

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



April 29, 2003

ALL COUNTY LETTER NO. 03-18

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL FOOD STAMP COORDINATORS
ALL COUNTY DISTRICT ATTORNEYS
ALL COUNTY CHILD CARE COORDINATORS
ALL CAL-LEARN COORDINATORS
ALL COUNTY REFUGEE COORDINATORS
ALL COUNTY WELFARE TO WORK COORDINATORS
ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
ALL CAL-LEARN CASE MANAGEMENT AGENCIES
ALL CONSORTIUM PROJECT MANAGERS

REASON FOR THIS TRANSMITTAL

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

SUBJECT: IMPLEMENTATION OF THE QUARTERLY REPORTING/
PROSPECTIVE BUDGETING (QR/PB) SYSTEM IN THE
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO
KIDS (CalWORKs) AND FOOD STAMP (FS) PROGRAMS

REFERENCE: ASSEMBLY BILL (AB) 444 (CHAPTER 1022, STATUTES OF 2002)

The purpose of this letter is to transmit detailed instructions for the implementation of the QR/PB system in the CalWORKs and FS programs. The California Department of Social Services (CDSS) has developed the attached comprehensive instructions to provide the county welfare departments (CWDs) with the necessary guidance to: 1) properly train and instruct county staff, 2) provide information to applicants and recipients regarding the new reporting and budgeting changes, and 3) identify and program all the automation revisions needed for the CWDs to implement the new QR/PB system.

BACKGROUND

AB 444 (Chapter 1022, Statutes of 2002) requires the CDSS to replace the current Monthly Reporting/Retrospective Budgeting system (MRRB) with a QR/PB system for the CalWORKs program. This bill also requires the CDSS to adopt the QR/PB system in the Food Stamp Program (FSP) to the extent permitted by federal law, regulations, waivers, and directives, and considering cost-effectiveness, compatibility between the two programs, and FS errors.

Statute requires a Director's declaration that states that the necessary federal FSP waivers have been granted and that specifies an implementation schedule for counties. All counties will be required to implement QR/PB for both the CalWORKs and FS programs in accordance with the schedule that will be included in the Director's declaration. Implementation will be phased in throughout the fiscal year, beginning in November 2003. Given the magnitude of this change to county automation systems and operations, CDSS will work closely with counties and their automation consortia to track their preparations for this change, support county planning and implementation efforts, and take any necessary actions to insure effective implementation throughout the State.

AB 444 also directs the Department to implement the statute initially through All County Letter (ACL) followed by emergency regulations.

QR/PB SYSTEM OVERVIEW

The new quarterly reporting system will apply to all CalWORKs cases and FS households with the exception of existing nonmonthly reporting households in the FSP, outlined in Manual of Policies and Procedures (MPP) Section 63-505.21. These FS households will continue to follow existing nonmonthly reporting rules and will not be mandated to submit quarterly reports. Major features of the new QR/PB system include:

- Recipients will be required to submit an income/eligibility report once per quarter (in the third month of the quarter).
- Recipients will have limited mandatory reporting requirements during the quarter (referred to in this letter as mandatory recipient mid-quarter reporting requirements). For the CalWORKs program, these include reporting income that exceeds a specified amount, drug felony convictions, fleeing felon status, parole/probation violations, and address changes. For the FSP, recipients will only be required to report address changes in mid-quarter. Certain non-assistance FS (NAFS) recipients will also be required to report work hours that could affect eligibility.
- Eligibility and benefits for a three-month period will be based on information provided on the Quarterly Eligibility Report form (QR 7) and will be determined using prospective budgeting and income-averaging rules.
 - Benefits will be "frozen" for the three months of the quarter, except under specified circumstances. Circumstances under which benefits may be adjusted during the quarter include:
 - When a voluntary recipient mid-quarter report results in increased benefits;
 - When a mandatory recipient mid-quarter report results in a decrease or discontinuance of benefits;
 - When an individual or household requests discontinuance; or
 - When a county-initiated action results in decreased benefits.

- Benefits shall not be decreased or discontinued during the quarter unless it is a direct result of county action taken due to a change that was required to be reported, a recipient request for discontinuance, or a county-initiated action.

Note: Quarterly Reporting will not apply to child care, transportation, or other ancillary services that a CalWORKs client receives.

CASELOAD CONVERSION

Prior to implementation, each CWD will be required to take special steps to convert existing recipient caseloads from MRRB to QR/PB. This effort will only be necessary during the initial conversion. The steps include, but are not limited to:

- Training county staff prior to conversion;
- Providing recipient training about the QR/PB system;
- Providing recipients with informing notices prior to implementation that explain the new reporting requirements and prospective budgeting rules; and
- Transitioning cases from retrospective budgeting to prospective budgeting.

Additionally, the Department will provide regional training on the QR/PB system in advance of county training. Details regarding these training sessions will be released under separate cover.

FORMS/NOTICES

The CDSS has modified major forms, notices, and notices of action in the CalWORKs and Food Stamps programs to conform to the new QR/PB system. These forms and notices are included in this letter, in Attachment D. Additionally, a mass informing notice (TEMP QR 1) has been developed to provide recipients with information regarding this change in their reporting requirements. Counties will provide the Temp QR 1 to recipients prior to their county's implementation of the QR/PB system.

Counties will be required to begin using the forms that are included with this letter upon implementation of QR/PB. Until counties implement QR/PB, they must continue to use the forms that are currently used under the MRRB system. After statewide implementation of QR/PB, these forms will be obsolete. Please refer to Attachment D for more detailed descriptions of the new forms and notices.

After you receive a copy of an English CalWORKs or Food Stamp form or message, please allow six to eight weeks for the forms and messages to be translated and mailed to your Forms Coordinator. Language Translation Services (LTS) will mail camera-ready copies of Spanish, Chinese, Vietnamese and Russian translations as soon as they become available. You do not need to initially request forms or messages from LTS. To order additional camera-ready forms or messages in Spanish, Chinese, Vietnamese or Russian, FAX your request to LTS at (916) 657-3429 or e-mail it to LTS@dss.ca.gov.

For a camera-ready copy and/or an additional copy of an English form, please call the Forms Management Unit (FMU) at (916) 657-1907. If your office has Internet access, you may obtain various forms (not including NOA messages) from the CDSS web page at: www.dss.cahwnet.gov. FMU is currently in the process of making forms available on the Internet. If the name, mailing address or e-mail address of your CalWORKs or Food Stamp Forms Coordinator changes, please contact FMU by telephone at (916) 654-1282 or by e-mail to fmu@dss.ca.gov.

Your Forms Coordinator is to distribute translated forms and messages to each program and location. Each county shall provide bilingual/interpretive services and written translations to non-English or limited English proficient populations as required by the Dymally Alatorre Bilingual Services Act (Government Code Section 7290 et seq.) and by State regulations in Manual of Policies and Procedures (MPP) Division 21, Civil Rights Nondiscrimination, Section 115.

Stock

State produced stock of forms may be ordered from the CDSS Warehouse upon receipt of the Notice of Form Change (GEN 127), in accordance with the procedures in the County Forms Catalog.

FOOD STAMP PROGRAM QUALITY CONTROL

FS quality control (QC) review procedures will be issued under separate cover. In addition, the CDSS has requested that the Food and Nutrition Service (FNS) grant California a 120-day hold harmless period during the initial implementation phase of QR/PB, as is permitted in the Food Stamp Reauthorization Act of 2002. At the time of this letter's release, FNS has not yet approved our request. CDSS will notify CWDs of FNS' decision as soon as we receive their response.

DATA REPORTING INSTRUCTIONS

Data reporting instructions and processes remain unchanged for the QR/PB system. For Q5 data collection questions, please contact the Food Stamps and CalWORKs Data Systems Design Taskforce at (916) 651-6250. For questions about all other data reporting you may contact the Data Systems and Survey Design Bureau at (916) 651-8269.

FISCAL CLAIMING

Fiscal claiming instructions and processes remain unchanged for the QR/PB system. For fiscal claiming questions, please contact your Fiscal Policy Bureau county analyst at (916) 657-3440.

PROGRAM CONTACTS

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

CalWORKs Policy	Cora Myers (916) 654-2236
CalWORKs Forms, Notices	Shawn Bradley (916) 653-8675
Food Stamps Policy	LeAnne Torres (916) 654-2135
FSP Forms and Notices	Sandra Pierce (916) 653-5208
Fraud Policy	Mark Gagnon (916) 263-5735
IEVS Matches	Nanci O'Brien (916) 263-5713
FSET/ABAWDs	Robert Nevins (916) 654-1408
WTW Program	Audrey King (916) 654-0946
Work Support Services (WSS)	WSS analyst (916) 654-1424
Cal-Learn/Teen Programs	Consultants (916) 657-4249
Child Care	Suzanne McNamee (916) 657-3815
Refugee Cash Assistance	Camille Ancona (916) 653-7785

Sincerely,

*Original signed by
Bruce Wagstaff on 4/29/03*

BRUCE WAGSTAFF
Deputy Director
Welfare to Work Division

c: CWDA
CSAC

Attachments

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**GLOSSARY OF NEW QUARTERLY REPORTING AND
PROSPECTIVE BUDGETING TERMS**

CWD Initiated Mid-Quarter Actions	The changes in eligibility status based on case information that the CWD is required to act on mid-quarter.
Fluctuating Income	For purposes of determining whether to average income over the quarter, income is considered to be fluctuating when the amount is different for each month of the quarter. This includes when the AU/household has income for one or more months of the quarter and zero income for the remaining months of the quarter due to income starting or stopping. It also includes continuing income that changes from month to month.
Income Reporting Threshold (IRT)	This is a mandatory mid-quarter reporting requirement for CalWORKs cases only. The IRT is the level of income that triggers the need for a CalWORKs Assistance Unit (AU) to make a mandatory mid-quarter report of a change in income. When anyone in the AU or anyone who is included in the Family MAP has earned income or begins receiving earned income, the AU must report within 10 days when their combined gross earned and unearned income exceeds this established threshold. The IRT is the greater of 130% of the Federal Poverty Level (FPL) or the level at which an AU becomes financially ineligible.
Mandatory Recipient Mid-Quarter Reports	Reports that recipients are required to make within 10 days to the CWD.
Prospective Budgeting	Budgeting methodology that uses reasonably anticipated income for the determination of benefits for an AU/household.
QR 7	The Quarterly Eligibility/Status Report which replaces the CW 7 and SAWS 7.
QR/PB Implementation Month	The month in which all of a county's cases are converted to prospective budgeting.
QR Data Month	The month for which the recipient reports all information necessary to determine eligibility. The QR Data Month is the second month of each quarter.
QR Payment Quarter	The future quarter in which benefits are paid/issued. The QR payment quarter begins the first day immediately following the QR Submit Month.
QR Submit Month	The month in which the QR 7 is required to be submitted to the CWD. The QR Submit Month is the third month of each quarter.
Reasonably Anticipated Income	Income is considered "reasonably anticipated" when: <ol style="list-style-type: none"> 1. The income has been or will be approved or authorized as of a date within the upcoming QR Payment Quarter, or the household is otherwise reasonably certain that the income will be received within the quarter; and 2. The amount of income is known.
Stable Income	Income that is expected to remain at the same level throughout the QR Payment Quarter.
Voluntary Recipient Mid-Quarter Reports	Reports that recipients may make to the CWD during mid-quarter. CWDs may only take action to change benefits based on voluntary mid-quarter reports when benefits increase as a result of the reported change.

ATTACHMENT A

QUARTERLY REPORTING AND PROSPECTIVE BUDGETING IMPLEMENTATION INSTRUCTIONS

QUARTERLY REPORTING/PROSPECTIVE BUDGETING SYSTEM OVERVIEW

Assembly Bill (AB) 444 (Chapter 1022, Statutes of 2002) establishes a quarterly reporting/prospective budgeting (QR/PB) system for the CalWORKs and Food Stamp (FS) programs, which will replace the current Monthly Reporting/Retrospective Budgeting (MRRB) system. AB 444 provides for implementation of the QR/PB system via All County Letter (ACL), followed by emergency regulations.

County Welfare Departments (CWDs) will be required to redetermine recipient eligibility and benefit amounts on a quarterly basis, using prospective budgeting, as described in this attachment. Major features of the new QR/PB system include the following:

- Recipients will be required to submit an income/eligibility report once per quarter (in the third month of the quarter).
- Recipients will have limited mandatory reporting requirements during the quarter (referred to in this letter as mandatory recipient mid-quarter reporting requirements). For the CalWORKs program, these include reporting income that exceeds a specified amount, drug felony convictions, fleeing felon status, parole/probation violations, and address changes. For the Food Stamp Program (FSP), recipients will only be required to report address changes in mid-quarter. Certain non-assistance FS (NAFS) recipients will also be required to report changes in work hours that could affect eligibility.
- Eligibility and benefits for a three-month period will be based on information provided on the Quarterly Eligibility Report form (QR 7) and will be determined using prospective budgeting and income-averaging rules.
- Benefits will be “frozen” for the three months of the quarter, except under specified circumstances. Circumstances under which benefits may be adjusted during the quarter include:
 - When a voluntary recipient mid-quarter report results in increased benefits;
 - When a mandatory recipient mid-quarter report results in a decrease or discontinuance of benefits;
 - When an individual or household requests discontinuance; or
 - When a county-initiated action, as described in this attachment, results in decreased benefits.
- Benefits shall not be decreased or discontinued during the quarter except under the limited circumstances specified in this ACL and attachments.

Quarterly Reporting/Prospective Budgeting System Overview (cont.)

Quarterly Reporting Cycle

The quarterly reporting (QR) cycle will be comprised of three consecutive months. The three months constitute a QR Payment Quarter. The following terminology will be used to describe the months and the quarter of an individual QR cycle:

- QR Data Month – the month for which the recipient reports all information necessary to determine eligibility. The QR Data Month is the second month of each quarter.
- QR Submit Month – the month in which the QR 7 is required to be submitted to the CWD. This month immediately follows the QR Data Month and is the third month of each quarter.
- QR Payment Quarter – the quarter in which benefits are paid/issued. The QR payment quarter is the three-month period immediately following the QR submit month.

The following table illustrates how months are arranged in a QR cycle:

1 st Quarter			2 nd Quarter		
January	February	March	April	May	June
	QR Data Month	QR Submit Month	QR Payment Quarter		

The current Monthly Eligibility Report forms, the CW 7 and the SAWS 7 will be replaced with the QR 7 form. Other forms and notices of action will be modified to conform to requirements of the new QR/PB system. New and modified QR forms for the CalWORKs and FS programs are included in Attachment D.

Unless specified in this letter and its attachments, the following instructions for this QR/PB system will apply to both the CalWORKs and FS programs.

COUNTY QUARTERLY ACTIONS – ACTIONS ONCE PER QUARTER

Under QR/PB, CalWORKs and FS recipients will complete a Quarterly Report form (QR 7) once every three months, rather than a Monthly Eligibility Report form (CW 7 or SAWS 7.) The QR 7 replaces the current CA 7/SAWS 7 forms, and will be a required state form. The QR 7, like the CW 7, will provide eligibility and income information the CWD will use to determine ongoing eligibility and to calculate the grant or allotment amount for the upcoming QR Payment Quarter.

County Quarterly Actions – Actions Once Per Quarter (cont.)

The Quarterly Report Form – QR 7

CWDs must ensure the household receives the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month. If the CWD staggers benefits, the QR 7 would only be sent to those recipients in the caseload who are required to complete and return the form by the following month.

All CalWORKs and FS recipients who currently submit a monthly report (CW 7/SAWS 7) will be required to complete and submit a Quarterly Eligibility Report (QR 7) every third month. FS households that have been exempt from monthly reporting pursuant to MPP Section 63-505.21 will continue to be exempt from quarterly reporting and will retain their change reporting status. CWDs will use the information reported on the QR 7 to determine eligibility and to prospectively budget income to determine the benefit level for the upcoming QR Payment Quarter.

Information Required to be Provided on the QR 7

Recipients who are subject to quarterly reporting must provide information and answers to all questions and items on the QR 7 and attest, under penalty of perjury, that they have truthfully reported all required information. Each item on the QR 7 pertains to CalWORKs and/or FS eligibility. Recipients will be required to report all income received for the QR Data Month, any changes in household composition or property since the submission of the last QR 7, and any changes in income the recipient anticipates will occur in the upcoming QR payment quarter. Additionally, all existing required verification must also be submitted with the QR 7. Verification rules currently in effect will continue to apply.

Completeness Criteria for the QR 7

The completeness criteria for the QR 7 remains unchanged from CW 7/SAWS 7 completeness criteria. For both CalWORKs and the FSP, the QR 7 shall be considered complete if:

1. The form is signed no earlier than the first day of the QR Submit Month;
2. All questions and items are fully answered and information on the QR 7 together with attached documentation provide sufficient information to allow for the determination of eligibility and/or benefit level; and
3. Required verification is provided.

Refer to MPP Section 40-181.241 for detailed regulations regarding CW 7/SAWS 7 completeness criteria.

If items pertaining to one program's requirements are not completed on the QR 7 submitted for both programs, the QR 7 shall be considered incomplete for that program only. It will be considered complete for the other program.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Timely and Late Quarterly Reports

The due dates, county actions for late or incomplete QR 7 reports, and timing of county actions remain the same under QR/PB as under MRRB. CWDs may refer to MPP Section 40-181.22 for CalWORKs regulations and MPP Sections 63-504.271 and 63-504.31 for FSP regulations regarding the timing of county actions associated with late CW 7/SAWS 7 reports under MRRB.

The QR 7 is due by the 5th of the month, and is considered timely if it is received by the CWD by the 11th calendar day of the QR Submit Month but not before the first calendar day of the QR Submit Month. The QR 7 is considered late if it is received after the 11th day of the QR Submit Month.

When a QR 7 is not received by the 11th day of the QR Submit Month, or is received but determined to be incomplete, the CWD shall send a discontinuance notice to the recipient. In addition, CWDs will continue to be required to attempt to make a personal contact with recipients to remind them that a complete report has not been submitted. The personal contact/reminder provisions are described in detail at MPP Section 40-181.221(b) and will remain the same under QR/PB, including the timing and content of the reminder. If the CWD is unable to make contact with the client by phone, CWDs are directed to send a written reminder notice to the recipient no later than five working days prior to the end of the month.

Benefits will be discontinued at the end of the QR Submit Month if the recipient fails to submit a QR 7 after the CWD has provided a timely notice of discontinuance and has taken appropriate steps to remind the recipient of his/her failure to submit a complete QR 7.

CWD Actions on Late QR 7

In the QR/PB system, both CalWORKs and the FSP will now follow the existing CalWORKs steps for processing a late QR 7 report. If the recipient provides the CWD with a complete QR 7 after the 11th day of the QR Submit Month, but on or before the first working day of the next month (known as the “extended filing date” in the FSP), the CWD shall rescind the cash aid and FS discontinuance and reinstate benefits at the prior level. The recipient’s QR cycle remains unchanged.

Due to the decision in the Saldívar court case, CWDs have been prohibited from decreasing CalWORKs and FS benefits based on information provided in a late eligibility report when the CWD did not have sufficient time to provide a 10-day notice of the decrease. Benefits were required to be reinstated at the level prior to discontinuance. An overpayment (O/P) was then established for CalWORKs cash aid issued to which the recipient was not entitled. Unlike CalWORKs, the FSP did not assess an overissuance (O/I) in this situation. Under QR/PB rules, *both* CalWORKs and the FSP will now establish an OP/OI when the CWD is unable to decrease benefits due to the 10-day noticing provisions.

County Quarterly Actions – Actions Once Per Quarter (cont.)

For both CalWORKs and the FSP, if the 10-day notice requirement under MPP Section 22-072 prevents the CWD from decreasing benefits at the beginning of the upcoming QR Payment Quarter, the CWD shall take action to decrease benefits in the second month of the next quarter or as soon as 10-day notice can be provided. This will result in a mid-quarter decrease of benefits in the QR Payment Quarter based on information reported on the late QR 7.

If the QR 7 information results in increased benefits, and the CWD cannot increase benefits by the first day of the first month of the next QR Payment Quarter, a supplement must be issued for that month, and benefits increased for the remaining months of that quarter. The 10-day noticing requirements do not apply to increases in benefits.

Example: A recipient is in the quarter designated as January/February/March. (The upcoming QR Payment Quarter is April/May/June.) The recipient's grant amount is \$679, maximum allowed for a non-exempt AU of three living in Region 1. The recipient's food stamp allotment is \$200. The QR 7 for the current QR Data Month is due by March 5. When the QR 7 is not submitted by March 11, the CWD sends a discontinuance notice to the recipient, indicating that benefits will be discontinued effective March 31 if the report is not submitted by the end of business April 1. The recipient submits a complete QR 7 on March 29. On the QR 7, the recipient indicates that earnings from her part-time job will increase.

Based on the new income that the AU expects to receive, the CWD determines that the cash grant should be reduced to \$500 and FS benefits should be reduced to \$100 per month beginning with the next QR Payment Quarter. The CWD does not have time to provide the recipient with a 10-day notice of decreased benefits effective April 1; therefore, April benefits must be released to the recipient at the previous quarter's level of \$679 (cash aid) and \$200 (food stamp allotment.) The CWD shall reduce the recipient's benefits to \$500 (cash aid) and \$100 (FS) effective May 1. An O/P and O/I will be established for the amount of April's benefits that the recipient was not entitled to receive. O/Ps and O/Is based on late QR 7's are also discussed in the section titled "Overpayments/Overissuances and Underpayments/Underissuances" (page 74.)

If a recipient does not submit a complete QR 7 by the end of the first working day of the month following discontinuance, the discontinuance remains in effect, and the recipient must reapply for aid in accordance with Requests for Restoration of Aid regulations (MPP Sections 40-125.91 and .92 for CalWORKs and Sections 63-300 and 63-301 for the FSP), unless good cause is established.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Good Cause for Failure to Submit QR 7

If a recipient reapplies for aid after the first working day of the QR Payment Quarter following discontinuance for failure to submit a QR 7 but during the calendar month following discontinuance, the CWD shall determine if the recipient had good cause for failure to submit a complete and timely QR 7 for the previous quarter. Good cause must be determined for both the CalWORKs and FS programs using the criteria listed under MPP Section 40-181.23. If the CWD determines that the recipient had good cause for failing to submit the QR 7, the CWD shall rescind the discontinuance action and determine CalWORKs and FSP eligibility and benefit amount based on the information in the QR 7. The recipient's QR cycle remains unchanged. Once a full calendar month has passed since the discontinuance date, the recipient may not claim good cause and must reapply for benefits for both programs.

While good cause provisions provide for discontinuances to be rescinded when the recipient has a mental or physical condition that prevents him/her from submitting a timely report or when the late report is directly attributed to county error, the CWD is also able to determine if extenuating circumstances might have contributed to the recipient's inability to submit a timely report. The Department anticipates that the initial three to six months of QR/PB implementation may prove to be difficult and confusing for both recipients and county staff. CWDs are, therefore, strongly urged to apply the "extenuating circumstances" provision under the good cause regulations liberally during the initial six months of implementation for recipients who initially do not meet their reporting requirements. Eligibility staff can do this by taking into account and documenting in case files any problems that the recipient may be experiencing in understanding the new QR/PB reporting rules. It should be noted that CWDs should always take into account a recipient's ability to understand reporting rules when good cause is being considered, but it is particularly important to be lenient during the initial six months of QR implementation.

