end of the month, **your aid will stop.**

Example: On March 18, 2013, you receive an appointment letter from the county that says your RD/RC appointment is on April 4, 2013. If you miss the appointment and don't make it up by the end of the month, your case will be discontinued.

Welfare to Work Reporting Rules

Although you no longer have to submit a QR 7, you may still have to submit other reports to the county. For example: If you are working and report your work hours to the county, you will still have to do that if the county asks you to.

Changes to the Income Reporting Threshold (IRT) Rules

The IRT is the amount of total monthly income that you have to report **within 10 days**. By "total monthly income" we mean any money you get. The County will tell you your IRT amount and any time your IRT changes, the county will let you know in writing.

For CalWORKs: The amount of income that you have to report within 10 days is changing. The IRT is based on your total income and the number of people in your household. Before, we would stop your benefits if your total income was over the IRT. Under the new rule, when you report income over your IRT, the county may lower or stop your benefits.

Example: If your IRT is \$900 and you get income of \$800 you do not have to report the change until your next RD/RC. If you get income of \$901 or more you must report it to your worker within 10 days. Your benefits will go down or stop. If your benefits go down, the county will give you a new IRT.

For CalFresh: Before, you did not have an IRT. Effective October 1, 2012, you will have to report within 10 days anytime your source of income changes, anytime your total monthly income starts or stops, anytime your earned income changes by \$100, or anytime your unearned income changes by \$50.

Mandatory Reporting Rules

For CalWORKs, mandatory reporting rules are the same as under Quarterly Reporting, with one addition: you must report within ten days anytime someone moves into or out of your household.

For CalFresh, in addition to the income reporting requirements, you must also report within 10 days anytime you move, changes to your rent or utility costs (**only** if you move), any change in the amount of any court-ordered child support, or anytime someone moves into or out of your household.

Voluntary Reporting Rules are the same.

Voluntary reports may increase your benefits.

REPORTING CHANGES FOR CalWORKs AND CALFRESH

CASE NAME:	
CASE NUMBER:	
WORKER NUMBER:	

Because you get CalWORKs, you must report within 10 days when your TOTAL income reaches a certain level. You must report anytime your household's total monthly income is more than your current Income Reporting Threshold (IRT).

Your family size is	_____
Your current income is \$	_____
Your IRT is \$	_____

How to report?

If your total income is over the IRT amount listed above, you must report this to the County **within 10 days**. You can report this information to the County by calling the County or reporting it in writing.

By "total monthly income" we mean:

- Any money you get (both earned and unearned).
- The amount *before* any deductions are taken out. (Examples of deductions are: taxes, Social Security or other retirement contributions, garnishments, etc.)

What will happen?

- Your benefits may be lowered or stopped based on income over your IRT.
- Your IRT may change when your income changes or when someone moves in or out of your home.
- The County will let you know in writing each time your IRT changes.
- You also need to report during your annual redetermination/recertification (RD/RC) all income the RD/RC form asks about, even if you already reported that money.

Penalty for not reporting

If you do not report when your income is more than your household's IRT limit you may get more benefits than you should. You **must** repay any extra benefits you get based on income you do not report. If you do not report on purpose to try to get more benefits, this is fraud, and you may be charged with a crime.

If you get CalWORKs, you **MUST ALSO** report the things below within 10 days of when they happen:

1. Anytime someone moves into or out of your household.
2. Anytime someone joins, or is in your household, who has a conviction for a drug related felony *that was not reported before*.
3. Anytime someone joins, or is in your household, who is in violation of a condition of probation or parole.
4. Anytime someone joins, or is in your household, who is running from the law.
5. Anytime you have an address change.

If you get CalFresh, you **MUST ALSO** report the things below within 10 days of when they happen:

1. All mandatory reports required for CalWORKs, other than IRT (see 1-5 above).
2. You have a change in the source of income including starting, stopping or changing jobs;
3. Earned income changes by \$100.
4. Unearned income changes by \$50 (except for CalWORKs or General Assistance).
5. Rent or utility costs change (only if you move).
6. Any change in the amount of any court-ordered child support.
7. If you are an Able Bodied Adult Without Dependents (ABAWD), you must report any time your work or training hours drop to less than 20 hours a week or 80 hours a month.

Voluntarily reporting information

You may also voluntarily report changes to the County anytime. *Reporting some changes may get you more benefits.* For example:

- Someone in the house becomes pregnant.
- Someone on cash aid has a special need, such as: a pregnancy, a special diet prescribed by a doctor, household emergency, etc.
- For CalFresh, if someone disabled or age 60 or older has new or higher out of pocket medical costs.

MID-YEAR STATUS REPORT**For CalWORKs and CalFresh**

RECIPIENT'S NAME:	CASE NUMBER (IF KNOWN):	SOCIAL SECURITY NUMBER (OPTIONAL)
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Use this form to report mandatory or voluntary changes that have occurred since your last redetermination/recertification (RD/RC).

If you are reporting income information, please provide proof, such as, pay stubs; copies of checks; letters from agencies, etc.

If you are reporting changes in expenses, please provide proof, such as, receipts; canceled checks, paid invoices; etc.

