

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 25, 2005

Regulation Package #0704-04

CDSS MANUAL LETTER NO. FS-05-02

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

Regulation Package #0704-04**Effective 7/1/05****Sections 63-103.2, 63-300.5, 63-402.229, 65-509(b) and (c), and 63-801.737(QR)**

This manual letter has been posted on the Office of Regulations Development website at http://www.dss.cahwnet.gov/ord/FoodStamps_618.htm.

These regulations implement the provisions of Assembly Bill (AB 1796) which made changes to Welfare and Institutions Code Section 18901.3 by extending food stamp benefits to individuals convicted of felony drug offenses for the use or possession of a controlled substance(s). Current federal law prohibits extending food stamp benefits to individuals convicted of felony drug offenses unless the state opts out of this prohibition by passing a state law. The purpose of AB 1796 is to opt out of the federal prohibition, and modify the federal ban.

Upon implementation, the mandatory changes to the Food Stamp Program extend food stamp eligibility to individuals convicted of felony drug offenses for the use or possession of a controlled substance. Individuals convicted of felony drug offenses for unlawfully transporting, importing, selling, furnishing, administering, giving away, possessing for sale, purchasing for purposes of sale, or manufacturing a controlled substance shall continue to be ineligible for food stamp assistance.

These regulations were adopted on an emergency basis effective July 1, 2005, and will be considered at the August 17, 2005, public hearing.

FILING INSTRUCTIONS

All new revisions are indicated by a vertical line in the left margin. Revisions shown in graphic screen will continue to be shown in that manner until new revisions are done to those pages. The attached pages are to be entered in your copy of the Manual of Policies and Procedures. The latest prior manual letter containing Food Stamp Manual changes was FS-05-01.

<u>Page(s)</u>	<u>Replace(s)</u>
69.1 and 69.2	Pages 69.1 and 69.2
69.9 and 69.10	Pages 69.9 and 69.10
69.15 and 69.16	Pages 69.15 and 69.16
114 through 117	Pages 114 through 117
124 and 124.1	Pages 124 and 124.1
156 through 159	Pages 156 through 159
167 and 168	Pages 167 and 168
296 and 297	Pages 296 and 297

315.1 and 315.2
Page(s)

Pages 315.1 and 315.2
Replace(s)

376.37 and 376.38
376.51 and 376.52
454 and 454.1
458 and 459

Pages 376.37 and 376.38
Pages 376.51 and 376.52
Pages 454 and 454.1
Pages 458 and 459

Attachments

SK

63-103 DEFINITIONS--FORMS**63-103****HANDBOOK BEGINS HERE**

- .1 This section lists and defines those forms which are used in the Food Stamp Program and referenced in regulations. Forms which are recommended for use, but are not required, are included as Handbook.
- .11 Forms are listed alphabetically by the alpha form designation and number.
- .12 The revision date of the form currently in use is specified for each form.
- .13 The alpha form designations mean the following:
- a. "CA" means Children's Assistance.
 - b. "DFA" means Division of Financial Administration.
 - c. "FNS" means Food and Nutrition Service.
 - d. "FS" means Food Stamps.
 - e. "I" or "INS" means Immigration and Naturalization Services.
 - f. "JA" means joint application.
 - g. "MC" means Medi-Cal.
 - h. "NA" means Notice of Action.
 - i. "SAWS" means Statewide Automated Welfare System.
 - j. "SSA" means Social Security Administration.
- .14 For further information regarding Food Stamp forms and form instructions, see Handbook Section 63-1200.

HANDBOOK ENDS HERE

- .2 Forms Listing
- a. Reserved
 - b. Reserved

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- c. (1) Section 63-103.2c.(1)(MR) shall become inoperative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) CA 7 (rev. 1/93) - Monthly Eligibility Report

The CA 7 is used to report information on a monthly basis by monthly reporting households, to determine the household's continuing eligibility and level of benefits.

- (2) CA 8 (rev. 2/84) - Statement of Facts for Additional Persons

The CA 8 is used to collect information necessary to determine the household's eligibility when adding a person.