Determining Benefits Following Determination of Good Cause

In the calendar month following discontinuance for failure to submit a QR 7, if the CWD determines that a recipient had good cause for failing to submit the QR 7, the CWD shall rescind the discontinuance and restore benefits at the prior level for both the CalWORKs and FS programs. The CWD shall follow the same steps outlined under the section of this letter regarding "CWD Actions on Late QR 7" when rescinding a discontinuance after good cause has been determined. If information reported on the QR 7 results in a decrease in benefits, the CWD must provide 10-day notice before taking action to decrease benefits. If the 10-day notice requirement prevents the CWD from decreasing benefits the first of the month following receipt of the late QR 7, the CWD shall make a mid-quarter change in the QR Payment Quarter to decrease benefits based on information reported on the late QR 7 allowing for 10-day notice. An OP/OI will be established when

County Quarterly Actions – Actions Once Per Quarter (cont.)

benefits are released at a previous higher level as a result of the CWD's inability to decrease benefits without 10-day notice.

Example: A nonexempt AU of three in Region 1 has no income and is receiving the maximum aid payment of \$679 in cash aid and \$200 in FS benefits. In the October/November/December quarter, Mom fails to submit her QR 7 for the month of November by December 11. After sending an appropriate discontinuance notice and attempting personal contact with the recipient, Mom still does not submit a QR 7. Benefits are discontinued effective December 31. Mom comes in on January 4 to reapply for aid. The CWD determines that Mom had good cause for not turning in her November QR 7, due to mail delivery and pick up problems in her area. When she submits the November QR 7, she reports having been approved for Unemployment Insurance Benefits in the amount of \$100 per week. The CWD must restore aid at the previous level of \$679 (cash aid) and \$200 (FS), because it cannot provide 10-day notice to reduce January's benefits. The CWD must make a mid-quarter adjustment for the Jan/Feb/March Payment Quarter and reduce benefits effective February 1. There is a \$400 cash aid O/P and a \$100 FS O/I for the month of January. O/Ps are discussed in the Overpayment Section of this letter.

If the QR 7 information results in an increase in benefits, and the CWD cannot increase benefits by the first month of the next QR Payment Quarter, a supplement shall be issued for that month and benefits increased for the remaining months of the QR Payment Quarter. The 10-day noticing requirements do not apply to increases in benefits.

If the CWD determines that the recipient did not have good cause for failure to submit a complete QR 7, the CWD shall redetermine eligibility in accordance with Requests for Restoration of Aid regulations (MPP Sections 40-125.91 and .92) for the CalWORKs program and regulations for new applications for the FSP (MPP Sections 63-300 and 63-301.) There is no opportunity for the recipient to claim good cause once a full calendar month has passed since the discontinuance date.

Example: A recipient is in the quarter designated as October/November/December. (The next QR Payment Quarter is January/February/March.) The QR 7 for the current QR Data Month is due by December 5. When the QR 7 is not submitted by December 11, the CWD must send a discontinuance notice to the recipient, indicating that benefits will be discontinued effective December 31 if the complete report is not received by the end of the first working day of QR Payment Quarter. If the recipient does not submit a complete QR 7 by January 2 (assuming January 1 is a non-working day), the discontinuance stands. If the recipient comes in anytime during January to apply for aid, and the CWD determines the recipient did not have good cause for failing to submit the QR 7 on time, the

County Quarterly Actions – Actions Once Per Quarter (cont.)

December 31 discontinuance remains in effect, and a new application must be completed for both programs. If the recipient comes in after January 31, the December 31 discontinuance remains in effect. There is no opportunity for the recipient to claim good cause once a full calendar month has passed since the discontinuance date. The recipient must reapply for benefits.

Determination of Continuing Eligibility

The CWD will use the information on the QR 7 to determine continuing eligibility and future benefit amounts based on all eligibility factors. The QR 7 will provide a report of income received by the AU/household in the QR Data Month, any changes in household composition or property since the submission of the last QR 7, and any changes in income the recipient anticipates will occur in the upcoming QR Payment Quarter. Based on the information provided on the QR 7, the CWD will determine continuing eligibility as it relates to property, income, deprivation (CalWORKs only), and household composition using prospective budgeting rules as described beginning on this page.

If a recipient has made a voluntary or mandatory mid-quarter report, the information from that mid-quarter report shall be considered part of the case record, regardless of whether it resulted in a mid-quarter benefit change. When the recipient submits a QR 7 subsequent to a mid-quarter report of a change, CWDs should first review changes reported on the QR 7 to ensure that circumstances reported on the mid-quarter report are also reflected on the QR 7 and should proceed as follows:

- If the information reported on the QR 7 is consistent with information provided in the voluntary or mandatory report, no further action will be required.
- If the information on the QR 7 is not consistent with information provided in the voluntary or mandatory report, the CWD shall take action to resolve the discrepancy and determine what the actual current AU/household situation is. The CWD should first attempt to contact the recipient to resolve the discrepancy. If unable to contact the recipient or obtain resolution from such contact, the CWD shall consider the QR 7 to be incomplete and take appropriate actions required for incomplete reports.

Property Eligibility

Property eligibility requirements as outlined under MPP Section 42-200 for CalWORKs and 63-501 for the FSP remain unchanged under QR/PB, except that property eligibility is only determined once per quarter. In addition, nonrecurring lump sum income shall now be treated as property in the month received for the CalWORKs program, as it is currently treated in the FSP. The CWD will use the information reported on the QR 7 to determine continuing property eligibility for the AU/household the entire upcoming QR Payment Quarter.

County Quarterly Actions – Actions Once Per Quarter (cont.)

No other assessment of property eligibility can be made for that QR Payment Quarter. QR/PB rules do not require any mid-quarter reporting of property changes, and the CWD is not authorized to act on a voluntarily reported mid-quarter change in property that decreases benefits or results in discontinuance. (Refer to the section regarding “Treatment of Multiple Changes Within a QR Payment Quarter” on page 64.)

If property/resources reported on the QR 7, together with resources already used to establish eligibility, do not exceed the resource limit, the AU/household is considered property eligible for the entire upcoming QR Payment Quarter. If the AU/Household acquires property in excess of the property limit during the QR Submit Month (third month of the current quarter) or the first month of the upcoming QR Payment Quarter, the AU/Household remains eligible for the entire QR Payment Quarter.

If the CWD determines that the AU/household exceeds the resource limit based on property that is reported on the QR 7, the CWD shall discontinue the case at the end of the QR Submit Month, with timely and adequate notice. However, if the AU/household provides verification prior to the effective date of discontinuance that their resources have dropped below the resource limit, the AU/household will be considered property eligible for both programs, and the discontinuance shall be rescinded and benefits reinstated.

Example: The designated quarter is January/February/March. The recipient submits a timely and accurate QR 7 for February on March 5. The CWD determines that the recipient is property eligible in the QR Data Month of February. On March 20, the recipient receives a car as a gift. The car, if considered, would render the household ineligible. The recipient is not required to report the car until the next QR 7 report is due (in June). If the recipient reports the car sooner, the county is not authorized to take any action to discontinue the case for exceeding the resource limit. Under QR/PB rules, property eligibility is determined only once per quarter, based upon the information reported on the QR 7.

Example: A household reports they own a boat worth \$4,000 on the QR 7 for the QR Data Month of February (using the same designated quarter as in the previous example). The CWD discontinues benefits at the end of the QR Submit Month (March 31) with timely notice based upon the household’s property ineligibility. Later in March, the recipient notifies the CWD that (s)he sold the boat and applied the proceeds to an overdue utility bill. The household provides verification of the sale and the payment on the utility bill. (Verification is necessary to ensure that the AU received fair market value for property that was disposed of.) If the household’s resources are below the established limit, the CWD must rescind the discontinuance and determine benefits based on updated property information and the other eligibility information contained on the current QR 7.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Deprivation (CalWORKs Only)

The CalWORKs deprivation requirements outlined in MPP Section 41-400 also remain unchanged under QR/PB. However, as with property eligibility, a CalWORKs recipient must demonstrate continued eligibility under the deprivation requirement only once each quarter based upon information reported on the QR 7. Deprivation for an AU may change in mid-quarter, but the CWD cannot take any action based on changes in deprivation until it processes the AU's submitted QR 7 for the quarter. The FSP has no deprivation requirement.

Example: The quarter is established as January/February/March. A CalWORKs household with a mother and two children completes a QR 7 and submits it in March. The children meet the deprivation requirement, due to their father being absent from the home. The father of the children returns to the home during April, is not disabled and is full-time employed. The household voluntarily reports the father's presence and his income in April. The children no longer satisfy the deprivation requirement, but no action is taken to discontinue benefits. When the household reports the father on the QR 7 that is submitted in June, the CWD determines that the children no longer meet the deprivation requirement and the case is discontinued effective June 30.

Under QR/PB, the readjustment period prescribed at MPP Section 41-405 is eliminated. QR/PB provides for a period of readjustment by not allowing CWDs to terminate aid to an AU when deprivation ceases until the end of a quarter.

Household Composition

Existing rules regarding who must be included in the AU or FS household, as outlined in MPP Section 82-820.3 and 63-402.1, remain unchanged under QR/PB rules. However, reporting requirements for and CWD actions based on household composition changes are different under QR/PB than under MRRB. Under MRRB, AUs/households were required to report changes in household composition within five days (for CalWORKs) and within 10 days (for the FSP.) Under QR/PB, an AU/household is only required to demonstrate that it is eligible only once each quarter based upon the information reported in the QR 7. AU/households may voluntarily report changes in household composition during the quarter, but under QR/PB, the CWD may only take action to increase benefits in mid-quarter as a result of voluntarily reported household composition changes. A voluntary report of a change in household composition that would result in ineligibility of the household or a decrease in benefits cannot be acted upon until the QR 7 has been submitted and processed. See "Changes in Household Composition" in the section regarding CWD Action on Voluntary Mid-Quarter Recipient Reports on page 50.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Transfer of Assets or Income for Less Than Fair Market Value (CalWORKs Only)

Rules regarding the transfer of assets for less than fair market value may be found at MPP Section 42-221 and remain unchanged under QR/PB. On the QR 7, recipients must report property or income that was sold, traded, or given away since the last QR 7. Once reported, the CWD must determine whether the property and/or income was transferred for less than fair market value. If a recipient transfers, for less than fair market value, property or income that would have affected the recipient's eligibility or grant amount, the CWD will establish a period of ineligibility (POI) based on the transfer. Under QR/PB, the POI will be established at the beginning of the upcoming QR Payment Quarter and continue for the determined number of months.

Work Requirements for Able-Bodied Adults Without Dependents (ABAWDs)

Under QR, all nonexempt NAFS applicants and recipients must continue to satisfy the ABAWD work requirement for 33 of every 36 months as a condition of their eligibility. Requirements are fulfilled by performing one of the following:

- Working 20 hours or more per week;
- Participating in a workfare program; or
- Participating at least 20 hours per week in an allowable work activity such as Food Stamp Employment and Training (FSET.)

Under QR/PB, ABAWDs will be required to report quarterly (on the QR 7) any new job, job quit, or refusal of a job or training, as well as any changes to their number of hours of participation.

Income Eligibility and Grant Calculation

All CalWORKs and FS benefits for the upcoming QR Payment Quarter will be determined using prospective budgeting and income-averaging rules. Income eligibility and benefit amounts for each program are unchanged under QR/PB. However, under QR/PB, nonrecurring income received in the form of a lump sum shall not be used in the benefit calculations for the CalWORKs and FS programs. Lump sum income, by definition, is income that is nonrecurring and therefore not expected to continue. Such nonrecurring lump sum income shall be treated as property in the month of receipt under QR/PB rules and shall not be used to determine benefit amounts. Refer to page 16 for the treatment of property reported on the QR 7 for how to determine eligibility based on lump sum nonrecurring payments.

Detailed instructions for the calculation of benefits using prospective budgeting and income-averaging under QR/PB are included in the following sections.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Income (Financial) Eligibility

Rules regarding the determination of financial eligibility for both the CalWORKs and FSP programs remain unchanged under QR/PB. Under QR/PB, CalWORKs recipients will continue to be income eligible if they are eligible for a grant in accordance with financial eligibility regulations at MPP Section 44-207.2. FSP recipients continue to be subject to current FSP income tests at MPP Section 63-503.212, unless the household is categorically eligible due to its public assistance Food Stamp (PAFS) status (63-301.7).

The determination of recipient financial eligibility for CalWORKs and the FSP occurs under two circumstances.

- When the CWD reviews a QR 7 submitted by a recipient, the CWD must determine if the AU/household will continue to be financially eligible in the upcoming QR Payment Quarter based on income that the AU/household reasonably anticipates it will receive in the future quarter.
- When an AU/household reports income that exceeds a specified income threshold, the CWD must determine the AU/household's continued financial eligibility in the current QR Payment Quarter. (Details regarding mid-quarter financial eligibility determination are described on page 38.)

Prospective Budgeting

The QR/PB system uses an anticipated income/prospective budgeting methodology for determining recipient benefits rather than the retrospective budgeting methodology that was used under MRRB. Prospective budgeting is currently used in the MRRB system for determining benefit amounts for the first two months of aid for new applicants.

Prospective budgeting requires CWDs to use income that the recipient *reasonably anticipates* it will receive in a quarter when calculating benefits for that quarter. As indicated at the beginning of this section ("Determination of Continuing Eligibility"), information reported on the QR 7 is used to determine continuing eligibility for each quarter. CWD staff must consider income and household information from the QR Data Month, as well as anticipated changes in income and expenses when determining continuing eligibility and benefit levels. The new prospective budgeting method will also require increased interaction between CWD staff and recipients so that the CWD can use the best available information to determine what the household's income situation will be in the future.

Because of the increased interaction between CWD and recipient, as well as the rationale required in determining projected income for future benefits, it will be critical that CWD staff thoroughly document how income was projected in determining benefit calculations. Case narrative entries should include, but are not limited to, the following types of documentation:

County Quarterly Actions – Actions Once Per Quarter (cont.)

- Income the recipient states (s)he expects to receive in future months;
- Whether anticipated income will be different than income that the recipient reported receiving for the QR Data Month,
- Documentation of the reasons for not accepting the recipient's estimate if CWD questions the estimate;
- Other information used to determine what income will be used in the benefit calculations (verifications, employer's statement's, case history, etc.) if the recipient's estimate is not used.

Case narratives and other documentation will be particularly critical when documenting new income, income that is expected to change, income that fluctuates, and income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months. For FS Quality Control (QC) purposes, reviewers will rely heavily on case documentation when reviewing case files to determine if benefits have been issued in the correct amounts.

Guidelines regarding the determination of reasonably anticipated income under varying circumstances are provided below.

Reasonably Anticipated Income

Income is "reasonably anticipated" when the CWD determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter. This definition applies to all types of income, earned or unearned.

Income shall be considered to be reasonably anticipated if the CWD determines that:

1. The income has been or will be approved or authorized within the upcoming quarter, or the household is otherwise reasonably certain that the income will be received within the quarter; and
2. The amount of the income is known.

If the amount of income or when the income will be received is uncertain, i.e. it cannot be reasonably anticipated, that portion of the AU/household's income that is uncertain or cannot be reasonably anticipated will not be counted when determining income eligibility and benefit levels.

CWDs will be required to make a determination of what income is reasonably anticipated when:

- An AU/household first applies for benefits;
- A recipient AU/household reports new income on the QR 7;
- A recipient AU/household reports on the QR 7 that income is expected to change;
- A recipient AU/household has income that fluctuates; and
- A recipient makes a mid-quarter report of an income change.

County Quarterly Actions – Actions Once Per Quarter (cont.)

The steps that a CWD takes when determining what income to reasonably anticipate for a QR Payment Quarter may differ depending on the above circumstances. If income is new, the CWD may have to rely on information provided by an employer or by the source of income to determine what income may be reasonably anticipated in benefit calculations. If the amount of new income, payment dates, and/or hours of work cannot be estimated with reasonable certainty, the CWD shall not use the new income in the budget calculation.

If the AU/household is continuing to receive income that has been used to determine current benefits, but expects the amount of income to change in the next QR Payment Quarter, the CWD must attempt to find out the amount of income the AU/household expects to receive. If the CWD is unable to determine how the income will change with the help of the recipient and/or the source of income, only that portion of income that the household reasonably anticipates it will receive can be used in the benefit calculation.

If the AU/household's income fluctuates, the CWD must attempt to determine what income can be reasonably anticipated and used in the next QR Payment Quarter's benefit calculation.

In each of the above-described situations, the following guidelines can be helpful to the CWD in determining income that is reasonably anticipated by the AU/household. These guidelines include, but are not limited to the following actions:

- Take into account income that the AU/household reports/estimates (mid-quarter or on the QR 7) as being reasonably anticipated for the upcoming QR Payment Quarter;
- If the AU/household is unable to provide an estimate of anticipated income on the QR 7, the CWD, with authorization, may contact the recipient for additional information to determine what can be reasonably expected,
- If the AU/household is unable to estimate future income with the CWD's assistance, the CWD may contact the employer or source of income;
- If unable to obtain additional source information, the CWD may take into account past income received by the AU/household as an indicator of income that will be received over the next quarter.
 - For CalWORKs, CWDs may only look back to the prior quarter for historical income information.
 - For FSP purposes, if income fluctuates to the extent that a prior quarter alone cannot help provide an accurate projection of future income, the CWD may review history over a longer period if it will provide a more accurate indication of fluctuations in future income.
 - If the household's income fluctuates seasonally, it may be appropriate to use the most recent season comparable to the certification period, rather than the last quarter. NOTE: The CWD must use caution in using income from a past season because income may fluctuate from season to season. The CWD must not

County Quarterly Actions – Actions Once Per Quarter (cont.)

- use past income as an indicator of anticipated income for the quarter or certification period if changes in income have occurred or can be anticipated.

CWDs may also refer to federal FSP regulations at 7 CFR 273.10(c)(1) for additional guidelines to determine anticipated income over a quarterly reporting period.

If a household anticipates receipt of income in the upcoming quarter from a new source, such as a new job, but is uncertain when the job will start or what amount the recipient will be paid, this income cannot be considered “reasonably anticipated” and shall not be used in the budget for determining benefits for the upcoming QR Payment Quarter.

As discussed earlier, CWDs will be expected to interact with the recipient when determining what income is reasonably anticipated, as was done for an applicant when prospectively budgeting the beginning months of aid under MRRB rules. For prospective budgeting purposes, the CWD will determine whether income is reasonably anticipated by using information provided by the recipient together with any other available information. CWDs will be responsible for documenting in the case file how they arrived at the “reasonably anticipated income” amount that was used to calculate recipients’ benefits.

Narrative entries provided by eligibility staff should provide a clear rationale that explains the basis of their decision regarding what income was reasonably anticipated and used in the budget calculations. As previously indicated, this case documentation will be particularly critical when the case is reviewed for FS Quality Control purposes. Below are two examples that show how a CWD would make a determination of what income is reasonably expected to be received by an AU/household.

Example: A recipient reports on the QR 7 that an AU/household member will start a new job in the upcoming quarter. The household reports that the payday falls within the next QR Payment Quarter and reports the anticipated wage amount and expected hours. Because the timing and amount of the income is reasonably certain, the CWD should consider this income to be reasonably anticipated and therefore should use in the benefit calculations for the next QR Payment Quarter. The CWD shall document the recipient’s statement of expected hours and wages in the case file to substantiate the recipient’s estimate.

Example: A household reports that a member has been verbally approved for State Disability Insurance (SDI). However, the household member has not received an actual award letter or check, and does not know the exact start date or amount. Because the timing and amount of the income is not known, the CWD should not prospectively use this income in the calculation for the upcoming QR Payment Quarter.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Reasonably Anticipated Medical, Child Support, and Child Care Expenses (FSP Only):

For medical, child care, and court-ordered child support expenses, the CWD will determine what the household reasonably anticipates over the quarter. Medical expenses are currently averaged over the certification period, over the remaining months of the certification period, over the billing period, or allowed as a one-time deduction. Under QR/PB rules, a medical, child support or child care expense must be averaged over the quarter.

If the expense is reported mid-quarter, the expense will be averaged over the current and remaining months in the current QR Payment Quarter. As with income, the CWD must carefully document the rationale for how it determined what expenses are reasonably anticipated for the FS household.

Shelter and Utility Costs (FSP Only)

Shelter costs will be determined at application and recertification and shall remain fixed at the determined amount until the household reports a change, either on the QR 7 or as a voluntary mid-quarter report. Refer to page 48 for additional instructions on CWD Action on Voluntary Mid-Quarter Recipient Reports – Increased Shelter Costs.

For recipients who elect actual utility costs instead of the standard utility allowance (SUA), actual utility costs will be anticipated and averaged over the certification period as described in current regulations at MPP Section 63-503.253(b).

Income Averaging

Except when specified, CWDs must average income that the AU/household expects to receive over a QR Payment Quarter and use this average monthly income figure to determine monthly benefits for each of the months in the QR Payment Quarter. Income averaging will be used to establish the next quarter's benefits based on what the recipient reports on the QR 7. Income averaging allows CWDs to establish a static benefit level for each month of a QR Payment Quarter.

The CWD must first determine what income the AU/household reasonably expects to receive in each of the months of the upcoming QR Payment Quarter. The CWD must also determine whether the income fluctuates from month to month or whether the income is stable. If the income is stable, the CWD must further determine if the amount of pay remains the same for each payment period and whether the payments are received on a weekly, bi-weekly, or monthly basis. If income is weekly or bi-weekly, the CWD must compute the income into a monthly total using 4.33 for weekly and 2.167 for bi-weekly. Determining frequency and level of pay will dictate how the CWD averages monthly income.

County Quarterly Actions – Actions Once Per Quarter (cont.)

For income that remains the same each month, no income averaging is required. However, for stable income that is received at the same level on a weekly or bi-weekly basis, the income must be computed into a monthly total by multiplying the weekly/bi-weekly pay by 4.33 (for weekly pay) or 2.167 (for bi-weekly pay).

Once the level and frequency of pay has been determined, the CWD must take the following basic income averaging steps to determine the monthly income average that will be used in benefit calculation:

- Add the reasonably anticipated gross earned income for each month of the quarter and divide by three.
- Add the reasonably anticipated Disability Based Unearned Income (DBI) for each month of the quarter and divide by three. (CalWORKs Only)
- Add the reasonably anticipated gross unearned income for each month of the quarter and divide by three.
- Apply all applicable disregards for each income type to the averaged income amounts to generate an average Net Non-Exempt Income (NNI).
- Add the NNI of each income type together to determine the average monthly NNI for the AU/household.

FSP Only: Because the CalWORKs aid payment is considered income in the FS budget, for purposes of calculating FS benefits, the CWD shall not average the CalWORKs aid payment in the FS budget calculations. The *actual* CalWORKs grant amount for each month must be used when computing the FS allotment.

Benefit Determination Based on Stable Income

If a recipient AU/household has stable income and no other reasonably anticipated income, the income reported on the QR 7 for the QR Data Month will be used to calculate the benefit amount for the QR Payment Quarter. An AU/household has stable income when the household reasonably anticipates (refer to page 20 for a definition of “reasonably anticipated income” and to page 8 for a definition of stable income.) that the income will continue at the same level as reported on the QR 7. Once the CWD determines income is stable, it will determine benefits for the QR Payment Quarter using the QR Data Month income and all applicable income disregards, deductions, allowances, and exemptions for each program.

To calculate CalWORKs benefits for stable income using the QR Data Month income reported on the QR 7, the CWD shall:

- Apply the applicable disregards for each income type to the QR Data Month income to determine the NNI. (See MPP Section 44-111 and 44-113 for determination of NNI.)
- Subtract the NNI from the corresponding Maximum Aid Payment (MAP).
- This total will be the benefit amount for each month of the upcoming QR Payment Quarter.

County Quarterly Actions – Actions Once Per Quarter (cont.)

To calculate FS benefits for stable income reported on the QR 7, the CWD shall:

- Deduct applicable allowances from the stable income amount.
- Apply the excess shelter deduction.
- Using the resulting net income amount and the household size, refer to the issuance allotment table to determine the FS benefit amount for each month of the upcoming QR Payment Quarter.