If you are reporting an address change, please provide proof of expenses such as, a copy of your new rental agreement or lease; rent receipt for your new address; copies of utility deposits; etc.

MANDATORY INFORMATION

If you receive CalWORKs, report the information marked CW. If you receive CalFresh, report the information marked CF. The change of address and voluntary information sections are for all households/assistance units.

CW My combined household income is more than the limit for my household size.
In the month of _____, the total combined income for my household is \$_____.

CW/CF Someone in my household is a convicted drug felon.
Name of person _____
Date of felony conviction _____

CW/CF Someone in my household is running from the law to avoid a felony conviction; running from the law, to avoid custody or confinement after a felony conviction; or is in violation of probation or parole.
Name of person _____

CW/CF Someone moved into or out of my household. (Attach a separate sheet for additional persons.)

1. Did the person move In or Out? (circle one)
2. Name (First, Middle, Last) _____
3. Date of Birth (mm/dd/yyyy) _____
4. Relationship to you _____
5. Regularly purchase and prepare together? Yes/No (circle one)

CW/CF I have moved, changed my phone number or have a new mailing address.
New home address _____
New mailing address (if different from your home address) _____
New phone number (_____) _____

I receive free rent at this new address.

My rent amount is \$_____ per month.

I receive free utilities at this new address.

My utilities are \$_____ per month.

MANDATORY INFORMATION - continued

CF I have had a change in income (check one):
Total monthly income has stopped.
Earned income changed by \$100 or more.
Unearned income changed by \$50 or more.
Source of income changed.
New income started.

CF A change has occurred in the amount of court-ordered child support.

CF Complete this section to report reduced work or training hours for Able-Bodied Adults Without Dependents:

The number of hours worked or in training dropped below 20 hours a week or 80 hours a month to _____ hours per week or _____ hours per month.

Name of person(s) _____

Relationship to you _____

Explain what happened _____

Date of change _____

VOLUNTARY INFORMATION (All households/Assistance Units)

I would like to report the following information:

CERTIFICATION

I UNDERSTAND THAT: If on purpose I do not report all facts or give wrong facts about my income, property, or family status to get or keep getting aid or benefits, I can be legally prosecuted. And, I may be charged with committing a felony if more than \$950 in cash aid and/or CalFresh is wrongly paid out.

I declare under penalty of perjury under the laws of the United States and the State of California that the facts contained in this report are true and correct and complete for the entire report month.

WHO MUST SIGN BELOW:

For CalWORKs: you, your aided spouse, CA Domestic Partner or the other parent (of cash aided children) if living in the home.
For CalFresh: the head of household, responsible household member or the household's authorized representative.

Signature or Mark	Date Signed	Home Phone	Contact Phone
Signature of Spouse, Registered Domestic Partner, or Other Parent of Cash Aided Children	Date Signed	Signature of Witness to Mark, interpreter or other person completing form	Date Signed

NOTICE OF ACTION

Continued

COUNTY OF _____

STATE OF CALIFORNIA
HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

Notice Date: _____
Case Name: _____
Case Number: _____
Worker Name: _____
Worker Number: _____
Telephone: _____
Worker Hours: _____
24 Hour Information: _____
Address: _____

Questions? Ask your worker or call the number above.

State Hearing: If you think this action is wrong, you can ask for a hearing. The back of this page tells how. Your benefits may not be changed if you ask for a hearing before this action takes place.

You reported income that you do not expect to change. When you get paid every week or every other week, here is how we figure your monthly income:

First, we add all the income you got in the month and divide by the total number of payments you got. Then, we multiply that amount by the average number of payments in a month.

- If you get paid every week, you may get paid 4 or 5 times in a month. 4.33 is the average number of payments in a month.
- If you get paid every other week, you may get paid 2 or 3 times in a month. 2.167 is the average number of payments in a month.

Here's your information:

_____ Income Reported		\$ _____
		\$ _____
		\$ _____
		\$ _____
		+\$ _____
Total Reported	=	\$ _____
# of Payments Reported	÷	_____
Weekly Amount	=	\$ _____
Multiplied by	x	_____
Monthly Amount	=	\$ _____

Monthly Cash Aid Amount

Section A. Countable Income, Month of _____

1. Total Self-Employment Income \$ _____
2. Self-Employment Expenses:
 - a. 40% Standard - _____
 - OR
 - b. Actual - _____
3. Net Earnings from Self-Employment = _____
4. Total Disability-Based Unearned Income (DBI)
(Assistance Unit + Non-Assistance Unit Members) . . \$ _____
5. \$225 DBI Disregard (if #4 is greater than \$225) - _____
6. Nonexempt Unearned Disability-Based Income = _____
- OR
7. Unused DBI Disregard (up to \$112)..... = _____
8. Net Earnings from Self-Employment (from above) . . + _____
9. Total Other Earned Income + _____
10. Unused Amount of \$225 (from #7) or \$112
(whichever is less) - _____
11. Subtotal = _____
12. Earned Income Disregard 50% - _____
13. Subtotal = _____
14. Nonexempt Unearned Disability-Based Income
(from #6)..... + _____
15. Subtotal = _____
16. Other Nonexempt Income (Assistance Unit + Non-Assistance Unit Members)..... + _____