- d. (1) DFA 256 (rev. 11/90) - Participation and Coupon Issuance Report - Food Stamp Program

The DFA 256 is used to collect CWD participation and coupon issuance data.

- (2) DFA 285-A1 (rev. 7/90) - Application for Food Stamps - Part (1)

The DFA 285-A1 is completed by applicants and is used to identify households entitled to expedited service.

- (3) DFA 285-A2 (rev. 12/04) - Application for Food Stamps - Part (2)

The DFA 285-A2 is completed by applicants and is used to collect the information necessary to determine an applicant's eligibility and benefit level.

- (4) Section 63-103.2d.(4)(MR) shall become inoperative and Section 63-103.2d.(4)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) DFA 285-A3 (rev. 4/93) - Important Facts for Food Stamp Applicants

The DFA 285-A3 is used to inform food stamp applicants of their rights and responsibilities and to certify that applicants understand those rights and responsibilities and the penalties for noncompliance.

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(Continued)

- (6) FNS-254 (rev. 1/82) - Food Stamp Program Authorization/Retailer
The FNS-254 is used to authorize a group living arrangement as a retail food store.
- (7) FNS-259 (rev. 5/83) - Food Stamp Mail Issuance Report
The FNS-259 is used to report data on mail issuance activities.
- (8) FNS-260 (rev. 1/82) - Requisition for Food Coupon Books
The FNS-260 is used to order coupons.
- (9) FNS-261 (rev. 11/78) - Advice of Shipment
The FNS-261 is used by FNS to notify CWDs of the shipment of coupons.
- (10) FNS-292 (rev. 8/77) - Report of Coupon Issuance and Commodity Distribution for Disaster Relief
The FNS-292 is used to report the total number of persons certified for emergency coupon allotments and the total number of such allotments.
- (11) FNS-300 (rev. 2/90) - Advice of Transfer
The FNS-300 is used to report coupon transfers.
- (12) FNS-471 (rev. 4/86) - Coupon Account and Destruction Report
The FNS-471 is used to report the destruction of food coupons.
- (13) FS 8 (rev. 4/90) - Important Information About Required Verifications in the Food Stamp Program
The FS 8 is used to provide applicant/recipient households with information on verification requirements in the Food Stamp Program.

63-103	DEFINITIONS--FORMS (Continued)	63-103
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(14) Section 63-103.2f.(14)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) FS 22 QR (rev. 12/04) - Applying for Food Stamp Benefits

An FS 22 QR is a required form, but substitutes are permitted if the CWD obtains prior approval. The form is used to reflect the change to QR for most food stamp households. This form is used for all NAFS households.

(15) Section 63-103.2f.(15)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) FS 23 QR (rev. 3/05) - How to Report Household Changes

An FS 23 QR is a required form, but substitutes are permitted if the CWD obtains prior approval. The FS 23 QR informs about reporting requirements for the Food Stamp Program, which include reporting changes on the QR 7, mandatory mid-quarter reports and voluntary mid-quarter reports.

(16) FS 26 (3/05) – Food Stamp Program Qualifying Drug Felon Addendum

An FS 26 is a required form, no substitutes are permitted. The FS 26 is provided to the household for completion to determine the food stamp eligibility of the drug felon. The FS 26 is used when adding a household member not included on the DFA 285A2, or when additional information is needed on a drug related felony conviction.

g. Reserved

h. Reserved

i. (1) INS I-688 (any rev. date acceptable) - Temporary Resident Card; INS I-688A - Employment Authorization Card; and INS I-688B - Employment Authorization Document.

The INS I-688, INS I-688A, and INS I-688B are used for the verification of alien status as specified in Section 63-300.51(b)(3)(A).

(2) INS G-639 (rev. 1/88) - Freedom of Information/Privacy Act Request

The INS G-639 is used for the verification of alien status.

(3) INS I-94 (any rev. date acceptable) - Arrival-Departure Record

The INS I-94 is used to reflect short-term employment authorization in special circumstances.