CalWORKs/FSP Example: An AU/ Household consisting of a mother and two children receives \$825/month from the mother’s part-time job and \$100 Social Security (SSA) disability benefits for each child on behalf of the absent father’s disability. The mother’s income is stable, and the SSA benefits are permanent.

CalWORKs Calculation:

Disability based income (DBI)	\$200
<u>Income Disregard</u>	<u>- 225</u>
Subtotal	- \$25
Earned Income	\$825
<u>Remaining earned income disregard</u>	<u>- 25</u>
	\$800
<u>50% disregard</u>	<u>- 400</u>
NNI	\$400
Non-exempt MAP for 3, Region 1	\$679
<u>Less NNI</u>	<u>- 400</u>
New grant for AU	\$279

FSP Calculation:

Earned Income	\$825
Less FS Earned Income Deduction	-165
<u>Less Standard Deduction</u>	<u>-134</u>
Subtotal	\$526
CalWORKs cash grant	+279
<u>Disability Income</u>	<u>+200</u>
Subtotal	\$1005
<u>Less Shelter Allowance</u>	<u>-350</u>
Net Income Used to Determine FS	\$655

PAFS Allotment based on Net Income for FS Household of 3	\$169
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County Quarterly Actions – Actions Once Per Quarter (cont.)

Benefit Determination Based on Fluctuating Income

When the AU/household has or reports fluctuating income, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. (Refer to page 8 for the definition of “fluctuating income” under QR/PB.) The CWD should first use the recipient’s income estimate if the recipient is able to provide one and if the CWD has no conflicting information. If the recipient information is questionable, or the recipient is unable to estimate future income, the CWD may contact the recipient for additional information about anticipated pay and/or hours of work. If unable to contact the recipient, or if the recipient and CWD are unable to estimate future income levels, with the recipient’s written permission, the CWD may contact the recipient’s employer regarding anticipated work hours or pay.

If the CWD is still unable to reasonably estimate future income, the CWD may also look at the recipient’s prior work patterns to assist in determining the number of future work hours. This may include asking the recipient to provide available prior work information, as well as reviewing information in the case file. For the CalWORKs program, the CWD may ask about each of the months of the previous quarter to help determine a pattern of pay or work hours in projecting estimated income for use in the grant calculation. For the FSP, the CWD is not limited to reviewing income from the previous quarter only, but may use income information from the past to help establish patterns in fluctuating income.

FSP Example: A teacher’s aide works part time from September through June 5 of every year. Historical case data indicates that she has also worked every year through the summer as a tour guide at the zoo. She did not report the summer job on her QR 7.

The CWD will need to look at the case file for prior work information and must clarify with the recipient whether she is working or will be working during the summer months, as she has in previous years. Only after clarification is obtained can the CWD determine what income is reasonably anticipated when determining the FS benefit amount for this recipient.

CalWORKs Example: An AU of two is in the quarter designated as January/February/March. Mom is working part-time at a fast food restaurant, and her hours of work vary from month to month. On her QR 7 submitted on March 10, she reports having worked 70 hours in the month of February, but she is unable to project with any certainty how many hours she will be working for each month of the next QR Payment Quarter. The CWD reviews income information from her previous QR 7 (from November) and finds that she reported working 80 hours in that month. The CWD doesn’t know whether to project 70 hours of work or 80 hours of work for each month of the next quarter and contacts the recipient to obtain more information. The CWD, after talking with the recipient, learns that during the previous quarter, she worked 70 hours in the first month, 80 hours in the second month, and 75 hours in the third month. Because the recipient does not know if the hours will remain the same, increase, or decrease, the best available information that the CWD has in determining what income to reasonably anticipate in determining benefits for the next quarter is information from the previous quarter.

The CWD may use the same pattern of hours worked in the previous quarter (70, 80, and 75 hours) to project reasonably anticipated income for the next quarter.

If the recipient refuses to assist in providing required information (e.g. refuses to sign a release to contact an employer, if such contact is necessary) or fails to provide information necessary to determine continuing eligibility, the CWD shall discontinue benefits after providing 10-day notice. If the recipient is attempting to cooperate to the best of his/her ability, yet is unable to provide information that would assist the CWD in projecting future income with reasonable certainty, the recipient shall not be considered “failing to cooperate” and shall not be discontinued for that reason.

For recipients with fluctuating income, if the recipient is able to adequately estimate future income, the CWD shall look to the QR 7 for the recipient’s monthly expected income totals to use for the new income averaging method for determining benefit amounts for the upcoming QR Payment Quarter. In other words, if the CWD determines that the total amount of earned, unearned or disability-based unearned income (DBI) is expected to vary for each month of the upcoming QR Payment Quarter, as indicated on the QR 7, the CWD must average the reasonably anticipated income for each of the three months of the upcoming QR Payment Quarter to determine what income to use when calculating the upcoming quarter’s eligibility and benefits. Again, all applicable disregards for income types for CalWORKs and FS remain unchanged under QR/PB.

To calculate benefits using reasonably anticipated income provided by the recipient on the QR 7, the CWD shall average the income for the upcoming quarter as follows:

For CalWORKs and the FSP:

- Add the reasonably anticipated gross earned income for each month of the quarter and divide by three.
- Add the reasonably anticipated DBI for each month of the quarter and divide by three.
- Add the reasonably anticipated gross unearned income for each month of the quarter and divide by three.

For CalWORKs:

- Apply all applicable disregards for each income type to the averaged income amounts to generate an average NNI.
- Add the NNI of each income type together to determine the full NNI for the AU/household.
- Subtract the total average NNI from the applicable MAP.
- The result is the benefit amount for the upcoming QR Payment Quarter.

For the FSP:

- Deduct all applicable allowances and deductions from the anticipated gross income; and
- Use the resultant amount to assign the food stamp allotment based on the family size.

County Quarterly Actions – Actions Once Per Quarter (cont.)

The following example reflects the method of averaging fluctuating income using the number of actual weeks in a month rather than using the 4.33/2.167 conversion factors.

Example: A Region 1 nonexempt AU of four is in the October/November/December quarter. Mom submits the QR 7 for November to the CWD on December 10. On the QR 7, she reports that she started a part-time job in December that will only last until the end of January, when the holiday shopping season has ended. She reports that she will get paid \$900 in January and \$800 in February. One child is also receiving SSA disability benefits (DBI) of \$100 per month based on an absent father's disability. Mom's aided spouse is also receiving Unemployment Insurance Benefits (UIB) of \$50 per week.

Benefits for the January/February/March quarter are computed based on the income the AU/household anticipates it will receive for that quarter as follows:

DBI for Jan/Feb/Mar	\$100 x 3 = \$300
DBI Divided by 3	\$300 ÷ 3 = \$100 (Average Monthly DBI)
UIB for Jan/Feb/Mar	\$50 x 4.33 = 216.50 (Average monthly UIB)

Earned Income for January	\$900
+ Earned income for February	800
+ <u>Earned income for March</u>	<u>+0</u>
Subtotal Earned Income for Quarter	\$1700

Earned Income Divided by 3	\$566 (Average monthly earnings)
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CalWORKs Computation:

Monthly Average DBI	\$100
<u>Less DBI Unearned Income Disregard</u>	<u>-225</u> (\$125 remaining disregard)
Total DBI Income for Budget	\$ 0

Monthly Averaged Earned Income	\$566
<u>Less (remaining) Income Disregard</u>	<u>- 125</u>
Subtotal	\$441.00
<u>Less 50% Earned Income Disregard</u>	- <u>220.50</u>
Subtotal NNI	\$220.50

Add Average Monthly DBI	\$ 0.00
Add Average Monthly Earnings	220.50
<u>Add Average Monthly UIB</u>	<u>216.50</u>
Total Average Monthly NNI	\$437.00

County Quarterly Actions – Actions Once Per Quarter (cont.)

MAP for AU of Four	\$809
<u>Less Average Monthly NNI</u>	<u>- 437</u>
New Monthly Grant*	\$372

FSP Computation:

Averaged Gross Monthly Earned Income	\$566
Less Earned Income Deduction	-113
<u>Less Standard Deduction</u>	<u>-134</u>
Average Monthly Net Earned Income	\$319
Add Average Monthly DBI	+100
Add Average Monthly Net Earned Income	+319
Add Average Monthly UIB	+216.50
<u>Add CalWORKs Monthly Grant</u>	<u>+372</u>
Subtotal	\$1007 (rounded down)
<u>Less Excess Shelter</u>	<u>-350</u>
Net Income	\$657
Food Stamp Allotment*	\$267

*for January/February/March QR Payment Quarter

FSP Fluctuating Medical, Child Care, and Child Support Expenses

Some recipients may have expenses, such as child care or medical expenses that vary from month to month. Current FSP rules allow households to elect to have:

- Fluctuating expenses averaged over the certification period;
- Expenses which are billed less often than monthly averaged forward over the interval between scheduled billings;
- Expenses averaged forward over the period the expense is intended to cover, if there is no scheduled interval; or
- Expenses averaged over the remaining months of the certification period.

For QR purposes, if any expense, other than shelter and utility expenses, is reported on the QR 7, the expense(s) will be averaged over the upcoming QR Payment Quarter.

County Quarterly Actions – Actions Once Per Quarter (cont.)

Example 1: On the November QR 7 received in December, the recipient reports anticipated ongoing child care expenses of \$175 for January, \$200 for February, and \$150 for March. The averaged quarterly allowable expense deduction for this household is as follows:

January	\$175
February	200
<u>March</u>	<u>150</u>
Total Quarterly Expense	\$525

Quarterly Expense ÷ 3 \$175

The allowable average child care expense for January/February/March is \$175.

Example 2: If child care expenses are anticipated at \$200 for January, 0 for February and \$150 for March, the expense deduction is computed as follows:

January	\$200
February	0
<u>March</u>	<u>150</u>
Total Quarterly Expense	\$350

Quarterly Expense ÷ 3 \$116

\$116 is the deduction amount to be used for each month of the quarter.

NOTE: Costs for shelter and utilities (including actual utility costs) are fixed over the certification period. However, shelter costs will be changed if a recipient reports a change on the QR 7. For treatment of mid-quarter recipient reports of increased shelter costs and CWD action on all recipient reports of utility changes (on the QR 7 and in mid-quarter), refer to the section on CWD Actions on Voluntary Mid-Quarter Recipient Reports – Increased Shelter and Utility Costs on page 48.

MID-QUARTER CHANGES TO BENEFITS

AB 444 requires the CWD to take action on specified changes that occur “mid-quarter” or outside of the QR 7 reporting process. Mid-quarter changes to benefits under QR/PB include changes that result from recipient mandatory reports, certain recipient voluntary reports, and county-initiated actions.

Under QR/PB, recipients may report mid-quarter changes in writing, verbally or in person to the CWD. CDSS has developed a Mid-Quarter Report Form (QR 3) that CWDs may provide to recipients who wish to report a mid-quarter change in writing. If a recipient chooses not to report a mid-quarter change in writing at the time of the change, the CWD shall document the report in the case file.

Mid-Quarter Changes to Benefits (cont.)

Mandatory Recipient Mid-Quarter Reports

Under QR/PB, recipients are mandated to report specified changes to the CWD within 10 calendar days of the date the change becomes known to the household. For both CalWORKs and the FSP, recipients may report these mid-quarter changes verbally, including in person or by telephone, or in writing. The CWD shall document the substance of the report, as well as the date of the report, in the case file. The specified changes that recipients are required to report during the quarter are listed in the next sections.

Some mid-quarter changes are required to be reported in the CalWORKs program that are not required to be reported in the FSP. When there is a combined CalWORKs/FS case, if the AU reports a change that is required to be reported for CalWORKs, the CWD must also review the FS case to determine if the FS benefits must also be adjusted. Appropriate CWD actions for each type of mid-quarter change are described in this section.

FSP Only: Both PAFS and NAFS recipients must report the following changes during the quarter:

- Address Changes

NAFS Only: NAFS recipients who are required to meet the ABAWD work rule must also report the following change during the quarter:

- Any reduction in the number of hours worked to less than 20 hours per week or 80 hours per month.

CalWORKs Only: All CalWORKs recipients must report the following changes during the quarter:

- Drug felony convictions;
- Fleeing felon status;
- Violation of conditions of probation or parole;
- Address Changes; and
- When income exceeds the Income Reporting Threshold (IRT).

Defining the IRT

If any member of the AU or any member of the Family MAP has earned income, the CalWORKs AU is required to report when:

- The total combined gross monthly income, earned and unearned, of all persons included in the family MAP (MPP 44-133.5) exceeds the greater of:
 - 130% of Federal Poverty Level for that family size; or
 - The level at which an AU of that Family MAP size becomes financially ineligible.

Mid-Quarter Changes to Benefits (cont.)

This IRT requirement means that if anyone in the AU or anyone in the Family MAP has earned income or begins receiving earned income, the AU must report to the

CWD when the household's total combined income, earned and unearned, exceeds the IRT at any time during the quarter. The rule would apply as follows:

- AUs that have earnings only or a combination of earned and unearned income will be required to report within 10 days when the household's total income exceeds the IRT.
- AUs that have no income or have unearned income only will be required to report if they receive new earnings that, once combined with other household income, exceeds the IRT.
- AUs with unearned income only (including disability-based unearned income) are not required to report when that income by itself exceeds the IRT in mid-quarter.

NOTE: Recipients may end up reporting nonrecurring lump sum income when it exceeds the IRT by itself or in combination with other AU income. Recipients are not being advised that they are not required to report nonrecurring lump sum income in mid-quarter; however, CWDs should be reminded that under QR/PB, nonrecurring lump sum income is to be treated as property in the month received. Therefore, if an AU reports nonrecurring lump sum income as exceeding the IRT, the CWD shall not consider this as income to be used in redetermining an AU/household's financial eligibility. Similarly, if the AU fails to report nonrecurring lump sum income in mid-quarter, there is no consequence for failing to report it. The AU is only required to report receipt of nonrecurring lump sum income on the QR 7.

Informing Recipient of Income Reporting Threshold (IRT) (CalWORKs Only)

The informing notice that spells out the IRT limit must be individualized for each CalWORKs case. The CWD shall inform each household at least once per quarter of:

- 1) The requirement to report the receipt of gross monthly income that exceeds the IRT;
- 2) The consequences for failing to report; and
- 3) The dollar amount of gross monthly income for the CalWORKs Family MAP size that exceeds the IRT.

Informing shall also occur when the CalWORKs Family MAP size changes, at redetermination/ recertification, and upon recipient request.

Failure to report income that exceeds the IRT can result in an O/P to the AU, fraud prosecution, and fraud penalties, including disqualification from the program. (Fraud penalties are listed in Attachment B.)

Mid-Quarter Changes to Benefits (cont.)

CWDs must meet the minimum informing requirements as noted above; however, due to differences in automation and other county practices, CWDs are authorized to determine the manner in which the information will be sent to the recipient in that county/consortia.

CWDs may inform recipients of the IRT requirements:

- 1) On the QR 7;
- 2) On the Notice of Action used to add a new household member; or
- 3) On a separate informing notice to the AU.

IRT charts will be issued under separate cover and will be updated yearly thereafter.

CWD ACTION ON MANDATORY RECIPIENT MID-QUARTER REPORTS

Report of Drug Felony Conviction, Fleeing Felon Status, Parole/Probation Violations

CalWORKs AUs are required to report when an AU member is convicted of a drug felony, becomes a fleeing felon, or violates a condition of probation or parole within 10 days after this change is known to the recipient. Since these individuals are ineligible for benefits under the CalWORKs program, the individual must be discontinued. This action will result in a decrease of benefits to remaining AU members or a discontinuance if the individual is the only aided person in the AU. The CWD shall take mid-quarter action to reduce or discontinue benefits, as appropriate, at the end of the month after 10-day notice can be provided.

FSP Only: FSP recipients are not required to report a change in drug or fleeing felon status or probation/parole violations mid-quarter. However, if a CalWORKs AU reports drug or fleeing felon or parole/probation violation, CWDs will be required to act on the reported information in the FS case. The CWD must discontinue the individual from the PAFS household at the same time as the CalWORKs action, at the end of the month after 10-day notice can be provided.

NOTE: Mid-quarter reports of drug/fleeing felon or parole/probation violation status do not impact NAFS households.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

Action on Report of Drug/Fleeing Felon Status Change and Parole/Probation Violations (CalWORKs Only)

Discontinuing an adult from the CalWORKs AU may result in a need to change the aid code for the case.

Example: If the only aided adult in an aid code 30 (All Other Families) case is discontinued because of ineligibility caused by the adult's drug, fleeing felon or parole/probation status, the aid code for that case must be changed from 30 to 33 to reflect its transition to a Zero Parent (aid code 33) case. Similarly, if the case is coded as a 35 (Two-Parent) case, and one adult is discontinued from the AU because of the adult's ineligibility due to the adult's drug, fleeing felon, or parole/probation status, the aid code would be changed to 30. CWDs should make appropriate aid codes changes in accordance with existing policies by changing them at the same time that the adult is removed from cash aid. Aid code changes are effective the first of the month following discontinuance. (Note: While an aid code change from 35 to 30 is appropriate for this scenario, an aid code change from 35 to 30 {Two-Parent to All Other} would *not* be appropriate when the aid code change is a result of one parent being removed from the AU due to a sanction for failure to comply with welfare to work activities.)

Overpayments/Overissuances

For both programs, if the AU/household reports a drug felony conviction, fleeing felon status, or violation of conditions of probation or parole for one of its members, but it is too late to provide 10-day notice of adverse action, the county must release benefits for the next month at the previous (higher) level. The CWD would determine whether an O/P or O/I exists as follows:

- CalWORKs: CWDs must establish an O/P for benefits that were released at a higher level than the AU was entitled to receive when 10-day notice could not be provided, regardless of whether the AU reported the change timely or not.
- FSP: No O/I would be established if the household reported the change in a timely manner. An O/I would be established if the household failed to report the change within 10 days.

Example: A recipient assigned to the January/February/March quarter timely reports within 10 days that her husband was convicted of a drug felony, on February 24. The CWD must discontinue the husband from cash aid at the end of the month in which 10-day notice can be provided. The CWD is unable to provide 10-day notice in time to reduce March benefits. Therefore, the CWD must discontinue benefits for the husband effective March 31 and reduce benefits for April. There is a CalWORKs O/P for March. However, there is no FSP O/I for March, because the family reported the change in a timely manner.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

Report of Change in Address

Recipients are required to report changes in AU/Household residence address to the CWD within 10 days. This reporting requirement is necessary in order to provide CWDs with the most up-to-date address so that recipients can receive benefits and NOAs in a timely manner. The CWD will act on address changes that are reported in the same manner under QR/PB as was done under MRRB.

Move Out of State

If the recipient reports moving out of state, the CWD will terminate benefits in mid-quarter at the end of the month after 10-day notice can be provided.

CalWORKs: If the CWD determines that the recipient had moved out of state and was not entitled to receive cash aid in California, the CWD shall establish an OP for those months in which aid was continued due to inability to provide 10-day notice.

FSP: For the FSP, a timely notice of action is not required if the CWD determines that the household will not be residing in the state. An O/I may be established if the recipient was residing out of state and continued to receive benefits from California.

Move Out of County

CalWORKs: When a recipient reports moving to another county, CWDs are instructed to continue following CalWORKs Inter-County Transfer (ICT) regulations as outlined in MPP Sections 40-187 through 40-197. This allows CWDs to discontinue cash aid in mid-quarter at the end of the ICT transfer period.

FSP: The FSP will continue to follow existing FSP rules which require the recipient to be discontinued from the former county of residence and reapply in the new county, except that the former county will continue to provide FSP benefits until the end of the month in which the CalWORKs case is transferred from the former county to the new county. The FSP case should be discontinued at the same time as the CalWORKs case so that both the CalWORKs and FS cases can be more easily assigned to the same quarter in the new county.

Example: A recipient is currently living in County A. On February 5th, the recipient informs County A that she now lives in County B. Due to the CalWORKs transfer period, County A will continue benefits to the recipient until March 31st. County B will pick up the CalWORKs case on April 1st. FS benefits will be discontinued in County A on March 31st to coincide with the transfer period of the CalWORKs case. The recipient may reapply for FS benefits any time after moving to County B, but will not be eligible to receive FS benefits in County B until April 1st. County A is responsible for ensuring that the recipient can easily access FS benefits for February and March.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

NAFS Only

Report of Reduction in ABAWD Work Hours or Food Stamp Employment and Training (FSET) Participation

ABAWDs will be required to report all changes that would affect FS eligibility on a quarterly basis on the QR 7, and CWDs will determine ABAWD status prospectively on a quarterly basis. In addition, ABAWDs who are meeting the work requirement through employment will be required to report within 10 days when hours of work drop to below 20 hours per week or 80 hours per month. This mandatory recipient mid-quarter reporting requirement only applies to ABAWDs in counties that do not have an approved waiver from the ABAWD work requirement or who are not otherwise exempt from ABAWD work requirements. A reduction in the number of hours in unpaid county-supervised work activities, such as workfare, will not be subject to mandatory recipient mid-quarter reporting since the county has access to this information.

For non-ABAWDs who are not exempt or deferred from FSET and who fail without good cause to comply with FSET participation requirements, the CWD must take appropriate action to discontinue the individual and decrease benefits to the household at the end of the month after a 10-day notice can be provided.

ABAWD Waiver Counties

As stated above, mandatory recipient mid-quarter reporting of a reduction in work hours is not required in counties that have an approved ABAWD waiver.

Non-Waiver FSET Counties

Non-waiver FSET counties must monitor an ABAWD's hours of FSET participation to ensure that the ABAWD work requirement is met and the "3-out-of-36-month" ABAWD time limit is not exceeded. The number of hours an ABAWD must work will vary depending upon the type of activity the ABAWD is required to perform (refer to the Attachment C for a quick reference chart from Exhibit 1 in ACL 02-75, dated October 3, 2002). Mandatory FSET participants who are not exempt or deferred from FSET participation and who fail, without good cause, to comply with FSET participation requirements will be subject to a one-, three-, or six-month sanction, as appropriate, and the household's benefits will be decreased at the end of the month after a 10-day notice can be provided. This does not represent a change from current practice.

All non-waiver counties will need to act on reported reductions in an ABAWD's hours of work and/or FSET participation in mid-quarter. Upon receipt of a report, the CWD will first determine whether the individual qualifies for an ABAWD/FSET exemption, a deferral from FSET, or meets good cause criteria. If none of these conditions are

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

met, then the CWD will determine whether the reduction in work or FSET participation hours will result in discontinuance due to exhaustion of the “3-out-of-36-month” time limit or a sanction due to FSET noncompliance. If a discontinuance or sanction is appropriate, the CWD shall take action to reduce or discontinue benefits at the end of the month in which a 10-day notice can be provided. Existing practices used to determine an individual’s ABAWD/FSET exemption and deferral status remain the same under QR/PB except for the new QR/PB provision allowing retrospective application of exemption status as stated below.

15 Percent ABAWD Exemptions

A county may choose to establish a 15 percent ABAWD exemption criterion that will allow the county to retroactively exempt ABAWDs who submit a mandatory mid-quarter or QR 7 report of a reduction in work hours to below 20 hours per week/80 hours per month. If a county chooses this option, affected recipients would still be required to submit a mandatory mid-quarter report in order for the CWD to determine whether the 15 percent exemption should be retroactively applied. Otherwise, a county would not know when to apply the exemption and would be unable to accurately account for their allocation of exemptions. The federal government provides these exemptions specifically for ABAWDs who are at risk of losing food stamps due to not meeting the ABAWD work requirement. While counties have flexibility to establish county-specific criteria on use of these exemptions, counties are reminded that the criteria must be identified on Table 1B of their annual FSET plan. Failure to document the individual’s case file when a 15 percent exemption is applied could result in a Quality Control error. Refer to ACIN I-05-03 dated January 28, 2003, or the most recent annual update for further information regarding the 15 percent ABAWD exemptions.

