

**CalWORKs and FOOD STAMP DATA SYSTEMS DESIGN
TASKFORCE
Systems Maintenance Unit (SMU)**

TRANSMITTAL NUMBER: 01-02 (FS)

April 25, 2002

**TO: All Field Operations Bureau and Performance
Measurement Counties QC Staff**

SUBJECT/PURPOSE: Explanation of the Variance Exclusion Period

RELATED REFERENCE: FNS-310 Section 756; FNS Admin. Notices 97-21 and 97-36

SUPERSEDES: None

EFFECTIVE DATE: Upon Receipt

BACKGROUND:

The quality control (QC) system allows for a variance exclusion or “hold harmless” period of up to 120 days (depending upon the State’s implementation date; see below) when major Federal regulatory changes occur. Experience has shown that each time one of these periods comes into effect, the concept and its impact on the implementation and error citation processes must be explained.

This transmittal has been developed as a generic reference for use when Federal regulations changes bring about a variance exclusion period. If the INSTRUCTIONS below must be modified or are not applicable, this will be noted in the INSTRUCTIONS portion of the implementing transmittal; otherwise, the information below is the basis for the application of the variance exclusion period, with the obvious exception of the dates in the examples. When this transmittal is applicable, it will also be listed as the final RELATED REFERENCE.

INSTRUCTIONS:

Effective upon receipt, use the following information to process and code variances associated with hold harmless periods.

HOLD HARMLESS PERIOD CONCEPT

The hold harmless period runs from the new provision’s effective date to the 121st day from that date. If California implements the provision timely, this period is 120 days. (See example 1.) If the provision is not implemented timely, the number of days for this period is 120 minus the number of days it took the state to implement the provision (Example 2.)

Examples

1. The Federal provision change is effective April 1. The hold harmless period of 120 days is from April 1 through July 29. California implements the change on April 1. Since the state implemented the change on time, it gets the entire 120-day period.
2. The Federal provision change is effective April 1, but California does not implement the provision until May 1. Since the state did not implement the provision timely, the hold harmless period is only 90 days, from May 1 through July 29.

VARIANCE EXCLUSION DETERMINATION

Any variance that occurs when the case is certified/recertified during the variance exclusion period (including failure to implement the change) is excluded either until the case is recertified outside of the hold harmless period or the worker implements the change after the hold harmless period has expired regardless of the certification/recertification date.

Examples

In the following five examples, California implements the Federal provision change timely, so the variance exclusion period is 120 days, from April 1 through July 29.

1. The household is certified within the hold harmless period (June 15) and is given a 12-month certification period. The worker does not implement the provision during any month of the certification period (through May of the following year.) If the case is sampled during any month of the certification period, the variance is **EXCLUDED** because the case was certified during the hold harmless period **AND** because the worker did not implement the provision after the hold harmless period had expired.
2. The household was given a 12-month certification period beginning in February, which was prior to the provision's effective date. The worker does not apply the provision for the duration of the certification period. If the case is reviewed during any month of the certification period, the variance is **EXCLUDED** because the case was certified **BEFORE** the provision's effective date **AND** because the worker did not apply the provision after the hold harmless period had expired.
3. The household was certified in August and the worker either fails to apply the provision or applies it incorrectly. The variance is **INCLUDED** because the certification occurred after the provision's effective date **AND** because the case was certified outside (after) the hold harmless period.
4. The 12-month certification period begins in June, which is in the variance exclusion period. Based upon information contained on the monthly report, the worker incorrectly applies the provision in September, which is after the hold harmless period. If the case is reviewed after the misapplication of the provision, the variance is **INCLUDED** because the provision was incorrectly applied outside of the variance exclusion period.

5. The 12-month certification period begins in February, and the worker incorrectly applies the provision in September. The variance is INCLUDED (even though the certification period started before the provision's effective date) because the misapplication of the provision occurs outside of the hold harmless period.

NOTE: In examples 4 and 5 above, if the worker fails to act on the reported change, the variance is EXCLUDED because implementation is not required until the next recertification.

CODING OF EXCLUDED VARIANCES

When the variance is excluded because of the hold harmless period, code the case as a correct case and note in the appropriate class comments that there is a variance which is excluded because of the hold harmless period.

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