63-103 DEFINITIONS--FORMS **63-103**
(Continued)

(QR) (11) QR 377.4 (rev. 1/04) - Food Stamp Notice of Change For Quarterly Reporting Household

The QR 377.4 is a CDSS-required form, and no substitutes are permitted. This form is used to inform QR households of changes, suspensions, and termination of benefits.

(QR) (12) DFA 377.5 QR (rev. 2/04) - Food Stamp Household Change Report

The DFA 377.5 is used to report information on changes in household circumstances by households not subject to QR requirements.

r. Reserved

s. (1) SAWS 1 CA1/DFA 285-A1 (rev. 9/90) - Application for Cash Aid, Food Stamps, and/or Medical Assistance

The SAWS 1 CA1/DFA 285-A1 is completed by applicants and is used to identify households entitled to expedited service. This form is comparable to the DFA 285-A1.

(2) Section 63-103.2s.(2)(MR) shall become inoperative and Section 63-103.2s.(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) SAWS 2A CA2/DFA 285-A2/MC210 (rev. 5/92) - Important Information for Applicants and Recipients for Cash Aid, Food Stamps, and Medical Assistance

The SAWS 2A CA 2/DFA 285-A2/MC210 is used to inform applicants for cash aid, food stamps, and medical assistance of important information, including their rights and responsibilities.

(QR) SAWS 2A QR (rev. 8/03) - Rights, Responsibilities and Other Important Information

SAWS 2A QR is a CDSS-required form, and no substitutes are permitted. The form is used to inform applicants for cash aid, food stamps, and medical assistance of important information, including their rights and responsibilities.

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- (3) SSA-2853-OP3 (rev. 6/89) - Information About When You Will Receive Your Baby's Social Security Card

The SSA-2853-OP3 is used to verify that an application for a Social Security Number has been filed by a hospital official for a newborn.

- (4) SSA-5028 (any rev. date acceptable) - Receipt of Application for a Social Security Number

The SSA-5028 is used to verify that an application for a Social Security Number has been completed.

- t. (1) Section 63-102.2t.(1)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

- (QR) TEMP QR 1 (rev. 8/03) - New Reporting Requirements for CalWORKs and Food Stamp Recipients

TEMP QR 1 is a CDSS-required form, and no substitutes are permitted. The form serves as an informing notice sent to recipients on a monthly basis for a period of three months before, and three months after, implementation of QR. The TEMP QR 1 should also be provided to applicants who apply for benefits during this phase. The TEMP QR 1 explains the change from monthly reporting to QR.

- u. Reserved
- v. Reserved
- w. Reserved
- x. Reserved
- y. Reserved
- z. Reserved

NOTE: Authority cited: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 273.2(b)(ii), (e) and (f); U.S.D.A. Food and Consumer Services Administrative Notice No. 94-22, dated January 7, 1994, Federal Register, Vol. 66, No. 229, dated November 28, 2001; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

63-300 APPLICATION PROCESS (Continued)**63-300****(10) Child Support Obligation and Actual Payments**

- (A) The household's legal obligation to pay child support, the amount of the obligation, and the monthly amount of child support the household actually pays, shall be verified. The household is responsible for providing verification.
- (B) Households that fail or refuse to cooperate by supplying the necessary verifications shall have their eligibility and benefit level determined without a child support deduction.
- (C) Once the verification is accomplished, the circumstances need not be reverified unless there is a change in the legal obligation or increase in the amount of the payment.

(11) Conditions of Eligibility for Drug Felons

Individuals convicted in a state or federal court of a felony that has as an element the possession or use of a controlled substance (not a disqualifying felony specified in MPP Section 63-402.229) shall, as a condition of eligibility, provide proof of one of the following in (A) through (E) below. When such proof is not available, the CWD shall accept self-certification under penalty of perjury as proof.

- (A) Completion of a government-recognized drug treatment program.
- (B) Participation in a government-recognized drug treatment program.
- (C) Enrollment in a government-recognized drug treatment program.
- (D) Placement on a waiting list for a government-recognized drug treatment program.
- (E) Other evidence that the illegal use of controlled substances has ceased.