FS Overissuances

Since FS O/Is are determined based on timely reporting by the recipient, if a 10-day notice cannot be given to the recipient, and the recipient reported the change in hours in a timely manner, no O/I shall be established. However, if the household failed to report this change in a timely manner, an O/I would be established.

Report of Income Exceeding the IRT

Although the mid-quarter requirement to report income in excess of the IRT applies to the CalWORKs program only, if CalWORKs benefits are discontinued due to the increased income, CWDs must also act to determine the impact on the family’s food stamp benefits (if the AU has a companion PAFS case.) When income in excess of the IRT is reported, the CWD must determine if the AU remains financially eligible for CalWORKs benefits. If CalWORKs benefits are discontinued, the new income information must also be used to redetermine the FS allotment.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

If a recipient reports receipt of income that exceeds the IRT, the CWD must determine if income will continue at that level. If it will continue at that level, and if the recipient is determined to be financially ineligible based on the new income that the AU/household will continue to receive, the CWD shall discontinue the recipient at the end of the month in which timely and adequate notice can be provided. The recipient will not be eligible unless the anticipated income changes prior to the date of discontinuance. If the AU/household reports that the anticipated income will no longer exceed the IRT prior to the effective date of the discontinuance, and the CWD determines this is a reasonable estimate, the CWD must rescind the discontinuance. If the AU/household requests restoration of benefits (reapplies) after the QR Payment Quarter for which the discontinuance takes effect, financial eligibility is determined as if the request was a new application in accordance with CalWORKs Restorations/Reapplications regulations at MPP Sections 40-125.91 and .92 and FSP regulations at 63-300 and 63-301.

If income that was reported as being in excess of the IRT was only expected to be that high for that one month and will not continue at that level, the CWD shall not take action to discontinue benefits. Benefits for the current quarter may not be adjusted, because the change does not result in ineligibility or increased benefits. Unlike the MRRB system, there are no provisions in the QR/PB system for suspense months resulting from income that renders an AU/household temporarily financially ineligible.

In order to avoid creating an overpayment/overissuance (OP/OI), the CWD shall take action to terminate benefits based on the reported change prior to receiving verification of the increased income.

Example: Mom in a nonexempt AU/household of three (living in Region 1) has gross earned income of \$1200 per month. The quarter is January/February/March, and benefits for that quarter have been determined using \$1200 as the average income amount used for each month. On February 15, Mom reports that her monthly earnings increased to \$1800, which is greater than the IRT for her AU size (\$1628¹), and will continue at that level.

After applying the appropriate income disregards, the CWD determines that the AU is ineligible for continuing cash aid, and must take action (without waiting for verification of the new income) to discontinue benefits effective February 28.

CalWORKs Computation:

Anticipated Monthly Income	\$1800.00	
<u>Less \$225 Disregard</u>	<u>-225.00</u>	
Subtotal	\$1575.00	
<u>Less 50% earned income disregard</u>	<u>- 787.50</u>	
Newly Averaged NNI	\$ 787.00	(rounded down)

¹ IRT levels used are based on the Federal Poverty Level for federal fiscal year 2002-03. Updated IRT levels will be provided to CWDs under separate cover.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

Non-exempt MAP for 3, Region 1	\$679
<u>Less NNI</u>	<u>- 787</u>
Financial Ineligibility	\$ 0

FSP:

In the FSP, this family would no longer be categorically eligible once cash aid is discontinued due to financial ineligibility. The FSP would determine if the household's anticipated gross income exceeds the FSP gross income standards. In this case, the household's anticipated income of \$1800 would render them ineligible for FS benefits. The CWD shall discontinue the FS benefits effective February 28.

Overpayments/Overissuances

If the AU reports increased income that exceeds the IRT, which results in ineligibility, but it is too late to provide 10-day notice of adverse action, the county must release benefits for the next month at the previous (higher) level. The CWD would determine whether an O/P exists as follows:

- CalWORKs: CWDs must establish an O/P for benefits that were released when an AU was ineligible when 10-day notice could not be provided, regardless of whether the AU reported the change timely or not.
- FSP: If income exceeding the IRT is reported timely and causes CalWORKs and also FS benefits to be discontinued, but it is too late to provide a 10-day notice of adverse action, the county must release FS benefits for the next month at the previous higher level. There is no O/I as long as the change was reported timely.

CalWORKs/FSP Example: A recipient assigned to the January/February/March quarter reports the receipt of income over the IRT within 10 days of receipt, on January 28. After ensuring that the income will continue at the same level, the CWD determines that the recipient is financially ineligible for both CalWORKs and FS based on the new income amount and should be discontinued. The report was timely, but was received too late in the month for the CWD to discontinue the recipient effective January 31 due to 10-day noticing requirements. The CWD must issue a 10-day notice of discontinuance effective February 28. The February grant is an O/P. February FS benefits are not considered to be an O/I, because the recipient timely reported.

Refer to the section on the Establishment of CalWORKs and FSP Overpayments/Overissuances beginning on page 68 for additional details regarding the establishment of O/Ps and O/Is under these mid-quarter reporting circumstances.

CWD Action on Mandatory Recipient Mid-Quarter Reports (cont.)

IRT Reporting in the FSP (PAFS Only)

There is no mandatory mid-quarter recipient requirement to report income in excess of the IRT for the FSP. However, for PAFS cases, if information regarding income that exceeds the IRT is reported in the CalWORKs program and results in discontinuance of CalWORKs benefits, the FS benefit must be recalculated as described below. If the CalWORKs benefits did not change as a result of the IRT (i.e. the AU was not discontinued), no further action is required in the PAFS case. NAFS households do not have a mid-quarter requirement to report income at any level; therefore, this section does not affect NAFS households. Therefore, when the CalWORKs program receives a report of income over the CalWORKs IRT that results in discontinuance from CalWORKs, the FSP must act on the reported change as follows:

Once the CalWORKs AU reports income that exceeds the IRT, the CWD must use the new income amount to determine the impact on the household's allotment. If the cash grant is discontinued, the CWD must determine if FS benefits would increase or decrease. If it results in an increase to FS, the CWD must supplement benefits in the current and remaining months of the quarter in accordance with QR increases in benefit rules (described under Voluntary Mid-Quarter Recipient Reporting on page 43.) If the new income would result in decreased FS benefits, the CWD shall take no action to reduce the benefits in the current quarter. In addition, if the CalWORKs case is discontinued, but FS benefits continue, the CWD must determine eligibility and benefit levels using the newly reported income for the household as an NAFS case for the future quarter.

If the new income exceeds the FSP maximum income allowed for the family size, the CWD must discontinue the FS benefits at the end of the month in which 10-day notice can be provided.

NOTE: Because the IRT does not apply in the FSP, a recipient's failure to report income that exceeds the IRT in CalWORKs (which results in discontinuance from CalWORKs) will not result in a client error for the FSP.

VOLUNTARY MID-QUARTER RECIPIENT REPORTING

For both programs, recipients may also voluntarily report changes in income and circumstances that may increase benefits any time during the quarter. The CWD will only take mid-quarter action on those voluntary reports that result in an increase to benefits. Examples of changes that, when reported, might increase benefits include, but are not limited to the following:

- When the household's income decreases;
- When someone moves into the home;
- When a CalWORKs AU member becomes pregnant;

Voluntary Mid-Quarter Recipient Reporting (cont.)

- When a teen becomes pregnant or gives birth and meets Cal-Learn requirements; or
- When allowable FSP deductions increase (FS only).

Benefits may not be decreased in the middle of a quarter as a result of voluntarily reported changes or changes that are not required to be reported. The CWD shall not take action to initiate the decrease. The decrease must be suppressed and “held over” for county action until the next quarter when the CWD is determining eligibility and benefit levels for the next quarter using information reported on the next QR 7. In some cases, voluntarily reported changes may result in an increase in benefits for one program, while decreasing benefits for the other program. The CWD must take action to increase benefits in one program, while suppressing the decrease to the other program’s benefits. For example, an increase in CalWORKs could result in a decrease in FSP benefits. When this occurs, the FSP benefits shall not be decreased in the current quarter.

When the recipient voluntarily reports a decrease in income or a new household member, the CWD must request verification immediately or require a SAWS 2 or CW 8 be completed to add the new household member. Once verification is provided, the CWD shall only take action on those voluntarily reported changes that **increase** 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 household members and are as follows:

- Increases due to decreased income are effective the first of the month in which the change is reported.
- Increases due to the addition of new household members are effective the first of the month following the report of the change.

If the recipient voluntarily reports a change in mid-quarter that would decrease benefits or make the household ineligible, the CWD shall not act on information in the voluntary report during the current quarter. The CWD shall send a NOA informing the AU/household that the voluntarily reported information did not increase their benefits and remind the recipient of their reporting responsibilities for the QR 7. In other words, if the circumstances of the original voluntary report of information are still applicable in the QR Data Month, the recipient must report this information on the QR 7. If information on the QR 7 is inconsistent with what was previously voluntarily reported earlier in the quarter the CWD shall take action to resolve the discrepancy and determine what the actual current AU/household situation is. The CWD should first attempt to contact the recipient to resolve the discrepancy. If the CWD is unable to contact the recipient or obtain resolution from such contact, the QR 7 shall be considered incomplete. The CWD shall take appropriate actions relating to the processing of the incomplete QR 7. Benefits for the next QR Payment Quarter shall be based on the information provided on the QR 7, once it’s been determined to be complete.

CWD ACTION ON VOLUNTARY MID-QUARTER RECIPIENT REPORTS

Decreases in Income

As stated above, when a recipient voluntarily reports a change in income, the CWD shall act on the report only if it increases benefits. The CWD must request verification of the change in income immediately and shall not act to increase benefits until required verification is received. The CWD shall allow the recipient 10 days to provide necessary verification.

NOTE: If the AU/household voluntarily reports a decrease in earnings that resulted from a job loss or reduction in hours of employment, and the CWD determines that the recipient did not have good cause for the job quit/reduction in hours, the CWD must impose a sanction. The CWD shall not wait to increase benefits due to decreased income while determining if good cause exists. The timing of imposing a sanction is described in the section regarding County Initiated Actions on page 58.

To determine whether the change results in increased benefits mid-quarter, the CWD must recalculate benefits for the current and remaining months of the quarter using the new income that the AU/household reasonably expects to receive. If the AU/household anticipates that income will be different in each of the remaining months of the quarter and knows with reasonable certainty what the amount would be for each month, the CWD shall average the new income over the month in which the change is reported and the remaining months in the quarter.

The CWD shall recalculate the current quarter's benefits based on reports of decreased or terminated income as follows:

- Add:
 - Actual gross monthly earned income for the month in which the decrease or loss of income is reported; and
 - Any additional gross monthly earned income that the AU/household reasonably anticipates for the current and remaining months of the quarter.
- Determine the new average monthly gross earned income for the current quarter by dividing the total of the above amount by the number of months equal to the current and remaining months of the quarter.
- Add:
 - Actual DBI income for the month in which the decrease or loss of income is reported; and
 - Any DBI that the AU/household reasonably anticipates for the current and remaining months of the quarter.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

- Determine the new average monthly DBI for the quarter by dividing the total of the above amount by the number of months equal to the current and remaining months of the quarter.
- Add:
 - Actual unearned income for the month in which the decrease or loss of income is reported; and
 - Any unearned income that the AU/household reasonably anticipates for the current and remaining months of the quarter.
- Determine the average monthly gross unearned income for the quarter by dividing the total of the above amount by the number of months equal to the current and remaining months of the quarter.
- Apply all applicable income disregards and/or FS allowances for each income type to the new average gross income amounts to generate an average NNI for each month.
- Recalculate benefits for the quarter by subtracting the newly averaged NNI from the applicable MAP amount for CalWORKs and referring to the coupon allotment issuance chart using the net income for that appropriate FS household size to determine FS benefit amount.

If the newly reported income results in an increase in benefits when benefits have been recalculated, the CWD shall act to increase benefits within 10 days of receiving required verification and provide adequate notice of the increase to the recipient.

If the benefit recalculation based on new income results in an increase, the increased benefits shall be effective for the entire month in which the change was reported. The CWD shall supplement benefits in the month the change was reported as appropriate and shall change the benefit amount for any remaining months in the quarter.

NOTE – FSP Only: When the CalWORKs grant is supplemented, the new CalWORKs grant amount to be used in the FS budget will include the original CalWORKs grant, as well as the additional CalWORKs supplement.

Example 1: An exempt AU/household of three, living in Region 1, is receiving cash aid of \$192 and FS benefits of \$165. The grant amount was based on the mother having earned income of \$1200/month. In the April/May/June quarter, the mother reports on April 5 that she lost her job the day before. She will only receive one more paycheck that month for \$600, and anticipates no additional income after that. The CWD immediately requests verification of the job loss, and the recipient provides it by April 10. The CWD uses the new income to recalculate benefits for that month, as well as for the remaining months of the current quarter as follows:

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

Recalculation of Averaged Income for CalWORKs and the FSP:

\$ 600	(April actual)
+ 0	(May anticipated)
+ 0	(June anticipated)
<u> </u>	
\$ 600	Total

Divide the total by 3 (the number of months for which new income is expected):
 $\$600 \div 3 = \200 (Average monthly income)

CalWORKs Computation:

Average Monthly Income	\$ 200
<u>Less \$225 Disregard</u>	<u>-225</u>
Subtotal	\$ 0
<u>Less 50% earned income disregard</u>	<u>- N/A</u>
Newly Averaged NNI	\$ 0

Non-exempt MAP for 3, Region 1	\$679
<u>Less Newly Averaged NNI</u>	<u>- 0</u>
New grant for AU	\$679

New Grant for AU	\$679
<u>Grant Paid</u>	<u>- 192</u>
Supplement for April	\$487

FSP Computation:

Average Monthly Income	\$200
Add New CalWORKs Grant	+679
Less Earned Income Deduction	- 40
<u>Less Standard Deduction</u>	<u>-134</u>
Subtotal	\$705
<u>Less Excess Shelter Deduction</u>	<u>-350</u>
Net Income	\$355

New Allotment Amount	\$259
<u>Benefits Received</u>	<u>-165</u>
Supplement for April	\$94

Example 2: Using the same scenario as in Example 1, except that Mom reports on May 5th (the second month of the quarter) that she lost her job and will only get one paycheck for \$600 in May and expects no income for June.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

Recalculation of Averaged Income for CalWORKs and the FSP:

+ \$600	(May actual/anticipated)
<u>+ 0</u>	<u>(June anticipated)</u>
\$ 600	Total

Divide the total by 2 (the number of months for which new income is expected):

$$\$600 \div 2 = \$300 \text{ (Average monthly income)}$$

CalWORKs Computation:

Average Monthly Income	\$ 300	
<u>Less \$225 Disregard</u>	<u>-225</u>	
Subtotal	\$ 75	
<u>Less 50% earned income disregard</u>	<u>- 37.50</u>	
Newly Averaged NNI	\$ 37	(rounded down)

Non-exempt MAP for 3, Region 1	\$679
<u>Less Newly Averaged NNI</u>	<u>- 37</u>
New grant for AU	\$642

New Grant for AU	\$642
<u>Grant Paid</u>	<u>- 192</u>
Supplement for May	\$450

FSP Computation:

Average Monthly Income	\$300
Add New CalWORKs Grant	+642
Less Earned Income Deduction	- 60
<u>Less Standard Deduction</u>	<u>-134</u>
Subtotal	\$748

<u>Less Excess Shelter Deduction</u>	<u>-350</u>
Net Income	\$398

New Allotment Amount	\$246
<u>Benefits Received</u>	<u>-165</u>
Supplement for May	\$91

CalWORKs Note: The Reduced Income Supplemental Income Payment (RISP) was a component of the MRRB system, and is no longer available under QR/PB. However, increasing benefits due to decreased recipient income in the QR/PB system serves a similar function to the RISP by providing supplements to recipients

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

who may face hardship due to a significant drop in income while their cash grant is still at a reduced level based on a previously anticipated higher level of income.

The provisions of the Jones v. Yeutter court case are no longer applicable under QR/PB rules. The basis for the lawsuit was to provide relief to recipients from the practice of budgeting cash benefits retrospectively. Since the QR/PB system relies on prospective budgeting, the Jones v. Yeutter provisions will not apply in QR/PB.

If the change in income is reported for the first time on the QR 7 rather than as a mid-quarter voluntary report, the CWD shall treat the report of decreased income as a voluntary mid-quarter report in order to determine if a supplement should be issued for the month in which the change was reported. The CWD must request verification immediately, if not included with the QR 7, and must also act to determine if a supplemental cash payment is warranted within 10 days of receiving verification.

NOTE: If a recipient has reported a mid-quarter decrease in income or increase in FS expenses, and the CWD has taken appropriate action to increase the cash aid and/or FS benefits, the CWD shall not take action to adjust benefits again if the recipient reports the same change later in the quarter.

Example: The AU/household includes Mom and two children. Mom was working full-time and receiving \$1200/month gross earnings. On May 5 of an April/May/June quarter, Mom reports that she lost her job and expects to receive one last paycheck in May for \$600 and no income for the month of June. The CWD recalculates benefits for May and June, using \$300/month gross income (the new average income amount), and issues a cash aid and FS supplement to the AU/household for May and increases the June grant/allotment. In June, Mom calls her worker and reports that she will not receive any income in June. Since the zero income amount has already been taken into consideration when calculating May and June benefits, the CWD would not act on Mom's report of "decreased" income in June.

If the voluntarily reported decrease in income does not result in increased benefits, the CWD must send a NOA to the household informing the household that the voluntary report of the decreased income did not increase benefits. The NOA will also remind the recipient that the income level must be reported on the next QR 7 that the household submits to the county.

Increased Medical, Child Care, and Child Support Expenses (FSP Only)

If the household voluntarily reports an increase in medical, child care and/or child support expenses mid-quarter, the new expense must be averaged over the current and remaining months in the quarter. A supplement shall be issued for the month in which the increased expense was reported once verification has been submitted, and benefits increased for the remaining months of the quarter.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

Example: The household is in the January/February/March quarter. In February, the recipient reports a one-time medical expense of \$500. The expense would be averaged over the current and remaining months of the current QR Payment Quarter (February and March.) This would allow for an additional \$250 in medical deductions to be used in the FS budgets for February and March. If the increased deduction results in increased benefits, benefits for February would be supplemented and March benefits would also be increased.

Increased Shelter and Utility Costs (FSP Only)

Shelter Costs

Shelter costs will be determined at application and at recertification and shall remain at the same fixed amount during the certification period until a recipient reports a change. A mid-quarter report of increased shelter costs must be acted upon by the CWD by re-computing benefits using the new shelter cost once it's been verified and supplementing benefits. The new shelter deduction amount is a fixed deduction that will remain the same until another change is reported or until the next recertification occurs. If the shelter increase results in increased benefits, the increase need not be reported on the next QR 7 submitted. If the shelter cost decreased, the CWD must notify the recipient that benefits will not change (via a "NO Change NOA") and must remind the recipient to report the new lower shelter cost on the next QR 7 submitted.

Utility Costs

Utility costs will be determined at application and at recertification and shall remain at the same fixed amount during the certification period. The CWD shall permit the household to switch between actual utility costs and the standard utility allowance at the time of recertification and one additional time during the certification period. If the household elects to switch mid-quarter, and it would result in increased benefits, the CWD must supplement benefits. In no event shall benefits be decreased mid-quarter for utility changes elected by the recipient. If the election results in a decrease in benefits mid-quarter, a "NO Change NOA" would be sent to the recipient with a reminder to report the new utility election (actual to SUA or SUA to actual) on the next QR 7 submitted. If the election is from SUA to actual utility expenses, the CWD will average the anticipated actual amounts over a 12-month period and allow the resultant monthly actual utility expense as a fixed deduction. If actual utility expenses are claimed by the recipient, the averaged monthly amount shall not be less than the SUA. If the averaged actual amount results in a lower amount than the SUA, allow the SUA amount.

NOTE: If recertification occurs prior to the due date for the next QR 7, the CWD will take action on shelter/utility costs at the recertification.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

Request for Special Need Payment

CalWORKs only. A recipient may voluntarily report having a special need, as described at MPP Section 44-211 at any time during the quarter. If there is an allowable special need payment for the recipient's special need, the CWD shall treat this report as a voluntary recipient mid-quarter report that results in increased benefits and shall adjust benefits the first of the month following the request, once required verification has been provided. The special need payment will be issued for the remainder of the quarter and terminated at the end of the quarter in which verification for the special need expires, except as provided below with regard to Pregnancy Special Needs.

CWDs shall request verification of recurring special needs (e.g. therapeutic diet) in accordance with existing regulations. The CWD shall allow the recipient 10 days to provide necessary verification. If the need is permanent, verification is only required once per year, during the eligibility redetermination process. If the recipient does not know how long the special need will be required, the CWD shall request that it be verified once per quarter and provided with the QR 7. If the special need is time limited, the special need payment will be provided until the end of the quarter in which the special need is expected to end, based upon verification provided by the recipient.

Pregnancy Special Needs

Once verified by the CWD, pregnancy special needs (PSN) payments will begin to be paid to the recipient according to existing effective date rules for PSN and will continue to be paid through the end of the quarter in which the child is expected to be born (verified by expected date of confinement {EDC}.)

However, if a recipient voluntarily reports the birth of the child mid-quarter, the CWD shall take action to delete the PSN at the end of the month prior to the month in which the newborn child is added to the AU. The child is added to the AU the first month following the month the change is reported. See pages 50-57 for additional details regarding adding new members to the AU.

Example: An AU is in the April/May/June quarter. Mom is pregnant and has a due date of April 10. The CWD approved PSN payments through June 30, the end of the quarter in which the baby was due. On April 28, Mother reports baby was born April 19. The CWD terminates the PSN payment April 30 and adds the newborn to the CalWORKs AU effective May 1.

If the recipient voluntarily reports the birth of the child mid-quarter, but adding the child would not result in an increase to the cash grant due to the application of Maximum Family Grant (MFG) rules (MPP Section 44-314), the PSN shall continue through the end of the quarter in which the birth was expected. The MFG child is added to the AU the first of the upcoming QR Payment Quarter. The PSN is discontinued at the end of the current QR Payment Quarter.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

The recipient is only required to verify pregnancy initially (when the pregnancy is reported) and when the pregnancy continues beyond the EDC. If pregnancy is verified beyond the EDC, the PSN shall continue through the end of the quarter in which the birth was expected.

Other Recurring Special Needs

Recurring special needs that have been approved will remain in effect until the end of the quarter in which the special need is expected to end, based upon verification provided by the recipient.

Example: A recipient is in the quarterly cycle of April/May/June. The recipient has been approved for therapeutic diet from February to May. The CWD will continue the special need payment until June 30.

Non-recurring Special Needs

Non-recurring special need payments, identified at MPP Section 44-211.2, which include, but are not limited to, payments for temporary and permanent homelessness, are not affected by the new QR/PB rules.

FSP. There are no provisions for special need payments in the FSP. CWDs should note, however, that an increase to cash aid based on the additional special need payment is likely to result in a decrease to FS benefits. CWDs may not decrease benefits in mid-quarter as a result of the corresponding increase to the cash grant that results from the approval of the special need payment.

Changes in Household Composition

For both CalWORKs and the FSP, recipients may voluntarily report changes in household composition at any time during the quarter. During the quarter, the CWD will only act on those changes that result in an increase to the household's benefits. If the change results in increased benefits, the CWD shall take action to add the person effective the first of the month following the month in which the change was reported, after all verification has been provided. If it does not result in an increase, the CWD shall not take action to change the AU/household's benefits. (An example will be provided later to show when the addition of a new household member would not result in increased benefits.)

Following is a detailed description of steps that CWD's will be required to take when a new person is reported in the home.

