

FINDING OF EMERGENCY

These regulations are being implemented on an emergency basis for the immediate preservation of the public peace, health and safety, or general welfare, within the meaning of Government Code Section 11346.1.

DESCRIPTION OF SPECIFIC FACTS WHICH CONSTITUTE THE EMERGENCY

1. Assembly Bill (AB) 444, (Chapter 1022, Statutes of 2002) mandated implementation of Quarterly Reporting/Prospective Budgeting (QR/PB) for both the California Work Opportunity and Responsibility to Kids (CalWORKs) and the Food Stamp Programs. Section 70 in AB 444 relates to QR/PB becoming operative only as provided in a declaration of the Director of the California Department of Social Services (CDSS) that federal Food Stamp Program waivers had been granted and specifying a date upon which counties shall implement QR/PB. Food Stamp waiver approval was received from the Food and Nutrition Service on April 1, 2003 and the Director of CDSS has declared statewide implementation of QR/PB to begin on July 1, 2004.
2. Section 71 of AB 444 states that CDSS had until January 1, 2004 to implement QR/PB through an All-County Letter (ACL) or similar instructions from the Director, developed in consultation with the County Welfare Directors Association, the Western Center on Law and Poverty, and other interested stakeholders as determined by the Department. ACL 03-18 was issued to counties on April 29, 2003. Its development was contingent upon meetings with all stakeholders.
3. Section 71(b) of AB 444 requires CDSS to adopt emergency regulations as otherwise necessary to implement QR/PB provisions no later than January 1, 2004. The section further states that the initial adoption of emergency regulations and one readoption of the initial regulations must be deemed to be an emergency and necessary for immediate preservation of the public peace, health and safety, or general welfare.
4. AB 1402, (Chapter 398, Statutes of 2003), Section 71 extended implementation of QR/PB to July 1, 2004 and again provided emergency status for implementation of the statutes in AB 444.
5. The nonemergency rulemaking process set forth in the Administrative Procedures Act is sufficiently lengthy that it is not possible to implement regulation changes on an immediate basis as necessary to protect the health and safety of applicants and recipients of the CalWORKs and Food Stamp Programs.
6. These regulation changes simplify recipient income and eligibility reporting from a monthly report system to a quarterly report system with limited required reporting between quarterly reports. It provides counties with a new tool to establish eligibility for benefits on a quarterly basis and reduces much of the administrative time needed to process reporting forms now done on a monthly basis. QR/PB applies to all CalWORKs cases and food stamp

households with the exception of existing nonmonthly reporting households in the Food Stamp Program. Nonmonthly reporting food stamp households will continue to follow existing change reporting rules and are not mandated to submit QR reports.

INFORMATIVE DIGEST

Assembly Bill (AB) 444, (Chapter 1022, Statutes of 2002) mandated implementation of Quarterly Reporting/Prospective Budgeting (QR/PB) for both the California Work Opportunity and Responsibility to Kids (CalWORKs) and the Food Stamp Programs. This bill added Sections 11265.1, .2, .3, and 18910 to the Welfare and Institutions Code to mandate implementation of QR/PB in California. AB 1403, (Chapter 398, Statutes of 2003) amended Welfare and Institutions Code Section 11265.3 to further clarify averaging of income over the QR Payment Period.

Through authority provided by the above additions to the Welfare and Institutions Code, the QR/PB program contains the following features:

- 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 as mandatory mid-quarter reports). For the CalWORKs program, these include reporting income that exceeds a specified amount known as the Income Reporting Threshold (IRT), drug felony convictions, fleeing felon status, parole/probation violations and address changes. For the Food Stamp Program, recipients will only be required to report address changes in mid-quarter. Certain nonassistance food stamp recipients will also be required to report changes in work hours that could affect eligibility. However, the Food Stamp Program will review household eligibility when an IRT is reported in the CalWORKs program.
- 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, a mandatory recipient mid-quarter report results in a decrease or discontinuance of benefits, an individual or household requests discontinuance, or a county-initiated action results in decreased benefits.
- Benefits are not decreased or discontinued during the quarter except under the limited circumstances as stated above.

COST ESTIMATE

1. Costs or Savings to State Agencies: Expenditures of approximately \$8,515,000 in the current State Fiscal Year. Savings of \$10,398,000 in State Fiscal Year 2004-05.
2. Costs to Local Agencies or School Districts: None.
3. Nondiscretionary Costs or Savings to Local Agencies: Expenditures of approximately \$2,340,000 in the current State Fiscal Year. Savings of \$4,816,000 in State Fiscal Year 2004-05.
4. Federal Funding to State Agencies: Expenditures of approximately \$10,461,000 in the current State Fiscal Year. Savings of \$16,054,000 in State Fiscal Year 2004-05.

LOCAL MANDATE STATEMENT

These regulations impose a mandate upon county welfare departments but not on school districts. There are no state-mandated local costs in these regulations which require state reimbursement under Section 17500 et seq. of the Government Code. If the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars, reimbursement shall be made from the State Mandates Claims Fund. It is anticipated that overall savings to the General Fund will occur as a result of implementation of these regulations.

AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553 and 10554, Welfare and Institutions Code. Subject regulations implement and make specific Sections 11265.1, .2, .3, and 18910 as added to Welfare and Institutions Code by AB 444, (Chapter 1022, Statutes of 2002), AB 692 (Chapter 1024, Statutes of 2002), and Welfare and Institutions Code Section 11265.3 as amended by AB 1402 (Chapter 398, Statutes of 2003).