The applicant must state what the other evidence is and provide proof. The applicant must also certify under penalty of perjury that their illegal use of controlled substances has ceased. The CWD shall consider the evidence and must clearly document the reasons upon which denial or approval of benefits is made.

63-300 APPLICATION PROCESS (Continued)

63-300

(12) Government-Recognized Drug Treatment Program

The term "government-recognized drug treatment program" is a program licensed, certified, or funded by a government entity, or a program in which a government or court entity has directed the applicant to participate. Sober Living Environment group living facilities emphasizing "Clean and Sober" living shall also be considered government-recognized programs. Living in a government-recognized drug treatment program shall be considered proof that an individual has ceased the illegal use of controlled substances.

(f) Optional Verifications

The CWD may elect on a countywide basis to mandate verification of one or more of the items in Sections 63-300.5(f)(1), .5(f)(2), .5(f)(3), and .5(f)(4)(A) and (B). However, if the CWD does not choose to mandate verification of any particular item, that item must be verified if it is questionable, as defined in Section 63-300.5(g). For households subject to monthly reporting requirements, as specified in Section 63-505.2, only Sections 63-300.5(f)(2), .5(f)(3), and .5(f)(4)(A) and (B) shall remain optional. If the CWD elects to mandate verification of any or all of the items in Sections 63-300.5(f)(1), .5(f)(2), .523(f)(3), and .5(f)(4)(A) and (B), the CWD shall do so as specified in Section 63-504.31.

(1) Dependent Care Costs

For those households not subject to monthly reporting requirements which are claiming dependent care costs, as specified in Section 63-502.34, the EW may verify the actual amount of cost incurred if allowing the expense could potentially result in a deduction. Once this verification has been accomplished, the EW shall not reverify this expense unless the provider has changed, the amount has changed and the change could potentially affect the amount of the deduction, or unless questionable as defined in Section 63-300.5(g).

(2) Liquid Resources and Loans

The county welfare department may verify liquid resources and whether monies received by households are loans. When verifying whether income is exempt as a loan, a legally binding agreement is not required. A simple statement signed by both parties which indicates that the payment is a loan and must be repaid shall be sufficient verification. However, if the household receives payments on a recurrent or regular basis from the same source but claims the payments are loans, the county welfare department may also require that the provider of the loan sign an affidavit which states that repayments are being made or that payments will be made in accordance with an established repayment schedule.

63-300	APPLICATION PROCESS (Continued)	63-300
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(3) Household Size

The size of the household may be verified. All other factors involving household composition shall be verified only if questionable in accordance with Sections 63-300.5(g)(1) and 63-301.72. Verification of household size shall be accomplished through a collateral contact or readily available documentary evidence. Examples of acceptable documentary evidence include, but are not limited to:

- school records
- census records,
- marriage records, or
- any documents which establish identity such as those examples listed in Section 63-300.51(c).

Any documents which reasonably establish household size must be accepted and no requirement for a specific type of document may be imposed.

(4) Shelter Costs

- (A) CWD may elect to verify shelter costs at application, with the exception of actual utility expenses, which shall be verified as specified in Section 63-300.5(e)(6).
- (B) CWD may elect to verify any change of shelter costs during the certification period and at recertification.

(g) Verification of Questionable Information

With the exception of those items contained in Sections 63-300.5(f)(1), 63-300.5(f)(2), and .5(f)(3) which the CWD has opted to verify, the county welfare department shall verify all other factors of eligibility prior to certification only if they are questionable as defined in this section and affect a household's eligibility or benefit level. If the CWD has not mandated verification of those items in Sections 63-300.5(f)(1), and .5(f)(2) those items shall also be verified only if questionable. To be considered questionable, the information on the application must be inconsistent with statements made by the applicant, inconsistent with other information on the application or previous applications, or inconsistent with information received by the county welfare department. When determining if information is questionable, the county welfare department shall base the decision on the household's individual circumstances. A household's report of expenses which exceed its income prior to deductions may be grounds for a determination that further verification is required. In some instances, a household's report of no income prior to deductions, while still managing its financial affairs could also justify the need for additional verification.