- The CWD shall review eligibility for the new person in accordance with CalWORKs and FSP regulations as an initial step to determine if the new household member should be mandatorily included as part of the AU or included due to FSP household composition regulations.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

- If the new household member should be mandatorily included in the AU/household, for CalWORKs, the CWD must determine if deprivation would continue.
- If deprivation would cease as a result of the new AU member, the CWD would not take action mid-quarter. (Refer to the section titled “New Household Member Results in Ineligibility Due to Other Eligibility Factors” on page 55 for appropriate action in this situation.)
- If the new household member should be mandatorily included in the AU/household, and the AU/household meets all non-financial eligibility criteria, the CWD must determine if the person has income that would be considered in the benefit calculation.
- The CWD shall run a test benefit calculation to determine if adding the person and his/her income would result in an increase or decrease to the household’s benefits.
- When running the test benefit calculation to determine if benefits would increase or decrease, add the new person’s income for the months in which the person is in the home to the AU/household’s income.
- When actually taking action to add the new person into the AU/household, if the person has income that will be used to determine benefit levels, the CWD will include the new person’s income along with the AU/household’s income to recalculate benefits for the current and remaining months of the current quarter (in accordance with instructions on beginning on page 43) or to average for the next QR Payment Quarter’s benefits beginning with the month the person is added to the AU/household.

Mid-quarter changes in household composition are **not** required to be reported within 10 days. However, the change (person moving in or out of the home) must be reported on the QR 7 that follows the change. In order for a report of a new household member to be considered reported timely, the household must report the new person in the home no later than on the QR 7 that is submitted following the change. The timeliness of the report will be important in determining when benefits may be increased, as well as in determining eligibility for cash-linked Medi-Cal for the new household member.

Cash Linked Medi-Cal Eligibility

Under MRRB rules, generally, a new member was added to an existing AU effective the date the person moved in the home or the date all eligibility factors were met, whichever occurred later, if the change was reported timely. The beginning date of aid (BDA) for Medi-Cal coincided with the cash BDA month. The person was added to the FS case the beginning of the month following the reported change.

Example: Under MRRB, if Dad moved back into the home on January 15, the move was reported timely, and he was determined to be eligible for CalWORKs (through a subsequent eligibility interview), his BDA for cash would have been January 15, and his Med-Cal would have been granted effective January 1.

Under the new QR/PB system, a new member will only be added to an existing AU as of the first of the month following the reported change or at the beginning of a quarter, depending on the circumstances. However, the timing of Medi-Cal eligibility for the new

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

AU member based on a link to cash aid will continue to be established for the month the new person joined the AU provided eligibility has been verified. As further discussed below, if adding the new member to the AU would not make the household ineligible for cash benefits, cash-linked Medi-Cal eligibility **only** shall be established as follows:

- (1) If the person moving into the home was timely reported on the QR 7, cash linked Medi-Cal is effective for the month the individual moved into the home.
- (2) If the person moving into the home was timely and voluntarily reported, cash linked Medi-Cal is effective for the month the individual moved into the home.
- (3) If the person moving into the home was not timely reported, cash linked Medi-Cal is effective the month the CWD received the report.

The exception to these BDA rules for cash-linked Medi-Cal applies when adding newborn children to an AU when the AU has not reported the birth timely. If the AU does not report the birth timely (i.e. on the first QR 7 following the birth), cash-linked Medi-Cal for a newborn would begin in the month following the child's birth after eligibility has been established and all verification has been provided.

The CalWORKs worker is responsible for obtaining and verifying the necessary documentation for the month that cash linked Medi-Cal eligibility is established.

New Household Member Results in Increased Benefits

- For both programs, if after all verification has been received, all eligibility factors are met, and the reported change in AU/household composition results in an increase to the AU/household's benefits, the CWD shall add the new household member to the AU/household and increase benefits to the AU/household, as a mid-quarter change, effective the first of the month following the month in which the change was reported.

CalWORKs Only:

- Although the cash BDA isn't effective until the first of the month following the month in which the change was reported, cash-linked Medi-Cal shall be approved for the new household member effective the month in which the change occurred, provided the client has met all cash eligibility conditions and the AU reported the change timely.
- The CWD shall make appropriate aid code changes to the case when the person is added to the cash grant.
- Welfare-to-Work requirements will not apply to the new person until (s)he is added to the cash grant, regardless of when cash-linked Medi-Cal is granted.
- The new person's TANF and CalWORKs time clock shall not begin until the person has been added to the cash grant, regardless of when cash-linked Medi-Cal is granted.
- CWDs must ensure that an adult's time clock doesn't begin until (s)he is added to the cash grant. The CWD shall suppress activation of the new AU member's time clock by using the appropriate MEDS code/personal identification code that indicates approval is for cash-linked Medi-Cal only.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

CalWORKs/FS Example: The CWD is currently aiding a two-person AU consisting of a mother and child. The designated quarter for this example is January/February/March. The mother voluntarily reports in February that the father moved into the home in February and the father has no income. After establishing eligibility for the father, the CWD adds him to the AU/household effective March 1. The CWD establishes eligibility for cash-linked Medi-Cal for the father effective February when he moved into the home.

CalWORKs/FS Example: Same scenario, but the mother does not voluntarily report the father as moving into the home in mid-quarter. She waits until she submits the QR 7 in March to report that the father moved in during February. Even though she did not report the change during February, reporting him in the home on the February QR 7 is considered a timely report for Medi-Cal eligibility purposes. The CWD would add the father to the AU/household effective the first of April 1 for cash aid and FS. The CWD would establish CalWORKs cash-linked Medi-Cal eligibility for the father retroactive to the month of February, because the mother reported him in the home in a timely manner.

New Household Member Does Not Result in Increased Benefits

For both CalWORKs and the FSP:

- If the person moving into the home has income that, once considered, would result in a decrease to the AU/household's benefits, the county shall not take action to decrease benefits in mid-quarter. The CWD shall send a NOA to the household informing the household that the voluntary report of the new household member did not increase benefits. However, the NOA will remind the recipient that the new household member, if still present in the household, must be reported on the QR 7, along with the income that (s)he brings to the AU/household.
- Once reported on the QR 7, the CWD shall add the person to the AU/household and include his/her income in the benefit calculation effective the first of the next quarter.

CalWORKs Only:

- The CWD shall approve cash-linked Medi-Cal for the new person in the home effective the month in which the change occurred, provided the client met all cash eligibility conditions and the AU reported the change timely.
- The CWD must notify the AU of the approval of cash-linked Medi-Cal for the new AU member.
- Welfare-to-Work requirements will not apply to the new person until (s)he is added to the cash grant.
- The new person's TANF and CalWORKs time clock does not begin until the person has been added to the cash grant.
- The CWD shall make appropriate aid code changes when the person is added to the cash grant.

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

CalWORKs/FS Example: A mother and child are receiving cash aid and FS in the quarter designated as January/February/March. The mother voluntarily reports in February that the child's father moved into the home in February. The father has income sufficient to cause benefits to decrease, but not sufficient to result in financial ineligibility if the father were to be added to the AU/household. The CWD would take no action concerning eligibility or benefit amount in the current quarter. The action to add the father and his income must be "held over" until review of information reported on the next QR 7. The earliest opportunity to decrease benefits to the AU/household based on the father's income would be at the first of the upcoming QR Payment Quarter or April 1st, with appropriate 10-day notice. The CWD must review information reported on the next QR 7 to ensure that it is consistent with the information that was previously provided in the recipient's voluntary report. However, for CalWORKs the CWD would establish cash-linked Medi-Cal eligibility for the father as of the month of February. The father would otherwise be considered eligible but cannot be added to the AU/household until the upcoming QR Payment Quarter because his income would reduce benefits to the AU/household. For the FSP, a decrease in benefits would not be made mid-quarter. FSP benefits would be recalculated for the upcoming QR Payment Quarter.

MFG Rules for Adding Newborn (CalWORKs Only)

If the addition of a newborn child does not result in an increase to cash aid due to the application of MFG rules (MPP Section 44-314), the CWD shall add the child to the AU as follows:

- Add the child effective the first of the month following the month in which the birth was reported after all verification has been provided.
- If the birth of the child was timely reported on the QR 7, cash linked Medi-Cal is effective for the month the child was born.
- If the birth of the child was timely and voluntarily reported, cash linked Medi-Cal is effective for the month the child was born.
- If the birth of the child was not timely reported, cash linked Medi-Cal is effective the month following the birth of the child after all verification has been provided.

NOTE: PSN in cases in which MFG rules apply would continue through the end of the quarter in which the child was born.

New Household Member Results in Financial Ineligibility

- For both programs, if the person moving into the home has income that, once considered, would result in the AU/household being financially ineligible to cash aid and FS, the county shall not take any action to change the AU/household's benefits in the current quarter.
- Once the CWD determines that benefits will not increase, the CWD shall send a NOA to the AU/household informing them that the voluntary report of the new household

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

member did not increase benefits. However, the NOA will remind the recipient that the new household member, if still present in the household during the QR Data Month, must be reported on the QR 7, along with the income that (s)he brings to the AU/household.

- If information presented on the QR 7 remains consistent with the original voluntary report of the new household member, benefits for the AU/household must be discontinued at the end of the quarter due to financial ineligibility.
- After receiving the QR 7 with the report of the new AU/household member, the CWD must also send a NOA to the AU denying cash aid, FS benefits, and cash-linked Medi-Cal for the new person.

For CalWORKs:

- The new person would not be entitled to receive cash-linked Medi-Cal, because (s)he will never be eligible for cash aid.

CalWORKs/FSP Example: A mother and child are receiving cash aid and FS in designated quarter of January/February/March. The mother voluntarily reports in February that the child's father moved into the home in February. The father's income would make the family ineligible if the father and his income were added.

The CWD would take no action concerning eligibility or benefit amount for the existing AU/household in the current quarter. Any action to terminate benefits as a result of the father's income must be "held over" until review of information reported on the next QR 7. The earliest opportunity to discontinue cash aid and/or FS for this AU/household based on the father's income would be at the end of the current quarter or March 31. The CWD must review the next QR 7 to ensure that the information reported on it is consistent with the information that was previously provided in the recipient's voluntary report. Because the father is not CalWORKs eligible, the CWD would not establish cash-linked Medi-Cal eligibility for the father based on the mother's February voluntary report or the February move-in date.

NOTE: An AU is not mandatorily required to report mid-quarter when a new AU/household member (who has not been added to the AU/household) has income in excess of the IRT if that person was not included in the current AU or Family MAP for the current QR Payment Quarter. Even if the AU/household inadvertently makes a voluntary report to add the new person and his/her income exceeds the IRT for the current AU, the CWD shall not discontinue the AU/household in mid-quarter because of financial ineligibility.

New Household Member Results in Ineligibility Due to Other Eligibility Factors

If adding the new person would result in increased benefits, but (s)he does not meet other eligibility factors, the CWD shall not take action to add the person, nor should the CWD take action to discontinue benefits to the existing household member in mid-quarter. For example, if deprivation ceases (for CalWORKs) or the new person's resources cause the AU/household's resources to exceed the resource limit, benefits must continue unchanged

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

for the remainder of the current quarter for the aided AU/household members. The CWD would follow the same steps that were outlined in the above section regarding required actions when a new household member results in financial ineligibility.

As stated previously on page 18, under QR/PB, the readjustment period prescribed at MPP Section 41-405 is eliminated.

Newborn (CalWORKs only)

- When adding a newborn to the AU, the newborn must also be added to the AU effective the first of the month after the birth was reported after all verification has been provided.
- If the mother has been receiving a PSN payment, the CWD shall take action to delete the PSN at the end of the month the birth is reported. The child is added to the AU the first month after the PSN has ended.
- If the mother is under 19 years of age, the CWD shall take action to enroll the teen mother into the Cal-Learn program if she was not enrolled prior.
- The newborn is entitled to receive cash-linked Medi-Cal effective the month of birth, provided all other eligibility conditions have been met and verified and the AU reported the birth voluntarily no later than on the next QR 7 subsequent to the birth.
- If the newborn has income (e.g., child support paid on behalf of the child) that would render the AU ineligible or would result in decreased benefits, the CWD shall not take action to change the benefits. In this case, the PSN payment would continue to be paid through the end of the quarter.
- If adding the child would not result in an increase to the cash grant due to the application of MFG rules, the PSN shall continue through the end of the quarter in which the birth was expected.
- Benefits may not be reduced or terminated until the end of the quarter.
- If the recipient reports the birth for the first time on the QR 7, the CWD shall end the PSN payment at the end of quarter and add the child into the AU the first of the upcoming QR Payment Quarter.

Pregnant Woman Only (PWO) – Adding Newborn and Father (CalWORKs only)

In PWO cases, the CWD shall add the father of the unborn child (who is living in the home, but is excluded from the AU until the child is born, pursuant to MPP 82-832.1c and 44-318.16) and the child, when born, as follows:

- The CWD shall add the father and the newborn into the AU the first of the month following the report of birth, after all verification has been provided, unless adding them would result in a decrease to benefits.
- The CWD shall end the PSN payment at the end of the month the birth was reported and add the child into the AU the first of the month following the report of the birth.
- The BDA for cash-linked Medi-Cal for a newborn and father in a PWO case is handled in the same manner as when adding other household members. If the birth of the

CWD Action on Voluntary Mid-Quarter Recipient Reports (cont.)

newborn is timely reported and eligibility for cash aid is established and verified, the cash-linked Medi-Cal BDA will be the month the new person joined the AU provided eligibility has been verified.

Household Member Overpayments/Overissuances

If the household does not report a new person in the home that would have resulted in reduced benefits due to the person's income, an OP/OI would be established as of the date the change would have been made had the household timely reported the change on the QR 7.

Example: January/February/March is the quarter. Dad moved back into the home on January 15 and continued to remain in the home, but the AU/household never reported this information. A year later, the CWD learned about the change in household composition through an anonymous tip. Upon investigating the circumstances of the change, the CWD found that Dad had income that would have decreased benefits for the family. The household was required to report Dad moving into the home on the February QR 7, which was due in March, but failed to do so. The CWD would have acted to decrease benefits effective April 1 based on Dad's income had the change been reported on the February QR 7. The OP/OI would be established as of April 1.

FSP Only: FSP rules regarding adding a household member are the same as CalWORKs under QR/PB, and follow existing FS regulations. In addition, the amounts allowed for shelter deductions, utility allowances and deductible Medical Expenses remain unchanged. The FSP will use the recalculated CalWORKs grant to redetermine the FS allotment.

VOLUNTARY RECIPIENT REQUEST FOR DISCONTINUANCE OF BENEFITS

A recipient may voluntarily request mid-quarter that:

- 1) The entire AU/household be discontinued; or
- 2) Any individual member of the AU/household who is no longer in the home or is an optional member be discontinued.

CWDs will make mid-quarter benefit adjustments based on these requests for discontinuances.

If the AU/household or the individual's request is made verbally, the CWD shall provide a 10-day notice before discontinuing or decreasing benefits at the end of the month. If the recipient's report is in writing, the CWD shall discontinue or decrease benefits at the end of the month with only adequate notice. A 10-day notice is not required if the written request for discontinuance is provided by an AU/household or an individual.

Voluntary Recipient Request for Discontinuance of Benefits (cont.)

CWDs shall not assume that a voluntary mid-quarter report of someone leaving the home equates to a voluntary request for discontinuance of that household member. The CWD must determine whether the voluntary mid-quarter report of someone leaving the home is truly a request of discontinuance of that household member, since the AU/household is not required to report this change in household composition mid-quarter. The CWD shall ask the AU/household if they are requesting that the member be discontinued and shall inform the AU/household that the discontinuance will result in decreased benefits to the remaining AU/household members. The law provides for an individual to request his/her own benefits to be discontinued so that the individual can ensure that his/her CalWORKs time clock be stopped when the person is no longer receiving cash aid. As indicated above, if the individual provides a written request for discontinuance, the CWD is not required to provide a 10-day notice that decreases benefits to the AU/household that remains aided. The person requesting discontinuance must either be out of the home or an optional AU member who no longer wishes to receive cash aid.

If the AU/household decides not to voluntarily report that a household member has left the home during mid-quarter, but the individual who has left the home requests discontinuance, that individual's request for discontinuance shall take precedence over the AU/household's decision to not voluntarily report the change in household composition. Benefits to the remaining AU/household members shall be reduced mid-quarter (as described earlier in this section) to reflect the individual's discontinuance and to ensure that his/her time clock does not continue to run.

COUNTY-INITIATED MID-QUARTER ACTIONS

In addition to making mid-quarter adjustments to benefits as a result of mandatory and voluntary recipient reports, the CWD shall also act on certain changes in eligibility status at the end of the month in which timely and adequate notice can be provided. The changes in eligibility status listed below are considered county-initiated and may occur at any time during the quarter:

- Adult reaches the CalWORKs 60-month time limit;
- CWD imposes a sanction/financial penalty on individual members of the AU/household;
- Cal Learn participant earns a Cal-Learn Bonus or Sanction;
- Child reaches age limit;
- Aid has been approved for a child who is currently being aided in another household;
- Child is placed in Foster Care;
- California Food Assistance Program (CFAP) status changes; and
- Refugee Cash Assistance (RCA) recipient reaches the eight-month RCA time limit.

County-Initiated Mid-Quarter Actions (cont.)

In addition to the above circumstances, as noted on page 12, the CWD will also initiate a mid-quarter benefit adjustment if such an adjustment is necessary as a result of a late QR 7 being submitted by the recipient. Submission of a late QR 7 may require that benefits be reduced for the next QR Payment Quarter. However, if the CWD cannot decrease benefits due to an inability to provide 10-day notice, benefits for the first month of the QR Payment Quarter must be released at the prior level. The CWD must take action to reduce benefits effective the first day of the next month in that QR Payment Quarter when 10-day notice of decrease in benefits can be provided.

Exception: In both the CalWORKs and FS programs, when a CWD initiates benefit adjustment/reduction in order to begin recoupment of an O/P or O/I, this county-initiated action will be taken only at the beginning of a quarter.

CalWORKs: In cases where the decrease or discontinuance is due to a recipient reaching the CalWORKs 60-month time limit, where the county imposes a sanction or financial penalty, including Intentional Program Violations (IPVs) or where the child reaches the age limit, the CWD shall take action at the end of the month in which timely notice can be provided. If there is insufficient time to provide a 10-day notice to reduce benefits, benefits must be released at the prior, higher level. For actions relating to a child reaching age limit or an adult reaching the 60-month time limit, this will result in an O/P for the month in which benefits could not be appropriately reduced in time. (Attachment B provides a listing of CalWORKs/Food Stamp IPVs and penalty periods.)

Providing Cal-Learn bonuses and imposing Cal-Learn sanctions are also considered county-initiated actions and shall be taken in mid-quarter. Imposition of a Cal-Learn sanction shall be initiated in mid-quarter only after timely and adequate notice can be provided.

CalWORKs Example – 60-month time limit: Mom and her two children are receiving CalWORKs cash aid and are in the April/May/June quarter. Mom will have received 60 months of CalWORKs cash aid as of April 30, and must be removed from the AU. Since the CWD is tracking the mother's time-on-aid, the CWD initiates action to discontinue the mother effective April 30. This results in a county-initiated mid-quarter decrease in cash aid to the remaining AU members, which is allowable under QR/PB rules.

CalWORKs Example – WTW sanction: On July 10th, after completing the cause determination and compliance processes for a participant who was found not in compliance with program requirements, the CWD imposes a sanction effective July 31st. Imposing a sanction is considered a county-initiated action; therefore, the result is a mid-quarter decrease in cash aid to the AU effective August 1st. This decrease is allowable under QR/PB rules for county-initiated mid-quarter actions.

County-Initiated Mid-Quarter Actions (cont.)

CalWORKs Example – Cal-Learn Sanction: Mom, her minor daughter, and the minor's child receive CalWORKs benefits. Minor daughter had not yet finished high school, so she is a mandatory Cal-Learn participant. They have a January/February/March quarter. Minor daughter provides a January report card as required that shows unsatisfactory progress. The CWD initiates a Cal-Learn \$100 sanction; however, there is not time to issue a 10-day NOA to the AU in January to reduce February benefits, so the penalty becomes effective March 1. The Cal-Learn sanction will be ended effective April 30. The CWD recalculates the grant for April based upon the QR 7 provided in March. The CWD then acts to stop the penalty effective April 30.

CalWORKs Example – Cal-Learn Bonus: Same example, except minor daughter turns in a January report card showing satisfactory progress and becomes eligible for a \$100 Cal-Learn bonus. The CWD initiates a Cal-Learn bonus for the month of February. The March CalWORKs benefit will return to the quarterly grant level less the Cal-Learn bonus.

FSP: The CWD is also authorized to take mid-quarter action to reduce FS benefits in order to impose a sanction or penalty as a result of failure to comply with work requirements or as a result of an IPV conviction.

CalWORKs and FSP: In cases where an individual has applied for aid in another AU/Household, that cash aid cannot be approved until the individual has been discontinued from the first AU/Household. This provision is intended to prevent duplicate aid from being issued. For CalWORKs cases, if the individual is a child, the CWD will need to determine which caretaker relative has care and control of the child in order to take action in either case.

CalWORKs: For cases in which a child has been removed from the home and placed in Foster Care, timely notice is not required prior to discontinuing the child from the first AU. MPP Section 22-072.2(f) provides for an exception to the timely notice requirements when a CalWORKs child is removed from the home as a result of a judicial determination, or voluntarily placed in foster care by his/her parent or legal guardian.

FSP: CFAP status changes in the FSP shall be effective on the first of the month following the change. The CWD must act on the status change no later than by the end of the current quarter.

THIRD PARTY INFORMATION/KNOWN TO THE COUNTY

Under certain circumstances, information will be “known to the county” or will be provided to the CWD through a third-party. Such information should be used by the CWD to:

Third Party Information/Known to the County (cont.)

- Calculate an OP/OI when the information received is obtained after benefits have been issued, such as in the case of Income and Eligibility Systems (IEVS) matches; and
- Take prospective action to change benefits mid-quarter or at the beginning of a quarter if the CWD learns that the recipient failed to accurately report changes on a mandatory mid-quarter report or on the QR 7.

In the case of third party reports that provide information that conflicts with what the AU/household reported, the CWD shall follow current regulations regarding how to handle discrepant case file information. The CWD shall contact the recipient to indicate that eligibility information is in question, and the recipient must be given the opportunity to verify the correct circumstances before the CWD can take action to reduce benefits.

All third party information that is received by or known to the county must be acted upon in accordance with QR/PB rules. If a change is required to be reported by the recipient under QR/PB rules, the CWD must take action to verify the information and take action based on the information once it's been verified. If a change is not required to be reported, such as a non-IRT change that occurs in mid-quarter, the CWD may use the third party information as ancillary information to ensure that the QR 7 that is eventually submitted by the recipient is consistent with other information known to the county. If the information on the QR 7 is not consistent with what has already been reported or is being reported through a third party, the CWD must seek to resolve the discrepancy.

It is important to note that while third party information may be useful to the CWD under some circumstances, such information will not always result in any action by the CWD. For example, ***the CWD shall not take mid-quarter action based on third party information regarding changes that an AU/household is not required to report during the quarter.*** If the CWD receives information about changes in household composition or acquisition of new resources for an AU/household in mid-quarter, the CWD shall not take any case action based on this third party information. However, if the CWD receives or knows about information that the AU/household is required to report, such as income in excess of the IRT or changes in drug conviction/fleeing felon status, the CWD, and the AU/household has not reported such information, the CWD must act to resolve the discrepancy in case information and take appropriate action once the information has been verified.

Examples of when the CWD might have information from a third party include, but are not limited to the following situations:

1. A WTW worker has been notified that the recipient has started a job;
2. A child care worker has received a request for child care payments in a case in which no earned income has been reported;

Third Party Information/Known to the County (cont.)