Net Countable Income = _____

Section B. Your Cash Aid, Month of _____

1. Maximum Aid _____ Persons
(Assistance Unit + Non-Assistance Unit Members) . . \$ _____
2. Special Needs (Assistance Unit + Non-Assistance Unit Members) + _____
3. Net Countable Income from Section A (above) - _____
4. Subtotal = _____
5. Maximum Aid _____ Persons (Assistance Unit only)
(Excluding MG, or Penalized Persons)..... \$ _____
6. Special Needs (Assistance Unit only) + _____
7. Maximum Aid Subtotal = _____
8. **Full Month Aid Subtotal**
(Lowest Amount on Line 4 or 7) = _____
9. Line 8 Prorated for Part of Month = _____
10. Adjustments: 25% Child Support Penalty(ies) - _____
Other Penalties - _____
Overpayment - _____
School Bonus (\$100 or \$500) + _____
11. **Monthly Cash Aid Amount**
(Line 8 or 9 Adjusted)..... \$ _____
12. Current Cash Aid Amount (If This Amount is more Than #11, Your Cash Aid Will Not Change) = _____

YOUR HEARING RIGHTS

You have the right to ask for a hearing if you disagree with any county action. You have only 90 days to ask for a hearing. The 90 days started the day after the county gave or mailed you this notice. If you have good cause as to why you were not able to file for a hearing within the 90 days, you may still file for a hearing. If you provide good cause, a hearing may still be scheduled.

If you ask for a hearing **before** an action on Cash Aid, Medi-Cal, CalFresh (Food Stamps), or Child Care takes place:

- Your Cash Aid or Medi-Cal will stay the same while you wait for a hearing.
- Your Child Care Services may stay the same while you wait for a hearing.
- Your CalFresh (Food Stamps) will stay the same until the hearing or the end of your certification period, whichever is earlier.

If the hearing decision says we are right, you will owe us for any extra Cash Aid, CalFresh (Food Stamps) or Child Care Services you got. To let us lower or stop your benefits before the hearing, check below:

Yes, lower or stop: Cash Aid CalFresh (Food Stamps)
 Child Care

While You Wait for a Hearing Decision for:

Welfare to Work:

You do not have to take part in the activities.

You may receive child care payments for employment and for activities approved by the county before this notice.

If we told you your other supportive services payments will stop, you will not get any more payments, even if you go to your activity.

If we told you we will pay your other supportive services, they will be paid in the amount and in the way we told you in this notice.

- To get those supportive services, you must go to the activity the county told you to attend.
- If the amount of supportive services the county pays while you wait for a hearing decision is not enough to allow you to participate, you can stop going to the activity.

OTHER INFORMATION

Medi-Cal Managed Care Plan Members: The action on this notice may stop you from getting services from your managed care health plan. You may wish to contact your health plan membership services if you have questions.

Child and/or Medical Support: The local child support agency will help collect support at no cost even if you are not on cash aid. If they now collect support for you, they will keep doing so unless you tell them in writing to stop. They will send you current support money collected but will keep past due money collected that is owed to the county.

Family Planning: Your welfare office will give you information when you ask for it.

Hearing File: If you ask for a hearing, the State Hearing Division will set up a file. You have the right to see this file before your hearing and to get a copy of the county's written position on your case at least two days before the hearing. The state may give your hearing file to the Welfare Department and the U.S. Departments of Health and Human Services and Agriculture. (**W&I Code Sections 10850 and 10950.**)

TO ASK FOR A HEARING:

- Fill out this page.
- Make a copy of the front and back of this page for your records. If you ask, your worker will get you a copy of this page.
- Send or take this page to:

OR

- Call toll free: 1-800-952-5253 or for hearing or speech impaired who use TDD, 1-800-952-8349.

To Get Help: You can ask about your hearing rights or for a legal aid referral at the toll-free state phone numbers listed above. You may get free legal help at your local legal aid or welfare rights office.

If you do not want to go to the hearing alone, you can bring a friend or someone with you.

HEARING REQUEST

I want a hearing due to an action by the Welfare Department of _____ County about my:

Cash Aid CalFresh (Food Stamps) Medi-Cal

Other (list) _____

Here's Why: _____

If you need more space, check here and add a page.

I need the state to provide me with an interpreter at no cost to me. (A relative or friend cannot interpret for you at the hearing.)

My language or dialect is: _____

NAME OF PERSON WHOSE BENEFITS WERE DENIED, CHANGED OR STOPPED

BIRTH DATE

PHONE NUMBER

STREET ADDRESS

CITY

STATE

ZIP CODE

SIGNATURE

DATE

NAME OF PERSON COMPLETING THIS FORM

PHONE NUMBER

I want the person named below to represent me at this hearing. I give my permission for this person to see my records or go to the hearing for me. (This person can be a friend or relative but cannot interpret for you.)

NAME

PHONE NUMBER

STREET ADDRESS

CITY

STATE

ZIP CODE