63-300 APPLICATION PROCESS (Continued)

63-300

However, these circumstances shall not, in and of themselves, be grounds for a denial. The eligibility worker shall instead explore with the household how it is managing its finances, whether the household receives excluded income or has resources, and how long the household has managed under these circumstances. Procedures described below shall apply when information concerning one of the following eligibility requirements is questionable:

(1) Household Composition

The eligibility worker shall verify any factors affecting the composition of a household if questionable.

(A) Individuals who claim to be a separate household from those with whom they reside shall be responsible for proving that they are a separate household.

(B) Individuals described in Section 63-402.15, who claim to be a separate household from those with whom they reside based on the various age and disability factors for determining separateness shall be handled as specified in Section 63-300.5(e)(9)(F).

(2) Citizenship

(A) When a household's statement is questionable that one or more of its members are U.S. citizens, the household shall be asked to provide acceptable verification. Acceptable forms of verification include birth certificates, religious records, certificates of citizenship or naturalization provided by INS, such as the INS I-179 or the INS 551 or U.S. passports. Participation in the AFDC program shall also be considered acceptable verification if verification of citizenship was obtained for that member(s). If the above forms of verification cannot be obtained, the CWD shall accept a signed statement from someone who is a U.S. citizen which declares, under penalty of perjury, that the member in question is a U.S. citizen. The signed statement shall contain a warning of the penalties for helping someone commit intentional Program violation.

(B) The member whose citizenship is in question shall be ineligible to participate until proof of U.S. citizenship is obtained. The member whose citizenship is in question shall have his/her income and resources treated as available to the household in accordance with Section 63-503.442.

63-300 APPLICATION PROCESS (Continued)**63-300****.6 Receipt of Verification/Documentation**

Upon request, CWDs shall provide a written receipt to any applicant or recipient who hand delivers documents that have been requested by the CWD. Receipts shall only be provided for documents which have been delivered in person to a CWD employee other than the applicant's or recipient's regularly assigned caseworker and to the location in which or through which the caseworker and to the location in which or through which the caseworker conducts his or her business. (Only one receipt is required for monthly income reports and their supporting documents.)

.61 Notice of Right to a Receipt

CWDs shall post a notice of the applicant's or recipient's right to a receipt in a prominent location and in an area where documents are regularly received.

.62 Exemptions from Receipt Requirements

.621 A CWD which maintains a system of logging hand delivered documents shall be exempt from the requirement to provide a receipt or post notice of right to a receipt.

.622 A CWD which provides receipts for all hand delivered documents without a request by an applicant or recipient shall be exempt from the notice posting requirement.

.623 Section 63-300.623(MR) shall become inoperative and Section 63-300.623(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) A CWD which receives monthly income reports and other requested documents which have been mailed by the applicant or recipient shall not be subject to the requirements in this section.

(QR) A CWD which receives quarterly income/eligibility reports and other requested documents which have been mailed by the applicant or recipient shall not be subject to the requirements in this section.

63-300 APPLICATION PROCESS (Continued)**63-300**

NOTE: Authority cited: Sections 10554, 11265.1, .2 and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11023.5, 11265.1, .2, and .3, 11348.5, 18901.3, 18901.10, 18904, 18910, and 18932, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 273.2(b)(ii), (c)(2)(i) and (ii), (c)(3), (c)(5), (e)(1), (e)(2), (e)(3), (f)(1)(i)(C), (ii)(B)(1), (2), (3), and (C), and (iii)(h)(1)(i)(D), and proposed (f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(3), (f)(3)(ii), (f)(8), (h), (h)(1)(i)(D), and (j)(1); 7 CFR 273.4(a)(2) and (10) and (c)(2); 7 CFR 273.7(i)(4) and (j)(1); 7 CFR 273.12(c) and (c)(3); 7 CFR 273.14(b)(3)(i), (iii) and (b)(4) and (e); 7 CFR 273.21(h)(2)(iv), (i), and (j)(3)(iii)(B); USDA Food and Nutrition Service Office, Western Region, Administrative Notice 84-56, Indexed Policy Memo 84-23; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver dated April 1, 2003; 7 U.S.C.A. 2020(e)(2); Americans with Disabilities Act (ADA), Public Law (P.L.) 101-336, 1990; U.S.D.A., Food and Consumer Services, Administrative Notice No. 94-22, dated January 7, 1994; Chapter 306, Statutes of 1988, and AB 1371, Chapter 306, Statutes of 1995; Blanco v. Anderson Court Order, United States District Court, Eastern District of California, No. CIV-S-93-859 WBS, JFM, dated January 3, 1995, and Federal Register, Vol. 66, No. 229, dated November 28, 2001.