3. An anonymous source reports information about the AU/household to the county;
4. IEVS matches show that there are earnings in a case;
5. An asset match shows interest income for a bank account that has never been reported;
6. A Cal-Learn case manager notifies the CWD of a minor who becomes pregnant or gives birth; or
7. An FSET provider reports that a mandatory FSET participant did not comply with the FSET participation requirements.

The examples provided above are examples that would not necessarily warrant any action by the CWD. The CWD should act on the known information only when the information provided conflicts with what the recipient should already have reported. In item #1 above, if the recipient started a job in the first month of the quarter, but income from the job did not exceed the IRT, the recipient does not have an obligation to report the new job until the third month of the quarter, when the QR 7 is due. The CWD should not take any action until the next QR 7 is submitted. At that time, the CWD should compare information that is known to the county with what the recipient reported and ensure that it is consistent.

In item #2, if child care payments are being requested by a recipient who has been working for six months, but previous QR 7's in the file do not show any reported income, the CWD must act to resolve this discrepancy by contacting the client to verify what the actual circumstances are in that household.

Income and Eligibility Verification System (IEVS) Matches

All matches will continue to be produced using the existing processes and timeframes (monthly, quarterly, semi-annually, and annually). Information from the matches will need to be evaluated to determine if the information was required to be reported by the client in the data month or mid-quarter. If it was required to be reported, but was not, then appropriate action may be taken. If the information was not required to be reported, however, no action may be taken. When reconciling IEVS matches with reported income from the QR Data Month, the CWD must take prospective budgeting rules into consideration. This includes taking into account information that was available at the time the determination of reasonably anticipated income was made. The 45-day processing rule will continue to apply to the appropriate matches.

Payment Verification System (PVS)

CWDs will continue to receive PVS on a monthly basis. The county will compare the PVS information to the information reported by the client on the QR 7. Appropriate action must be taken if the information affects eligibility or grant amount based on quarterly reporting rules. If the data does not affect eligibility or grant amount, a notation must be made on either the abstract or in the case record.

Third Party Information/Known to the County (cont.)

Integrated Fraud Detection/Earnings Clearance System (IFD)

CWDs will continue to send wage data for the calendar quarter to CDSS. The data will be matched with EDD wage data and matches will be returned to counties. The matches must be reviewed and appropriate action taken if the information affects eligibility or grant amount based on quarterly reporting rules. If the data does not affect eligibility or grant amount, a notation must be made on either the abstract or in the case record.

Franchise Tax Board (FTB) Asset Match/ Internal Revenue Service (IRS) Match

Counties will continue to receive the FTB and IRS matches annually. The Statement of Facts and QR 7 must be reviewed to determine if the client disclosed the asset/resource information. Appropriate action must be taken if the information affects eligibility based on quarterly reporting rules. If the data does not affect eligibility, a notation must be made on either the abstract or in the case record.

Beneficiary Earnings Exchange Record (BEER)

Counties will continue to receive the information on a monthly basis. The wage information reported on the BEER must be compared to wage information reported by the client and appropriate action taken if the information affects eligibility or grant amount based on quarterly reporting rules. If the data does not affect eligibility or grant amount, a notation must be made on either the abstract or in the case record.

New Hire Registry (NHR)

Counties will continue to receive the information on a monthly basis and must compare it to information reported by the client. Appropriate action must be taken if the information affects eligibility or grant amount based on quarterly reporting rules. If the data does not affect eligibility or grant amount, a notation must be made on either the abstract or in the case record.

Matches for Special Investigative Unit

The following matches will continue to be sent to the Special Investigative Units. Cases must be reviewed and appropriate action taken if the information affects eligibility or grant amount based on quarterly reporting rules:

- California Youth Authority (CYA) Match
- Jail Reporting System (JRS)
- Fleeing Felon Match (FFM)
- Nationwide Prisoner Match (NPM)
- Deceased Persons Match (DPM)

TREATMENT OF MULTIPLE CHANGES WITHIN A QR PAYMENT QUARTER

If a recipient experiences multiple changes during a QR Payment Quarter, the CWD will be required to act on those changes in accordance with the QR/PB rules outlined in the above sections regarding CWD actions on mandatory and voluntary recipient reports and on county-initiated and third-party reports. The CWD must act on each change separately, using the rule that is unique to that type of change and may not combine the different circumstances to effect a change in benefits resulting from the combined changes. In other words, an AU/household may voluntarily report a change that does not result in an increase to benefits, and later in the quarter, report another change that was required to be reported, which would result in a decrease to benefits. The CWD would not change benefits based on the voluntary report, but would later act to decrease benefits, if appropriate, based on the mid-quarter report. The decrease in benefits must be based solely on the circumstances resulting from the mandatory report.

Example: The AU/household is in the January/February/March quarter. On January 15, the AU/household reports that Dad moved back into the home, and he has a part-time job. In reviewing whether the AU/household would be entitled to an increase as a result of new household member, the CWD determines that earnings from Dad's job would result in a decrease to the AU/household's benefits. The CWD is unable to add Dad to the AU/household the first of February because QR/PB rules do not allow for benefits to be decreased as a result of a voluntarily reported mid-quarter change.

On January 17, the AU/household reports that Mom violated conditions of her parole. The CWD must take action to remove Mom from the AU/household effective January 31, because she is ineligible. The CWD decreases benefits to the remaining AU/household members effective February 1. When decreasing February benefits, the CWD may not take action to add Dad and his earned income at the same time as discontinuing Mom. The CWD may only take action to add Dad and his income at the beginning of the next QR Payment Quarter when the AU/household has submitted the QR 7 for February, reporting that Dad is still in the home and has the same level of income.

RESTORATIONS AND REAPPLICATIONS

For both programs, when an AU/household has been discontinued, they may reapply and be determined eligible for aid subsequent to the discontinuance date if the circumstances that made them ineligible have changed. Additional details regarding application processing can be found in the "New Applications" section on page 66. The section regarding new applications includes instructions on how to establish a new QR cycle for applications, which will also apply to restorations and

Restorations and Reapplications (cont.)

reapplications. (Note: For purposes of this section, the term “restoration” applies to the CalWORKs program only.)

CalWORKs: If an AU reapplies for aid after being discontinued, the CWD shall process the new application in accordance with regulations at MPP Section 40-100. Unless the new applicant was previously discontinued for failure to provide a QR 7 in the previous calendar month and is found to have good cause for failure to submit a QR 7, aid shall be granted using BDA regulations for new applicants (MPP Section 44-317.)

In the CalWORKs program, applications are separated into the following categories:

- New Applications (MPP Section 40-103.41) – The applicant has not previously applied for the same aid in the same county.
- Restorations (MPP 40-103.42) - The applicant was a recipient of the same category of aid in the same county and his or her grant has been discontinued for 12 months or less at the time of the current application.
- Reapplication (MPP 40-103.431 and .432) - The applicant’s previous application for the same aid in the same county was withdrawn or denied, or the applicant is a former recipient of the same aid in the same county whose grant has been discontinued for more than 12 months at the time of the current application.

FSP: Households may reapply for benefits within a quarter if circumstances that made them ineligible have changed. For example, the CWD may have proposed a discontinuance of the case based on excess property. However, the household submits verification to show that they are now property eligible. Benefits would then be reinstated and the discontinuance rescinded. Otherwise, if an application has been denied or the case discontinued, the recipient must reapply for benefits and be treated as a new applicant, and benefits will be prorated from the new FS application date.

Restorations Based On Excess Property (CalWORKs Only)

When an AU is discontinued due to excess property, they may reapply for benefits if the AU later becomes property eligible (under the resource limit). The CWD would evaluate the verification of spend-down to determine the AU had not transferred assets for less than fair market value (see MPP Section 42-221).

If the reapplication is made before the effective date of the discontinuance, the CWD shall evaluate the verification of spend down and rescind the discontinuance. (See County Quarterly Actions - Determination of Continuing Eligibility - Property Eligibility, page 16.) The CWD shall determine property eligibility based on information provided at reapplication, and shall reinstate benefits as appropriate.

If an AU informs the CWD subsequent to the discontinuance date of a property change rendering them property eligible, the AU may reapply for benefits, and if

Restorations and Reapplications (cont.)

determined to be property eligible, benefits shall be determined based on information provided at the time of the reapplication. This will result in a break in aid, with benefits being prorated from the BDA. The AU may be assigned to the QR cycle they had when they were formerly eligible, or they may be assigned to a new QR cycle based upon the date of the reapplication.

NOTE: There is no change in the FSP for treatment of property.

Income Making the AU/Household Financially Ineligible

When an AU/household is discontinued for excess income/financial ineligibility, they may reapply for aid if the AU/household experiences a loss of reasonably anticipated income. If the AU/household is determined to be eligible within the same month (i.e. before the effective date of discontinuance), the discontinuance shall be rescinded. If an AU/household reapplies after the month in which they were discontinued, financial eligibility is determined as if the request was a new application and benefits prorated from the BDA.

CalWORKs/FSP Example: AU/household of 3, living in Region 1. Mom has \$500 earned income from a part-time job in the July/August/September quarter. On August 2, Mom reports that she will start a new full-time job on August 3 that will pay \$5000 per month. She expects to receive her first paycheck in the amount of \$5000 before the end of August. The CWD determines that the new income level would render her financially ineligible and discontinues cash aid and FS effective August 31. On August 25, Mom reports that the new job never materialized, and she kept her \$500 per month part-time job. She anticipates only receiving the \$500 earned income from her part-time job for the months of August and September. The CWD recalculates benefits for the current and remaining months of the current quarter using the \$500 per month income amount that the AU reasonably anticipates it will receive and determines that the August 31 discontinuance should be rescinded and cash aid and FS restored effective September 1. Benefits remain at the same level as they were prior to the proposed discontinuance.

NEW APPLICATIONS

MPP Section 40-126 (CalWORKs) and MPP Sections 63-300 and 63-301 (FSP) regarding application processing including applicant reporting responsibilities will continue to apply in the QR/PB system. When an application has been received and approved for aid, the CWD will use the information on the application to prospectively determine benefits until the first QR 7 is received.

Unlike the MRRB rules for the CalWORKs program, QR/PB does not provide for reconciling the first two months of aid that are prospectively budgeted. Under QR/PB, reasonably anticipated income is not reconciled with actual income. It is therefore critical

New Applications (cont.)

for the CWD to have made every effort to obtain necessary verification and to document their determination of reasonably anticipated income, if any, as part of the application approval process.

When an applicant is approved for aid and begins a QR cycle, the CWD is strongly encouraged to align the redetermination/recertification period with the QR cycle. (Refer to page 77 for additional discussion and guidance regarding Establishing the Quarterly Reporting Cycle, which describes the assignment of QR cycles to applicants.) If the CWD establishes the redetermination/recertification period so that all information and verification required to be submitted is available in the beginning of the QR Submit month, the CWD will be able to change benefits for redetermination/recertification effective with the beginning of the QR Payment Quarter. CWDs that choose to redetermine/recertify eligibility and benefits in a different period will be required to act on information reported during the redetermination/recertification process by treating the information as an additional QR 7 requiring timely action and notice.

CHANGES HELD UNTIL NEXT QUARTER

The following is a list of changes that occur in the current quarter but will not take effect until the upcoming QR Payment Quarter:

- Third Month Reporting of New Household Member that increases benefits.
- Adjustment to begin collection of OP/OIs.

Under some circumstances, decreases and discontinuances resulting from a voluntary mid-quarter report will also be held over until the following quarter.

CWDs should first review changes reported on a QR 7 that follows a mid-quarter report to ensure that circumstances reported on the mid-quarter report are also reflected on the next QR 7. If information on the QR 7 reflects different circumstances from what was previously reported, the CWD shall take action to resolve the discrepancy and determine what the actual current AU/household situation is. The CWD should first attempt to contact the recipient to resolve the discrepancy. If unable to contact the recipient or obtain resolution from such contact, the CWD shall consider the QR 7 to be incomplete and take appropriate actions required for incomplete reports.

REDETERMINATIONS/RECERTIFICATIONS

All existing regulations relevant to CalWORKs redeterminations at MPP Section 40-181.2 and FSP recertifications at MPP Section 63-504 will continue to apply in the QR system.

In addition, CWDs should align CalWORKs redeterminations with FS recertifications to the extent possible. CWDs should also align information and verifications required to be

Redeterminations/Recertifications (cont.)

submitted by the recipient as part of the redetermination/recertification (RD/RC) with the submission of a QR 7, i.e. to be due at the beginning of a QR Submit Month. The RD/RC information should be for the same month as the QR Data Month. The month the RD/RC information is required to be provided to the CWD should be the same as the QR Submit Month to avoid acting on information received in the RD/RC mid-quarter.

However, if the CWD establishes the RD/RC outside the QR 7 Data Month, the CWD must take action mid-quarter based on the RD/RC information to discontinue or increase or decrease benefits as appropriate.

OVERPAYMENTS/OVERISSUANCES AND UNDERPAYMENTS/UNDERISSUANCES

This section is intended to provide general rules for the establishment of O/Ps and underpayments (U/Ps) in the CalWORKs program and O/Is and underissuances (U/Is) in the FSP under varying circumstances. Rules governing the establishment of over/underpayments and over/underissuances vary depending on the eligibility factor in question and the timing of recipient reports and required CWD actions.

Establishment of CalWORKs O/Ps

For CalWORKs, O/Ps will be established as applicable based on:

- (1) Recipient failure to report accurately and completely;
- (2) County error;
- (3) Recipient late reporting; and
- (4) CWD inability to issue the correct grant amount due to the 10-day notice requirement when the recipient reported timely, completely and accurately.

In the CalWORKs program, "late reporting" applies to the timing of mandatory recipient mid-quarter reports, as well as the timing of the submission of the QR 7. For both of these reporting requirements, the CWD will establish an O/P when the recipient received a grant amount to which they were not entitled under QR/PB rules, regardless of whether the recipient reported timely.

Establishment of FSP O/Is

For the FSP, O/Is will be established using the same criteria used to establish CalWORKs O/Ps with the exception of the third and fourth criteria listed above. In the FSP, when assessing whether an O/I should be established based on mid-quarter changes that are required to be reported, the CWD must determine if the recipient reported the change in a timely manner, i.e. within 10 days. If the recipient reports a mid-quarter change that is required to be reported timely, completely and accurately, the CWD shall *not* establish an O/I when the CWD is unable to issue the correct allotment due to the 10-day notice requirement. This rule is unchanged from MRRB rules for the FSP.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

- O/Is *will not* be assessed based on a timely, accurate and complete report where the 10-day notice alone delayed issuance of the correct allotment.
- O/Is *will* be assessed when late reporting alone or together with the 10-day notice requirement delayed issuance of the correct allotment.

For late QR 7s, the FSP rules under QR/PB are different than MRRB rules for late CW 7s that result in reduced benefits. FSP O/Is *will* now be established when a recipient submits a late QR 7 which results in the recipient receiving more benefits than (s)he was entitled to receive because of the CWD's inability to decrease benefits due to the 10-day notice rule.

Examples:

Late Mandatory Mid-Quarter Reporting: The recipient is in the April/May/June quarter. Mom in an AU of three is convicted of a drug felony on April 25 and reports the conviction on April 26. The report is considered timely, because it was made within 10 days. The CWD is unable to decrease cash aid and FS benefits for May to reflect discontinuance of the ineligible AU/household member, because there is insufficient time to provide 10-day notice. Benefits must be issued for May in the same amount that was issued in April, and the CWD must take action to decrease benefits effective June 1. The CWD must establish an O/P for the mother's portion of the May grant; however, the CWD may not establish an O/I for the May FS allotment, because the recipient reported the change timely.

Using the same scenario above, if the mother did not report the drug felony conviction until May 15, the CWD would still not be able to establish an O/I for May benefits. Even though the recipient failed to make a timely report in this case, the CWD must also consider whether a timely report could have resulted in decreased benefits. In this situation, even if the recipient had reported the change within 10 days, the CWD could not have decreased benefits for May due to the 10-day notice requirement. Therefore, no O/I can be established under these circumstances.

Late QR 7: In the July/August/September quarter, a recipient turns in her QR 7 on September 25. She reports starting a new job in August and indicates that she will receive \$1000 earnings each month. The CWD is unable to reduce cash aid and FS benefits for the October/November/December quarter effective October 1 due to inability to provide 10-day notice of the decrease resulting from increased income. The CWD is required to make the change effective November 1, and shall establish an O/P for cash aid, as well as an O/I for FS benefits that were issued in error for October.

Calculation of Failure to Report/County Error OPs/OIs

If a recipient fails to report changes or information as required (mandatory mid-quarter reporting and QR 7 reporting), or the CWD fails to act correctly on reported information, the amount of the OP/OI shall be the difference between the benefits the recipient

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

received and the benefits the recipient would have received under QR/PB rules if the recipient had reported timely and correctly and the CWD had acted timely and correctly.

This rule is unchanged from MRRB rules, except that retroactive calculation of the OP/OI will be different under QR/PB, because eligibility and benefits are determined differently under QR/PB than under the MRRB system.

Income-Related Failure to Report and County Error (CalWORKs and FSP)

Income-related failure to report and county error OPs/OIs will be determined based on the mandatory recipient reporting requirements under QR/PB rules. Mandatory recipient reports include reporting on the QR 7, the mandatory mid-quarter report of income over the CalWORKs IRT and recipient reports on redetermination/recertification documents.

If a recipient fails to report income any time (s)he is required to report, or the CWD fails to act correctly on a recipient report, the CWD shall redetermine the benefits the recipient would have received based on an accurate report and correct county action. If the CWD recalculation results in an OP/OI, the date that the OP/OI begins is the first date that the change would have been made had timely and correct action been taken based on a timely and accurate recipient report.

When recomputing benefits results in an OP/OI, the CWD shall recreate case circumstances using the correct county processing timeframes based on what the recipient should have reported.

Example: Failure to Report Income OP/OI: In the quarter designated as October/November/December 2002, the CWD determines through an IEVS match that an AU/household had income that exceeded the IRT early January 2002 (January 5). (The quarter in which the income was received was January/February/March.) The AU/household is still receiving the same level of income in the current Oct/Nov/Dec 2002 quarter and has never reported the income in a mid-quarter report or on any of the QR 7s that have been submitted. The CWD determines that the AU should have reported this change by January 15, and should have been discontinued due to financial ineligibility effective January 31. An OP/OI would be established beginning February 1.

Example: CWD Failure to Act OP/OI: The AU reports on the QR 7 submitted March 5 (for the January/February/March quarter) that Dad started a job on February 10. The income is expected to continue at the same level in the next QR Payment Quarter. The income did not exceed the IRT. The CWD failed to use the newly reported income to determine benefits for the next QR Payment Quarter (April/May/June). If using the income to compute the cash aid and FS benefits should have resulted in a lower grant and allotment to the family, the CWD must establish an OP/OI for the amount the AU/household was not entitled to receive beginning April 1.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

Changes that are not required to be reported, but that may be voluntarily reported, should not be considered when determining OPs/OIs. Voluntary changes need only be reported on the QR 7 that follows the change. If the change is not reported when the QR 7 is submitted, that is when the household would be considered to have failed to report. It would be appropriate for the CWD to determine if an OP/OI exists based on the household's failure to report the change or required information on the QR 7. Changes that are not mandatorily required to be reported are listed under Voluntary Mid-Quarter Recipient Reporting on page 41.

CalWORKs Example: The AU is in the January/February/March quarter. Dad moves back into the home on January 16. Dad is full-time employed, and the AU never reports him as being in the home. In December of that year, the CWD finds out that Dad is in the home and that he's been there since January 16. Because there is no deprivation (for CalWORKs purposes), the AU is not eligible for cash aid. The AU was not required to report Dad in the home until March, when the February QR 7 was due. The first opportunity for an O/P to be established in this case would be April 1, because that is the first date that eligibility would have been affected based on a required report.

CalWORKs and FSP Example: A recipient assigned to the January/February/March quarter correctly reports on the QR 7 due in March that the recipient had not acquired any new property since the last QR 7. In April, the recipient wins a car in a contest, but sells the car for fair market value in early May and uses the money to pay past-due medical bills. The recipient correctly reports these facts on the QR 7 due in June. The CWD determines that the recipient is property eligible for the July/August/September quarter based on the QR 7 submitted in June. The CWD does not establish an excess property OP/OI for any months of the April/May/June quarter, because the CWD correctly determined property eligibility for that quarter based on the QR 7 submitted in March, and the recipient was not required to report property changes as a mid-quarter report.

CalWORKs Example: A mother and child are aided as a household of two based on absent parent deprivation and are assigned to the January/February/March quarter. On the QR 7 due in March, the mother correctly reports that no one had moved in or out of the home since the last QR 7 was submitted. In April, the father of the aided child moves into the home and is full-time employed. The mother correctly reports that the father moved into the home on the QR 7 due in June.

Based on the QR 7 submitted in June, the CWD determines no deprivation exists and discontinues benefits effective the end of June. The CWD does not establish an O/P for any months of the April/May/June quarter because the recipient was not required to report the addition to the home until the QR submitted in June. Deprivation was established based on the QR 7 due in March for the April/May/June quarter. The father's moving in had no effect on the eligibility for the April/May/June quarter because eligibility for the April/May/June quarter was

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

correctly established based on the QR 7 due in March. The mother was not required to report the addition to the home until the QR 7 due in June.

Property-Related Failure to Report and County Error (CalWORKs and FSP)

The only time an AU/household is required to report property changes is on the QR 7. Property-related OPs/OIs will be determined based on information that should have been reported on the QR 7. AUs/households are only required to report when property exceeds the limit in the second month of the quarter (the QR Data Month).

If a recipient owned property that exceeded the resource limit in the second month of the quarter and failed to report it on the appropriate QR 7, or if the CWD failed to act correctly on a report of property that was determined to exceed the limit, the CWD shall redetermine the benefits the recipient should have received based on an accurate report and correct county action.

The assumption will be made that the recipient would have reapplied the month following discontinuance.

Example: In the January/February/March quarter, a recipient AU/household is receiving both CalWORKs and FS. In January, the household receives an inheritance of \$3000. In February, the family still has \$2800 of the inheritance. They do not report the \$2800 on the February QR 7 which they turned in on March 10. The CWD finds out about the resource from an Asset Match in December. The CWD contacts the recipient and learns that they still have the money in a bank account, and it's over \$3000 by now. The household should have reported on the February QR 7 that they received the inheritance and that they still had \$2800 left in February. Had the CWD known about the resource, the CWD would have discontinued FS and cash aid effective March 31.

The CWD must determine if the household exceeded the resource limit in each month after March 31 to determine if the month should be considered an OP/OI.

Example: Using the same scenario above, except in this example, the household spends all of the \$3000 inheritance before February 1. In this case, even if the household fails to report on the February QR 7 that since their last QR 7 submitted in December, they received the \$3000 inheritance, there would be no OP/OI. In February, the QR Data Month, the family was below the resource limit and they would have remained eligible for continuing benefits.

Example: For the third example, assume the same scenario of a family receiving an inheritance in January of \$3000, and assume the household retains the resource. They never report it, and they remain over the resource limit in the QR Data Month of February. The household remains over the resource limit until November of that year, but spends it all on Christmas gifts before December 1.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

The family continues to receive cash aid and FS. The CWD learns about the property in March of the following year and recreates the situation as it should have happened. The CWD would establish an OP/OI beginning April 1, and it would continue until the family's resources were reduced to below the limit (November 30). The OP/OI would run from April through November, and the family would be considered eligible again effective December 1. No OP/OI would be established from December forward.

The current CalWORKs good faith property O/P rule at MPP Section 44-352.114 will continue to apply in the QR system. If excess property was held in good faith, the amount of the excess property O/P will be the lesser of (1) the amount by which the excess property exceeded the property limit or (2) aid the household was not eligible to receive based on the excess property, as determined above.

Other Failure to Report/County Error (CalWORKs and FSP)

The QR system requires recipients to report drug felony convictions, fleeing felon status, probation/parole violations, and address changes, including moving out of state, mid-quarter. With the exception of address changes, unless it involves a move out of the state, if these occurrences are not reported, or not correctly acted on, the CWD shall calculate the OP/OI by redetermining benefits the recipient would have received based on correct reporting and CWD actions.

The QR system also requires specified county-initiated mid-quarter changes. If these actions are not taken as required, the CWD shall calculate a county error OP/OI by redetermining benefits the recipient would have received if the CWD had acted correctly.

Underpayments/Underissuances (UP/UI): In the CalWORKs program, an U/P occurs when the AU receives less benefits than it was entitled to receive under QR/PB rules. In the FSP, if a household receives less benefits than it was entitled to receive, they are considered to have lost benefits, which the CWD is required to provide (restore) to the household. If the CWD determines that the AU/household that a loss of benefits or U/P has occurred due to an administrative error, and the recipient is entitled to restoration of those benefits, the CWD must take action to restore any benefits that were lost. Restorations of benefits under these circumstances would be based on QR rules, and at no time shall the CWD use actual verified income to reconcile against prospectively budgeted income that was used in the benefit calculation as income that was "reasonably anticipated" at the time benefits were calculated. As an example in the CalWORKs program, a U/P should be provided for a CalWORKs AU for any pregnant/parenting teen who had previously been aided as a dependent child and who had a break in aid between being aided in their parent/caretaker relative's AU and establishing his/her own AU.

Note: In the FSP, benefits cannot be restored if they were lost more than 12 months prior to the month the loss was discovered.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

Late QR 7 Reporting (CalWORKs and FSP)

Both CalWORKs and FSP will now assess O/Ps and O/Is caused by late submission of a QR 7, which would have resulted in reduced benefits for the next QR Payment Quarter.

Example: In the January/February/March quarter, a recipient submits the QR 7 March 28, after the deadline for timely submission. After redetermining benefits based on information reported on the QR 7, the CWD determines that the April/May/June benefits should be reduced due to income reported on the QR 7. The QR 7 was submitted too late in the month for the CWD to provide 10-day notice and decrease benefits for April. The CWD issues a 10-day notice of decrease effective for May; pays benefits at the March level in April, and adjusts benefits to the correct amount for May and June. The difference between the May/June benefit amount and the April benefit amount is an OP/OI.

When OPs/OIs or UPs/UIs will not be assessed

Income: No OP/OI *or* UP/UI shall be assessed when actual income received during the quarter differs from the amount of income reasonably anticipated, as long as the recipient met his or her mandatory reporting obligations completely and accurately. In other words, no reconciling based on actual income will be done so long as the requirement to report completely and accurately is met and CWDs averaged and issued the benefits correctly based on the CWD's determination of reasonably anticipated income.

Example: A recipient in the January/February/March quarter was part-time employed in February, and completely and accurately reported income from that part-time job on the QR 7 due in March. The CWD correctly determined benefits for the April/May/June quarter based on this information. In April, the recipient unexpectedly obtained a second part-time job, so that the recipient's actual income for April/May/June was different from the anticipated income the CWD used to determine the April/May/June benefits. The income was not in excess of the IRT. Because this income was not anticipated, and the CWD correctly determined the April/May/June benefits based on income that was reasonably anticipated at that time, no OP/OI is established for the April/May/June quarter based on the difference between actual and reasonably anticipated income.

NOTE – CalWORKs Only: Under the current system, the first two months on aid are prospectively budgeted, and O/Ps and U/Ps are calculated for those two months based on the actual income received in those months. Reconciling beginning months of aid to determine the correct payment amount was a feature of the CalWORKs MRRB system and will not be used under QR/PB.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

Household Composition/Deprivation (CalWORKs only):

The QR system has only one mandatory reporting obligation, on the QR 7, for household composition and circumstances related to deprivation. Recipients are not required to report changes in household composition or circumstances related to deprivation mid-quarter. No O/P shall be assessed based on household composition related to deprivation changes that the recipient was not required to report mid-quarter.

Example: A mother and child are aided as a household of two based on absent parent deprivation and are assigned to the January/February/March quarter. On the QR 7 due in March, the mother correctly reports that no one had moved in or out of the home since the QR 7 was last submitted. In April, the father of the aided child moves into the home and is full time employed. The mother correctly reports that the father moved into the home on the QR 7 due in June.

Based on the QR 7 submitted in June, the CWD determines no deprivation exists and discontinues benefits effective the end of June, which is the end of the current quarter. The CWD does not establish an O/P for any months of the April/May/June quarter since the recipient was not required to report the addition to the home until the QR 7 was submitted in June. Deprivation had already been established based on the QR 7 due in March for the April/May/June quarter. The father's moving in had no effect on the eligibility for the April/May/June quarter since the eligibility for the April/May/June quarter was based on the QR 7 due in March, and the mother was not required to report the addition to the home until the QR 7 due in June.

Property:

No O/P or O/I shall be assessed for any months the household was over the property limit but not required to report property.

Example: A recipient assigned to the January/February/March quarter correctly reports on the QR 7 due in March that the recipient had not acquired new property since the last QR 7. In April, the recipient wins a car in a contest but sells the car for fair market value in early May and uses the money to pay past-due medical bills. The recipient correctly reports these facts on the QR 7 due in June.

The CWD determines that the recipient is property eligible for the July/August/September quarter based on the QR 7 due in June. The CWD does not establish an excess property OP/OI for any months of the April/May/June quarter, because the CWD correctly determined property eligibility for that quarter based on the QR 7 due in March, and the recipient was not required to report property changes as a mid-quarter report.

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

Recoupment by Grant/Allotment Adjustment

OP/OI recoupment levels will remain the same under the QR system.

The only change in recoupment by grant/allotment adjustment in the QR system is that recoupment by grant/allotment adjustment will only be initiated at the beginning of a quarter. Grant/allotment adjustment to recover OP/OIs will not be a mid-quarter change. Grant/allotment adjustment will be discontinued mid-quarter as appropriate when the debt is recouped.

If the CWD completes recoupment of one OP/OI in mid-quarter and wishes to initiate recoupment of another OP/OI in the following month (i.e. before the next QR Payment Quarter), the county may begin recoupment of the next OP/OI in mid-quarter as long as the amount being adjusted doesn't result in the benefits being decreased mid-quarter.

Example: In the January/February/March quarter, the CWD is recouping an O/P via grant adjustment at the rate of five percent. The O/P is fully recouped after an adjustment is deducted from the January grant. The CWD begins adjusting the February grant at the five-percent rate to initiate recoupment of a second O/P. Grant adjustment is allowed in this situation, because there would be no change to the benefits for the AU.

Example: In the same quarter as above, the CWD is recouping an O/P at the five-percent level and completes collection of the O/P with the issuance of the January grant. The CWD wishes to begin collection on a second O/P, which was due to client error. Since collection for the second O/P would be at the 10 percent collection rate, the CWD may not initiate mid-quarter collection of the second O/P, because this would result in a mid-quarter decrease to the AU's benefits.

Example: In same quarter as above, the CWD is recouping an O/P via grant adjustment at the rate of ten percent. The O/P is fully recouped after an adjustment is deducted from the January grant. The CWD begins adjusting the February grant at the five-percent rate to initiate recoupment of a second O/P. Grant adjustment is allowed in this situation, because it would result in increased benefits to the AU.

For both the CalWORKs program and the FSP, rules regarding offsetting of O/Ps with U/Ps do not change. The CalWORKs program may continue to offset, as long as it doesn't result in a mid-quarter decrease to an AU's benefits. The FSP does not allow offsetting of O/Is with U/Is and there is no change to this rule under QR/PB.

NOTE: Currently, there is no statutory authority to demand repayment of child care benefits while the client is on aid; however the client may agree/volunteer to repay. Once the client has left cash aid, the county may attempt to recoup child care O/Ps through other means including, but not limited to, small claims court, wage garnishment, or federal

Overpayments/Overissuance and Underpayments/Underissuances (cont.)

income tax intercept.

Aid Paid Pending

CalWORKs. Aid paid pending (APP) rules under MRRB will continue to be applied in the same manner under QR/PB. These grant changes may therefore be made in the middle of the quarter.

FSP. When APP is granted for a CalWORKs case, the PAFS allotment shall be determined by using the actual grant paid to the recipient, which will be the higher APP level. Since this would result in decreased FS benefits, the CWD will be unable to make the change to FS benefits until the next quarter.

ESTABLISHING THE QUARTERLY REPORTING CYCLE

CWDs have options as how to establish quarterly reporting cycles. Applicants and recipients shall be assigned a specific reporting cycle using either 1) the application date 2) the terminal digit of the case number, or 3) some other method determined by the CWD, including putting all applicants/recipients in the same QR reporting cycles. To the extent possible, the CWD should align the CalWORKs annual redetermination of eligibility with the FS certification period and should also align the redetermination/recertification with the month the QR 7 is due (the QR Submit Month). Depending on the cycle to which an applicant is assigned, applicants may initially be certified for a 10-, 11-, or 12-month FS certification period in order to achieve alignment with the QR Submit Month at recertification. Attachments A1 and A2 show the varying cycles and resulting alignment of certification periods with CalWORKs redeterminations and QR Submit Months. During the initial conversion period to the new QR system, it will be necessary for counties to ensure that recipients are brought into the QR cycle and given their first QR 7 as early as possible to help provide for a seamless transition.

The CWD must inform recipients in writing of their individual QR cycles and must clearly indicate to the household when the initial QR 7 and each subsequent QR 7 is due and for which QR Data Month they will be responsible for reporting information. Thereafter, the CWD must ensure that the household receives the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month.

Quarterly Reporting Cycle Based on Application Date

For CWDs that choose to establish the QR cycle using the application date, the month of application will be considered the first QR Payment Month, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month. The CWD shall establish three QR cycles, each comprised of three months. The CWD will assign the applicant to one of these cycles depending on the month of application.

Establishing the Quarterly Reporting Cycle (cont.)

Attachment A1 shows how the three cycles can be set up and how the county would assign cycles based on the application month. In this system, the recipient would have four established months for which they know they must submit reports. For example, using the chart on page 87, Attachment A1, if a client is assigned to Cycle 2 based on the application month of February, the recipient would be required to submit QR 7s in the months of April, July, October, and January. Recipients should provide complete income information and eligibility changes from the QR Data Months of March, June, September, and December.

When a CalWORKs case has a companion FS case, the CWD may want to establish a certification period so that it expires at the end of a QR Submit Month. This will allow the CWD, at the time of the FS recertification period, to also obtain the QR 7.

Quarterly Reporting Cycle Based on Terminal Digits

For CWDs that choose to establish the QR cycle using the terminal digit methodology, the CWD must assign a cycle to an applicant/recipient based on the last digit of his/her case number. The CWD shall establish three QR cycles, each for a particular set of numbers. Counties may choose how to determine the groupings. Following is one example of how a county might set up their QR cycle:

- Cycle 1 will be assigned to cases ending in 0, 1, 2, and 3.
- Cycle 2 will be assigned to cases ending in 4, 5, and 6.
- Cycle 3 will be assigned to cases ending in 7, 8, and 9.

Once a recipient is assigned to a cycle, the recipient will be required to submit a QR 7 in his or her cycle-specific months, regardless of when (s)he applied. See Attachment A2 for an illustration of a QR cycle that is based on terminal case digits.

CWDs that use this method of establishing a QR cycle are strongly encouraged to establish FS certification periods for the PAFS portion of a CalWORKs case in such a way as to ensure that the certification period always ends at the end of a QR Submit Month. In this way, the Payment Month for CalWORKs will be aligned with the issuance month for the new certification period.

CWDs should also align the redetermination/recertification with the QR Submit Month to the extent possible. See page 67, "Redeterminations/Recertifications."

CASELOAD CONVERSION

CWDs will be required to take special steps prior to their county's implementation date to convert their existing recipient caseload from monthly reporting,

Caseload Conversion (cont.)

retrospective budgeting to the QR system. Caseload conversion will include, at a minimum, the following components:

- Training county staff prior to conversion;
- Providing recipient training;
- Providing the recipients with informing notices (Temp QR 1) prior to implementation that explain the new reporting requirements and how CalWORKs grants and FS benefits will be calculated; and
- Transitioning cases from retrospective budgeting to prospective budgeting.

These components are described in more detail below.

The implementation month is defined as the month in which the county's entire caseload is converted to prospective budgeting. That is the first month in which all cases are prospectively budgeted and in which all QR rules begin to be applied.

County Staff Training

County staff training will be extremely critical to the success of QR/PB implementation. The Department believes the following two-step approach would be beneficial for staff:

- **Conceptual Training** - It is recommended that this general training be provided approximately four months prior to implementation to familiarize county staff with the requirements of the QR/PB system prior to the mailing of informing notices to recipients.
- **Technical Training** - This training will be the "nuts and bolts" of the QR/PB system and will detail how to implement, county policy, automation, etc. It is anticipated that CWDs would need to provide this training no later than two months prior to implementation.

In notifying recipients of the new reporting and budgeting rules, CWDs must send a minimum of three informing notices (Temp QR 1) to recipients, one per month, beginning three months prior to the county's implementation date. For example, if a CWD's implementation date will be January 2004, the CWD must begin sending the informing notices in October 2003. In addition, CWDs shall send the informing notice to recipients for each of the three months *following* implementation. This will help to ensure that recipients will have adequate time to learn the new rules and their responsibilities, and to contact county eligibility staff with any questions they might have about the new QR/PB system.

Caseload Conversion (cont.)

Recipient Training

In addition to CWDs providing training to staff, it is expected that education and training be provided to the recipient population regarding the new QR/PB system in order to minimize confusion and errors. In addition to mailing the mass informing notices specified above CWDs are expected to use any of a number of various approaches in educating their recipient population. Alternatives include but are not limited to:

- one-on-one training,
- orientation videos; and/or
- group training.

It is anticipated that it will require tremendous efforts to retrain the recipient population on a new reporting system, and that such efforts will be ongoing throughout implementation. CWDs are encouraged to continue their practice of one-on-one worker/recipient interaction to facilitate education of the new reporting rules and strengthen relationships that will facilitate ongoing communication between recipients and staff.

Transitioning Cases From Retrospective Budgeting to Prospective Budgeting

As indicated in the section above regarding caseload conversion, the "implementation month" for a county is the month in which all cases are converted to prospective budgeting. This is true regardless of how the county intends to stagger their county's quarterly reporting cycles for their caseload. Counties will need to determine the income and family composition that will most accurately reflect the household's anticipated circumstances for the implementation month. In order to do this, CWDs must require that each recipient household provide a final Monthly Eligibility Report (CW 7) in the month prior to transitioning to prospective budgeting. This CW 7 will provide a "snapshot" of the household's circumstances from the month prior to the report being submitted and should also indicate any other changes the household anticipates for future months (in question number eight of the CW 7). Under prospective budgeting, CWDs will need to use this reported information as a "reasonable estimate" of the household's future circumstances to determine the cash aid and FS benefits for the first prospectively budgeted month. CDSS recommends the use of a supplemental form to be used in conjunction with the last CW 7 submitted so that CWDs can obtain adequate information regarding the AU/household's anticipated income for the first QR Payment Quarter. A recommended supplemental form will be provided by CDSS in a Question and Answer ACL, which will be released under separate cover.

For purposes of recalculating the county's first month of prospectively budgeted benefits, CWDs are required to make benefit changes in accordance with existing regulations for acting on reported changes, i.e. counties would need to verify the reported change and provide timely and adequate notice to the recipient. CWDs must also continue to follow CW 7 processing regulations at MPP 40-181.22

Caseload Conversion (cont.)

through .26 (CalWORKs) and Sections 63-504.32 (FSP) for the final CW 7. Recipients who fail to submit a completed CW 7 in the month prior to QR/PB implementation will be terminated at the end of that month in accordance with these CW 7 processing regulations.

CWDs must include an informing notice/stuffer (the fourth in a series of six Temp QR 1 notices) with the last CW 7 that reminds recipients to report the receipt of gross monthly income in an amount that exceeds IRT, a felony drug conviction, fleeing felon status, parole or probation violations, and an address change whenever any of these circumstances occur at any time during the quarter, beginning with the implementation month. The informing notice/stuffer must also inform recipients of the right to voluntarily report certain changes that could result in an increase to their benefits.

To help illustrate how CWDs would transition from retrospective budgeting to prospective budgeting in one month, the following example illustrates the transition for a county that plans to implement QR/PB effective January 1, 2004.

Example: If a county plans to implement QR/PB in January 2004, all cases must be converted to prospective budgeting by January 1, 2004. This will require CWDs to determine the income and family composition that will most accurately reflect the household's anticipated circumstances for the month of January 2004. To do this, CWDs must take the following steps:

- Send the fourth in a series of six informing stuffers with the November 2003 CW 7 that reminds recipients of their new reporting responsibilities under QR/PB.
- Require that each recipient household submit the final (November 2003) CW 7 in December 2003 in accordance with current MRRB timeframes (i.e. due by December 5.)
 - CDSS recommends that counties also send a supplemental form (previously described) with the November 2003 CW 7 to obtain additional information about future anticipated income.
- Determine January 2004 cash aid and FS benefits in December 2003 based on information provided on the final CW 7 using prospective budgeting rules.
 - The final CW 7 will provide a "snapshot" of the household's circumstances from the month of November 2003 and should also indicate any other income changes the household anticipates for future months (on the supplemental form or in question number eight of the CW 7.)
 - Using prospective budgeting rules, CWDs will need to use the reported anticipated income information as a "reasonable estimate" of the household's future circumstances to determine January 2004 cash aid and FS benefits, unless the household reports otherwise.

Caseload Conversion (cont.)

- If the recipient fails to submit the November 2003 CW 7 by the current deadlines established under MRRB, benefits will be terminated effective December 31, 2003.

PROGRAM INTERFACE

Welfare to Work Program (WTW) - Including SFSP

Welfare to Work Participation

The new QR requirements do not change the monthly welfare-to-work participation requirements. Based on the state law, all non-exempt CalWORKs recipients are required to participate in welfare-to-work activities for 32 or 35 hours per week, averaged monthly, depending on the composition of the AU.

Welfare-to-Work Data Reporting

Data collection for Q5 purposes remains unchanged. Data for the Q5, which is collected on a monthly basis from a sample of eligible CalWORKs cases, is used to calculate the state's federal participation rate. Federal data collection requirements for the calculation of the federal participation rate require that actual hours of monthly participation be verified when a case is included in the sample.

One of the primary sources of data for the Q5 is the case file of the recipient. Previously, the monthly CW 7 was a valuable tool for the verification of welfare-to-work participation, specifically employment. For Q5 purposes, earned income reported under QR/PB for the data month that also corresponds to the sample month can continue to be used to document welfare-to-work participation hours for employed persons. For all other months, additional contacts may be necessary by county staff completing the Q5 review to verify actual hours of participation unless all welfare-to-work participation is verified in the recipient's case file on a monthly basis. The continued availability of current data and documentation of monthly welfare-to-work participation in the individual's case file will continue to assist the state in meeting the federal participation rate and will allow the reviewer to verify participation without additional efforts to secure verification of work participation hours.

In addition, all monthly data reporting requirements, including those for the WTW 25, WTW 25A, and WTW 30 will also not change. This data will continue to be reported by the county on a monthly basis.

Simplified Food Stamps Program (SFSP)

Counties must continue to perform the SFSP calculation to determine the maximum number of hours in which CalWORKs recipients can participate in unpaid community service and/or unpaid work experience (WEX). As before, the maximum number of

Program Interface (cont.)

participation hours in unpaid community service and/or unpaid WEX for any given month is still based on the actual CalWORKs grant amount and FS allotment that were received by the recipient for the previous month. Please refer to ACL 02-07 for specific guidelines regarding the SFSP calculation.

Under QR/PB, the CWD will determine a grant amount for the upcoming QR Payment Quarter, which will not change unless mid-quarter changes, as specified in this letter, occur. Therefore, the SFSP calculation process must be completed at the beginning of the quarter but does not need to be repeated during the quarter unless there is a mid-quarter change to the grant. However, counties must continue to redetermine the participation hours in unpaid community service and/or unpaid WEX hours mid-month using the SFSP calculation when staff become aware of a change in the recipient's hours of employment. This recalculation will ensure that they assign recipients to participate for the appropriate number of hours.

Grant-Based On-the-Job Training (OJT)

Although prospective budgeting is already required for grant-based OJT assignments (See MPP Sections 42-716.851 and 44-313.11), the unique provisions governing grant-based OJT placements continue to require that counties closely monitor such placements and, if necessary, make monthly adjustments to the participant's cash grant and/or the employer's subsidy.

Grant-based OJT is a funding mechanism for subsidized public or private sector employment, in which all or a portion of the CalWORKs recipient's cash grant, or the grant savings from employment, or both, is diverted to an employer as a wage subsidy to partially or wholly offset the payment of wages to the participant, as long as the total amount diverted does not exceed the family's MAP. The grant diverted from the recipient to the employer can only be used for the individual's wages, and the employer cannot retain part of the grant and/or grant savings for administration or any other purposes (See MPP Sections 42-701.2(g)(2), and 42-716.83.) Please see ACL 01-38 and CFL 01/02-35 for additional information on grant-based OJT.

ABAWDs

Reduction in ABAWD Work Hours

ABAWDs will be required to report all changes that would affect FS eligibility on a quarterly basis on the QR 7, and CWDs will determine ABAWD status prospectively on a quarterly basis. In addition, ABAWDs who are meeting the work requirement through employment will be required to report within 10 days when hours of work drop to below 20 hours per week or 80 hours per month. This mandatory recipient mid-quarter reporting requirement only applies to ABAWDs in counties that do not have an approved waiver from the ABAWD work requirement or who are not otherwise exempt from ABAWD work requirements. A reduction in the number of

Program Interface (cont.)

hours in unpaid county-supervised work activities, such as workfare, will not be subject to mandatory recipient mid-quarter reporting since the county has access to this information. Refer to page 37 for program specifics.

Cal-Learn

It is critical that, under QR/PB, counties continue to identify and enroll pregnant and parenting teens into the Cal-Learn Program in a timely manner to preclude the loss of additional client benefits (fiscal incentives, supportive services, and intensive case management services). When determining whether a CalWORKs client under the age of 19, who becomes pregnant or gives birth, should be enrolled in the Cal-Learn Program, counties should bear in mind the eligibility and participation requirements for Cal-Learn (MPP 42-763). For example, the verification of pregnancy can constitute a change for a CalWORKs client who meets the other eligibility and participation requirements for Cal-Learn. Such a client would, on verification of her pregnancy, become a mandatory Cal-Learn participant.

18 Year-Old Cal-Learn Teens Who Opt To Head Their Own Assistance Units

The transition for 18 year-old pregnant /parenting teens to their own AUs must be made as seamless and timely as possible (ACL 01-77).

Cal-Learn Data Reporting

The reporting requirements for the STAT 45 will not change. STAT 45 reports will still be due monthly.

Supportive Services, Including Child Care

Quarterly reporting does not impact the way in which counties authorize or process payments for supportive services. Counties must continue to monitor and process child care, transportation, and ancillary payments at the same frequency as currently done (e.g., monthly) to ensure timely payment to recipients.

The Child Care Programs Bureau will modify the TEMP 2145 to assist counties in obtaining the information needed to process child care payments on a monthly basis. Child care/supportive services workers are required to share any information received regarding client eligibility to assist in the appropriate administration of program dollars (See Manual of Policies and Procedures Section 47-301.31).

Refugee Cash Assistance (RCA) Program

The RCA program will adopt QR/PB rules for reporting and budgeting for their recipient population. Note: Recipients of RCA continue to be limited to aid for eight months from the date of entry into the country or from the date that asylum is granted.

Program Interface (cont.)

Foster Care

The Foster Care program will not be impacted by the requirements of the QR/PB system.

Kinship Guardianship Assistance Payment (KinGAP) Program

The KinGAP program will not be impacted by the requirements of the QR/PB system.