63-402 HOUSEHOLD CONCEPT (Continued)**63-402****.225 Workfare Sanctioned**

Individuals sanctioned by a CWD while a participating member of a household disqualified for failure to comply with the requirements of the CWD's Workfare Program operated in accordance with Section 63-407.91.

.226 SSI/SSP Recipients

No person receiving Supplemental Security Income/State Supplementary Program (SSI/SSP) payments is eligible to receive food stamp benefits. Under the provisions of PL 95-458: 1) most California SSI/SSP recipients receive as part of their SSI/SSP benefit a cash amount in lieu of food stamp benefits; 2) all SSI/SSP recipients in California are ineligible to receive food stamps. A person must actually receive, not merely have applied for, SSI/SSP benefits to be determined ineligible for the Food Stamp Program. If the CWD provides payments at least equal to the level of SSI/SSP benefits to persons who have been determined eligible for SSI/SSP awaiting receipt of SSI/SSP benefits, receipt of these substitute payments will terminate Food Stamp Program eligibility. Once receiving SSI/SSP benefits, the person will remain ineligible for food stamp benefits until actually terminated from the SSI/SSP Program; periods of nonreceipt or suspension of SSI/SSP payments do not restore food stamp eligibility.

.227 Ineligible Students

Persons enrolled in an institution of higher education who are ineligible because they fail to meet the eligibility criteria set forth in Section 63-406.2.

.228 Work Requirements Disqualified

Individuals disqualified for noncompliance with the work requirements of Section 63-407.4.

.229 Convicted Drug Felon

An individual who has been convicted in a state or federal court of a felony that has as an element, the distribution of a controlled substance or other disqualifying conviction consisting of any of the elements listed in Section 63-402.229(a) or (b). The conviction must be for conduct occurring after August 22, 1996. Controlled substance is defined in Section 102(6) of the Controlled Substances Act [21 U.S.C. Section 802(6)].

- (a) Unlawfully transporting, importing into this state, selling, furnishing, administering, giving away, possession for sale, purchasing for purposes of sale, manufacturing a controlled substance, possessing precursors with the intent to manufacture a controlled substance, or cultivating, harvesting, or processing marijuana or any part thereof pursuant to Section 11358 of the Health and Safety Code.

63-402 HOUSEHOLD CONCEPT (Continued)**63-402**

- (b) Unlawfully soliciting, inducing, encouraging, or intimidating a minor to participate in any activity in Section 63-402.229(a).

HANDBOOK BEGINS HERE

- (c) The term “convicted” also includes a plea of guilty or nolo contendere.