Family Reunification

CalWORKs reunification parent(s) are not required to submit a quarterly income report because they do not receive cash aid during this reunification period. Instead, an eligibility redetermination, pursuant to MPP Section 40-181.2, is made at six-month intervals in coordination with the county review of the reunification plan. Also, if a CalWORKs reunification family is reunified before or after the 180-day period, an eligibility redetermination will be required in order to reopen the CalWORKs case and issue cash benefits. Please refer to All County Letter 02-36 for further instructions regarding the six-month redetermination process for these cases.

After a redetermination is completed, the CWDs can reopen the CalWORKs case without a new application to align it with the QR cycle and any FS recertification date. Once the CalWORKs reunified parent is assigned to a cycle, the reunified parent will be required to submit a QR 7 in his or her cycle-specific months, regardless of when (s)he applied. See Attachment A2 for an illustration of a QR cycle that is based on terminal digits.

However, a quarterly report will be required for CalWORKs reunification families that continue to receive food stamps as long as quarterly reporting is required for those households. If a change is reported for food stamps, the county will act on the change and redetermine eligibility for continuing CalWORKs services. It is recommended CWDs establish FS certification periods for the PAFS portion of a CalWORKs case in such a way as to ensure that the certification period always ends at the end of a QR Submit Month. In this way, the QR Payment Month for CalWORKs will be aligned with the issuance month for the new certification period. The recertification period may be ended and restarted without a new application to align it with the QR cycle, where necessary and only at implementation.

Cash Assistance Program for Immigrants (CAPI)

CAPI households that received FS benefits and who have been subject to monthly reporting rules will now be subject to QR/PB rules and must report on a quarterly basis. CAPI households that have been subject to change reporting rules will remain change reporting households.

Medi-Cal

The Medi-Cal program will not be impacted by the requirements of the QR/PB system.

**ATTACHMENT A1
Quarters Based on Application Date**

This model requires CWDs to consider a client’s application month as the QR Payment Quarter. This month will begin the QR cycle for the new reporting system. Clients will be assigned to one of three cycles, based on their application date. For purposes of discussing months within the cycle, the following definitions will apply:

- **QR Payment Quarter** – the quarter in which benefits are paid. The QR Payment Quarter will include three consecutive months. The month of application will be considered the first month of the “QR payment quarter” for purposes of identifying the appropriate client reporting cycle, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month.
- **QR Data Month** – the 2nd month of the quarter for which the client reports all information necessary to determine eligibility and grant amounts.
- **QR Submit Month** – The third month of the quarter in which the QR 7 is required to be submitted to the CWD.

<u>January</u> (Application Month)	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month

<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month
					RV/RC due

<u>January</u> (13th month)
QR Payment Quarter Begins
New FS Cert Period

**ATTACHMENT A1 (Continued)
Quarters Based on Application Date**

The following cycles would be assigned to each applicant, based on application date.

Cycle 1:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
January	February	March
April	May	June
July	August	September
October	November	December

Cycle 2:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
February	March	April
May	June	July
August	September	October
November	December	January

Cycle 3:

Application/QR Payment Quarter	QR Data Month	QR Submit Month
March	April	May
June	July	August
September	October	November
December	January	February

This system enables CWDs to align the reporting/budgeting cycle with the FS recertification date. The month in which the certification period expires will always be the QR Submit Month, which will be when the recertification can be completed to set up the thirteenth month's allotment.

ATTACHMENT A2 Quarters Based on Terminal Digits

This model requires CWDs to assign a client to a Quarterly Reporting (QR) cycle based on the last digit of their case number. Once the appropriate cycle is determined, the CWD will need to set up the FS certification period so that it aligns with the QR cycle in such a way that the certification period expires at the end of a “QR Submit Month” (month in which a QR is due). This will require counties to establish 10-, 11-, or 12-month certification periods during the client’s first year of eligibility dependent upon the reporting cycle assigned to them. For the purpose of identifying the months within the QR reporting cycle, the following definitions will apply:

- **QR Payment Quarter** – the quarter in which benefits are paid/issued.
- **QR Data Month** – the month for which the client reports all information necessary to determine financial eligibility. This is the primary month from which eligibility information is gathered,
- **QR Submit Month** – The month in which the QR 7 is required to be submitted to the CWD.

Cycles:

Cycle 1 will be assigned to cases ending in 0, 1, 2 and 3. Their QR Submit Months will be January, April, July and October.

Cycle 2 will be assigned to cases ending in 4, 5 and 6. Their QR Submit Months will be February, May, August and November.

Cycle 3 will be assigned to cases ending in 7, 8 and 9. Their QR Submit Months will be March, June, September and December.

Special Features:

- The first month in which the initial QR 7 will be due will differ for recipients depending on their assigned cycle. Recipients could be required to submit their first QR in their first, second, or third month after the application month, depending on their assigned cycle.
- The CWD are strongly encouraged to adjust the length of the certification period in the first year so that it aligns with the reporting cycle in such a way that the recertification interview occurs in a QR Submit Month.
- This system allows for all programs (CalWORKs, FSP, Medi-Cal and General Assistance) to be compatible in the assignment of the quarterly reporting cycle months.

The three charts that follow will show what each cycle looks like in a recipient’s first year of aid. Each chart will use February as the month of application.

**ATTACHMENT A2 (Continued)
Quarters Based on Terminal Digits**

Cycle 1: Case Number 30-22200

January	February (Application Month)	March	April	May	June
XXXXXXXXXXXXX	QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month
			1 st month recipient submits QR 7		

July	August	September	October	November	December
QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month
			FS Certification Expires 10/31	New FS Certification Period	

January
QR Submit Month

- Cycle 1 will require the CWD to certify the household for a 9-month FS certification period.
- The first month in which the recipient in Cycle 1 must submit a QR 7 will be the second month following the month of application (April).

**ATTACHMENT A2 (Continued)
Quarters Based on Terminal Digits**

Cycle 2: Case Number 30-22204

January	February (Application Month)	March	April	May	June
XXXXXXXXXXXXX		QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins
				1 st month recipient submits QR 7	

July	August	September	October	November	December
QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins
				FS Certification Expires 11/31	New FS Certification Period

January
QR Data Month

- Cycle 2 will require the CWD to certify the household for an 10-month FS certification period.
- The first month in which the recipient in Cycle 2 submits a QR 7 will be the third month following the application month (May).

**ATTACHMENT A2 (Continued)
Quarters Based on Terminal Digits**

Cycle 3: Case Number 30-22209

January	February	March	April	May	June
XXXXXXXXXXXXX	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month
	Month of Application	1 st month recipient submits a QR 7			

July	August	September	October	November	December
QR Payment Quarter Begins	QR Data Month	QR Submit Month	QR Payment Quarter Begins	QR Data Month	QR Submit Month
					FS Certification Expires 12/31

January
QR Payment Quarter Begins
New FS Certification Period

- Cycle 3 will require the CWD to certify the household for a 11-month certification period.
- The first month in which the recipient in Cycle 3 submits a QR 7 will be the first month following the month of application (March).

ATTACHMENT B

INTENTIONAL PROGRAM VIOLATION (IPV) PENALTIES IN THE CalWORKs AND FOOD STAMP PROGRAMS

An Intentional Program Violation (IPV) means that a determination of fraud has been found by a state or federal court, by admission of an individual by signing a disqualification consent agreement, or pursuant to an Administrative Disqualification Hearing/waiver.

CalWORKs IPV Penalties

Permanent Penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed any of the following acts:
 - made fraudulent statements or representation regarding their place of residence, in order to receive assistance simultaneously, from two or more states or counties,
 - submitted false documents for nonexistent or ineligible children,
 - received cash benefits in excess of \$10,000 through fraudulent means; or
- individuals convicted of felony fraud, in a state or federal court, for theft of \$5,000 or more; or
- individuals with a third conviction of fraud in a state or federal court, or pursuant to an administrative hearing decision; or
- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the third occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts,
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity, or
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of that aid.

Five-year penalty for:

- individuals convicted of felony fraud in a state or federal court, not meeting permanent penalty criteria and the theft is more than \$2,000 but less than \$5,000.

INTENTIONAL PROGRAM VIOLATION (IPV) PENALTIES

IN THE CalWORKs AND FOOD STAMP PROGRAMS

Four-year penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the second occasion** any of the following acts:
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of the aid.

Two-year penalty for:

- individuals convicted of felony fraud in a state or federal court, not meeting permanent penalty criteria and the theft is less than \$2,000; or
- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the first occasion** any of the following acts:
 - having submitted more than one application for the same type of aid for the same period of time, for the purpose of receiving more than one grant of aid, in order to establish or maintain the family's eligibility for aid, or increasing, or preventing a reduction in the amount of that aid.

Twelve-month penalty for:

- individuals found in state or federal court, or pursuant to an administrative disqualification hearing decision, to have committed upon **the second occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts;
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

Six-month penalty for:

- individuals found in state or federal court, or pursuant to an administrative hearing decision, to have committed upon **the first occasion** any of the following acts:
 - making a false or misleading statement or misrepresenting, concealing, or withholding facts;
 - committing any act intended to mislead, misrepresent, conceal, or withhold facts or propound a falsity.

INTENTIONAL PROGRAM VIOLATION (IPV) PENALTIES IN THE CalWORKs AND FOOD STAMP PROGRAMS

Food Stamp IPV Penalties

Permanent disqualification for:

- individuals convicted by a court of appropriate jurisdiction of:
 - trafficking food stamp benefits of \$500 or more.
 - a **first** violation for trading food stamps for firearms, ammunition, or explosives.
 - a **second** violation for trading food stamps for a controlled substance.
- individuals found to have committed a **third** intentional program violation either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

10-year penalty for:

- individuals found through an administrative disqualification hearing or a court of appropriate jurisdiction to have falsified the identity or place of residence of the individual in order to receive multiple food stamps simultaneously.

24-month penalty for:

- individuals convicted by a court of appropriate jurisdiction of a **first** violation for trading food stamps for a controlled substance.
- individuals found to have committed a **second** IPV, either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

12-month penalty for:

- individuals found to have committed a **first** IPV, either through an administrative disqualification hearing or by a court of appropriate jurisdiction.

ATTACHMENT C

PARTICIPATION REQUIREMENTS IN FSET COUNTIES

Exhibit 1

Activities	ABAWDs	Non-ABAWDs	Authority
30-Day Job Search Prior to Workfare (FSET activity)	Satisfies the ABAWD work requirement. Hours are set by the county. Minimum of 12 hours per month; maximum of 120 hours per month, which can include work and education & training activities.	Hours are set by the county. Minimum of 12 hours per month; maximum of 120 hours per month, which can include work and education & training activities.	MPP 63-407.841 (b)(1)(A), MPP 63-407.853
Workfare, OJT, Work Experience (FSET activity)	Satisfies the ABAWD work requirement. Hours are determined by dividing the household's FS allotment by the higher of the state or federal minimum wage.	Hours are determined by dividing the household's FS allotment by the higher of the state or federal minimum wage.	MPP 63-407.841 (b), MPP 63-407.855, MPP 63-410.212
Self-Initiated Workfare (FSET Activity)	Satisfies the ABAWD work requirement. Hours are determined by dividing the household's FS allotment by the higher of the state or federal minimum wage.	Hours are determined by dividing the household's FS allotment by the higher of the state or federal minimum wage.	ACL 98-07, Encl.1; ACIN I-76-00, question 11; FNS Admin Notice 97-40
Vocational Training and Education (FSET activity)	FSET hours can range from 12 to 120 per month, as set by the county, and can include work and education & training activities. Satisfies the ABAWD work requirement of 20 hours per week, averaged monthly; hours may be less when combined with other ABAWD activities except Workfare.	FSET hours can range from 12 to 120 per month, as set by the county, and can include work and education & training activities.	MPP 63-407.841(c); MPP 63-407.853; MPP 63-407.856; MPP 63-410.213(c); 7 CFR Section 273.24 (a)(3)(iii)
FSET Job Search/Job Club (Satisfies FSET participation requirements, but may not satisfy ABAWD work requirements--see ABAWDs box)	When offered as a stand-alone activity, does not satisfy the ABAWD work requirement. When offered in combination with FSET education/training, hours count toward the ABAWD work requirement provided they are less than 50% of the total hours for the education/training component. For an ABAWD's FSET participation requirements, see Non-ABAWD box.	Applicants can be assigned up to 8 consecutive weeks; recipients can be assigned up to 8 more weeks during 12 consecutive months. Minimum of 12 hours per month; maximum of 120 hours per month, which can include work and education & training activities.	MPP 63-407.853; MPP 63-407.856
Drug/Alcohol Rehabilitation (FSET activity) Cannot be a stand-alone activity, but is offered in combination with another FSET activity.	Hours must comprise less than 25% of the combined FSET activities. When offered as part of a vocational training or education activity, hours of participation in a drug/alcohol rehabilitation activity count toward completion of the ABAWD work requirement.	Hours must comprise less than 25% of the combined FSET activities.	ACL 00-41, Page 2
Employment (Non-FSET activity)	Hours of work count towards the ABAWD work requirement of 20 hours per week, averaged monthly; can be less when combined with other ABAWD activities, except Workfare. See Non-ABAWDs column for impact of work on FSET.	Though not an actual FSET component, hours of work count toward the number of hours required for FSET participation.	MPP 63-410.211; ACL 98-21, question 9

Activities	ABAWDs	Non-ABAWDs	Authority
Title I of the Workforce Investment Act and Section 236 of the Trade Act of 1974 (FSET activities delivered through a WIA One-Stop Center will meet FSET requirements.)	Education, training, and/or Job Search/Job Club activities offered under these Acts satisfy the ABAWD work requirement of 20 hours per week, averaged monthly. Hours can be less than 20 per week when combined with other qualifying ABAWD activities.	Minimum of 12 hours per month; maximum of 120 hours per month, which can include work and education & training activities.	MPP 63-410.213 (a); ACL 98-21, question 9; ACL 97-08, Enclosure 2, page 5
Refugee Employment and Training (Non-FSET activity)	Satisfies the ABAWD work requirement of 20 hours per week, averaged monthly. Hours can be less when combined with other ABAWD activities.	N/A	MPP 63-410.213(c); ACL 98-21, question 9
Comparable Workfare, e.g., GA Workfare (Non-FSET activity)	Hours are set by the county. Satisfies the ABAWD work requirement.	N/A	MPP 63-410.212

Work Registration Exemptions:

State minimum wage is \$6.75 per hour effective 01/01/02.

- Younger than 16 years of age or 60 years of age or older;
- 16 or 17 year old who is not head of household, or who is attending school or enrolled in an employment training program at least half time;
- Physically or mentally unfit for employment;
- Complying with CalWORKs Welfare-To-Work requirements;
- Caring for a dependent child under age 6 or an incapacitated person;
- Receiving or has applied for unemployment insurance benefits;
- Participating in a drug or alcohol treatment program that prohibits employment of 30 hours or more per week;
- Employed or self-employed at least 30 hours per week or receiving weekly earnings at least equal to the federal minimum wage multiplied by 30 hours;
- Half-time school attendance.

ABAWD Exemptions:

- Under 18 or 50 years of age or older;
- Pregnancy;
- Residing in a food stamp household that contains a dependent child, even if that child is not eligible for Food Stamps;
- Meets the work registration exemptions (see above);
- Exempt under the 15% ABAWD exemption criteria;
- Resides in an approved ABAWD waiver county.

ABAWD Work Rule: For a NAFS recipient over age 17 and under age 50, eligibility for food stamps is limited to any three months in a 36-month period during which the individual does not satisfy the ABAWD work requirement. The ABAWD work requirement is met by working or participating at least 20 hours per week in an allowable work activity, or by participating in workfare for the number of hours equal to the household’s food stamp allotment divided by the higher of the federal or state minimum wage. The three-month eligibility limitation does not apply to individuals who meet one of the ABAWD or Work Registration exemption criteria shown above (MPP Sections 63-407.21 and 63-410.3).

FSET participants may be in more than one component at the same time, but the total hours of participation, including employment, cannot exceed 120 hours per month.

CalWORKs AND FOOD STAMP FORMS AND NOTICES FOR QUARTERLY REPORTING

CalWORKs Forms

Form #	Form Title, Description and Directions for Use
SAWS 2A-QR	<p><u>Rights, Responsibilities and Other Important Information. (04/03) (Required Form - No Substitutes Permitted)</u></p> <p>The SAWS 2A-QR is used in the same way as the SAWS 2A. This form has been modified from the SAWS 2A to reflect the changes in reporting requirements for Quarterly Reporting (QR) households and is required to be used in counties that have implemented QR/PB.</p>
TEMP QR 1	<p><u>New Reporting Requirements for CalWORKs and Food Stamp Recipients. (04/03) (Required Form - No Substitutes Permitted)</u></p> <p>This is the mass informing notice that will be sent to recipients on a monthly basis for a period of three months before and three months after implementation of QR/PB. The informing notice should also be given to applicants who apply during this phase. This notice will explain the change from monthly reporting to quarterly reporting.</p>
QR 2	<p><u>Reporting Changes for Your Cash Aid Assistance Unit and Food Stamp Household. (04/03) (Recommended Form)</u></p> <p>This form can be used to inform the recipient of their Income Reporting Threshold (IRT) and reporting responsibilities. The QR 2 is sent to the client on a quarterly basis and can be used to satisfy the requirement in AB 444 to inform clients of their IRT at least once per quarter.</p>
QR 3	<p><u>Mid-Quarter Status Report. (04/03) (Recommended Form)</u></p> <p>This form can be used for clients who choose to report mandatory and/or voluntary mid-quarter changes in writing. Clients are not mandated to use this form and counties must accept written mid-quarter reports that are submitted in a manner other than on the QR 3.</p>
QR 7A	<p><u>How to fill out your QR 7. (04/03) (Required Form - Substitutes Permitted)</u></p> <p>This form will replace the CW 7A in QR/PB counties and instructs recipients on how to fill out the Quarterly Report (QR 7). The QR 7A should be given to applicants at the time of application and to recipients at each annual recertification/redetermination. The form should also be made available anytime the client requests it.</p>

QR 7

Quarterly Eligibility/Status Report. (04/03) (Required Form - Substitutes Permitted)

This is the Quarterly Reporting form that will replace the CW 7 and SAWS 7 in counties that have implemented QR/PB. The QR 7 comes with an addendum that lists examples of income and expenses and the penalties for fraud. This information was removed from the end of the form and placed on the addendum to allow for more room on the form itself. The certification section has a statement added stating that the client has received the addendum with the form. The form will be sent to the recipient at the end of their QR Data Month and will be due by the 5th day of the QR Submit Month. The QR 7 will be considered late if not received by the 11th day of the QR Submit Month.

CalWORKs Notices of Action

Notice # Notice Title, Description and Directions for Use

MT40-001

“No Change Notice of Action (NOA).” (04/03)

This NOA message is for mid-quarter reports that do not result in mid-quarter changes to cash aid. The message has been given a temporary number for cataloging purposes and will be assigned a permanent number when the regulation section numbers are provided.

Food Stamp Forms

Form # Form Title, Description and Directions for Use

DFA 285 A3 QR

Your Rights and Responsibilities. (04/03) (Required Form - No Substitutes Permitted)

This form has been revised to make a reference to quarterly reporting in the “Reporting” section of the rights and responsibilities. This form will be used for all non-assistance food stamp (NAFS) households in counties that have implemented QR/PB.

FS 22 QR

Applying for Food Stamp Benefits. (03/03) (Required Form - Substitutes Permitted)

This form was revised to reflect the change from monthly to quarterly reporting for most food stamp households. No other changes were made. This form will be used for all NAFS households in counties that have implemented QR/PB.

FS 23 QR

How to Report Household Changes. (04/03) (Required Form - Substitutes Permitted)

This form was revised to remove monthly reporting and add quarterly reporting requirements. The change reporting section remains unchanged. The form also clarifies mid-quarter mandatory reporting requirements for the FSP, which include changes of address and reduction in ABAWD hours of work. This form is required to be used in counties that have implemented QR/PB.

Food Stamp Notices

Notice #

Notice Title, Description and Directions for Use

QR 377.1

Notice of Approval for Quarterly Reporting Household. (04/03) (Required Form - No Substitutes Permitted)

This is a new notice for informing QR households of their approval for FS benefits and their certification period. The form will be used for QR households in counties that have implemented QR/PB.

QR 377.4

Food Stamp Notice of Change For Quarterly Reporting Household. (04/03) (Required Form - No Substitutes Permitted)

This is a new notice for informing QR households of changes, suspensions, and termination of benefits and is required to be used in counties that have implemented QR/PB.

DFA 377.1 QR

Food Stamp Notice of Approval for Change Reporting Household. (04/03) (Required Form - No Substitutes Permitted)

This notice is revised to specifically address approval of FS benefits for change reporting households in a county that has implemented QR/PB. Counties will start using this form when they implement QR/PB.

DFA 377.2 QR

Food Stamp Notice of Expiration of Certification. (04/03)

This notice for informing all households of the expiration of their certification period and the need to be recertified has been revised to reflect changes related to quarterly reporting. Counties will start using this form when they implement QR/PB.

DFA 377.4 QR

Food Stamp Notice of Change for Change Reporting Household. (04/03) (Required Form - No Substitutes Permitted)

This notice is revised to specifically inform change-reporting households of suspensions, changes and termination of benefits in counties that have implemented QR/PB. Counties will start using this form when they implement QR/PB.

COUNTY OF _____

FOOD STAMP NOTICE OF CHANGE FOR CHANGE REPORTING HOUSEHOLD

Notice Date : _____
Case Name : _____
Number Worker Name : _____
Number : _____
Telephone : _____
Address : _____

(ADDRESSEE)

If you have any questions or want more information about this action, please contact your worker.

State Hearing: You can ask for a hearing if you believe the action is wrong. The back of this page tells how to ask for a hearing. If you already had a hearing on the cause of the overissuance that is being collected, you cannot ask for a new hearing, unless you think the new amount of food stamp benefits you are getting because of the overissuance collection is incorrect.

■ CHANGE IN BENEFITS.

Effective _____, your food stamp benefits are changed from \$ _____ to \$ _____ each month because:

■ PROPOSED CHANGE IN BENEFITS.

Effective _____, your food stamp benefits may be reduced or terminated because information needed to determine your continued eligibility or the correct amount of your benefits was not received with your Change Report (DFA 377.5). We must receive the following information by no later than the first day of next month:

If verification of an expense is requested and you do not provide it, the expense will not be allowed when computing next months's benefits. Also, if you do not provide other requested information, your benefits may be reduced or terminated.

■ NO CHANGE IN BENEFITS

Your food stamp benefits did not change as a result of the document(s)/information we received because:

Rules: These rules apply to the above action(s):
You may review them at your welfare office.

■ You have already been told about an overissuance of food stamps and you are getting less food stamps because the County has been reducing your monthly allotment by 10% or \$10 (whichever is more) to pay back the food stamps that you got and should not have. It has been decided in court or by a state hearing or because you signed a Disqualification Consent Agreement or an Administrative Disqualification Hearing Waiver that this overissuance is an Intentional Program Violation (IPV). Now your monthly allotment is being changed because the County can begin reducing your allotment by 20% or \$10 (whichever is more). If there are any other changes to your monthly food stamp allotment, this form will tell you.

■ SUSPENSION.

Effective _____, your food stamp benefits are suspended because:

You will not receive any food stamp benefits for _____.

During this period of suspension, you must continue to report your changes so we can determine if you will be eligible for benefits the month after the month of suspension. If you do not report your changes during your suspension, your food stamp participation will be terminated.

■ TERMINATION.

Effective _____, your food stamp benefits are terminated because:

■ Based on the reason your benefits are terminated, your household is also disqualified from participating in the Food Stamp Program until _____. You may reapply for benefits at the end of this disqualification period.