HANDBOOK ENDS HERE

.3 Boarders

- .31 For Food Stamp Program purposes, boarders are defined as either, foster children as specified in Section 63-402.322, or individuals or groups of individuals residing with the household and paying reasonable compensation to the household for lodging and meals, excluding residents of a commercial boarding house. A reasonable monthly payment shall be either of the following:
- .311 Where board arrangement is for more than two meals a day a boarder shall pay an amount which equals or exceeds the monthly coupon allotment at zero net income for the appropriate number of boarders, as specified in the Tables of Coupon Issuance, Handbook Section 63-1101, or;
- .312 Where board arrangements is for two meals or less per day a boarder shall pay an amount which equals or exceeds the two-thirds of the monthly coupon allotment at zero income for the appropriate number of boarders, as specified in the Tables of Coupon Issuance, Handbook Section 63-1101.
- .32 Boarders are ineligible to participate in the Food Stamp Program independent of the household providing the board. The household with which the boarder resides (including the household of the proprietor of a boarding house) may participate in the Program, if the household meets all the eligibility requirements for Program participation. A boarder may participate as a member of the household at the household’s request. If an applicant household identifies any individual in the household as a boarder, the following provision applies:
- .321 Such individual shall not be considered a member of a participant or applicant household, nor shall the income and resources of boarders be considered available to such households. However, the amount of payment that a boarder gives to a household for lodging and meals shall be treated as self-employment income to the household. The procedures for handling self-employment income from boarders (other than such income received by a household that owns and operates a commercial boarding house) are specified in 63-503.42. The procedures for handling income from boarders by a household that owns and operates a commercial boarding house are as specified in 63-503.41.
- .322 Foster children placed by a federal, state, or local foster care program, in the home of relatives or other individuals or families shall be considered boarders.

63-402 HOUSEHOLD CONCEPT (Continued) 63-402

- (a) The federal, state, or local governmental, or court-ordered, foster care payments received by the household for a foster care boarder shall not be considered income to the household.
 - (b) Foster care boarders may participate in the Food Stamp Program as members of the household providing boarder services, at the household's request. If the household chooses this option, foster care payments received by the household shall be considered unearned income to the household and counted in their entirety in determining the household's income eligibility and benefit level.
- .33 Except for residents of a commercial boarding house and foster children as specified in Section 63-402.322, an individual furnished both meals and lodging by the household, but paying compensation of less than a reasonable amount, is considered a member of the household which provides the meals and lodging.
- .331 When payments for the room are distinguishable from payments for the meals, only the amount paid for meals will be evaluated to determine if reasonable compensation is being paid for meals. The reasonable monthly payment for meals shall be paid in cash.
- .332 When payments for the room are indistinguishable from payments for meals, the amount to be considered as payment for the meals will be:
- (a) The total payment, if the total payment is equal to, or less than the monthly coupon allotment at zero net income for the appropriate number of boarders, or
 - (b) That portion of the total payment that is equal to the monthly coupon allotment at zero net income for the appropriate number of boarders.
- .34 The following persons shall not be considered boarders:
- .341 Children under 18 years of age, except foster children, as specified in Section 63-402.322 under parental control, as defined in Section 63-102p., of a member of the household,
 - .342 parents living with their natural, adopted, or step children or children living with their natural, adopted, or step parents, even if one of the parents is elderly or disabled,
 - .343 a spouse of a member of the household,
 - .344 Siblings living with their natural, adopted, half or step brothers and sisters, even if one of the siblings is elderly or disabled, except foster child(ren) as specified in Section 63-402.322.

63-402 HOUSEHOLD CONCEPT (Continued)**63-402****.4 Residents of Institutions**

Individuals shall be considered residents of an institution when the institution provides them with the majority of their meals as part of the institution's normal services. Residents of institutions are not eligible for participation in the Food Stamp Program. As commercial boarding houses fall under this category, residents of commercial boarding houses are not eligible for participation in the Food Stamp Program. The following individuals shall not be considered as residents of institutions:

- .41 Residents of any federally subsidized housing for the elderly.
- .42 Narcotic addicts or alcoholics who, for the purpose of regular participation in a drug or alcohol treatment and rehabilitation program, reside at a treatment center. An individual must be a resident of the center and participating in the treatment or rehabilitation program to qualify for the Food Stamp Program as outlined in Section 63-503.47. In addition, children of narcotic addicts or alcoholics, residing in centers providing meals, shall qualify for the Food Stamp Program as specified in Section 63-503.47.
 - .421 If the spouse and/or family members (other than the children of the narcotic addict or alcoholic) reside at the treatment or rehabilitation center, but do not receive treatment and the center customarily provides meals for residents, the spouse and/or family members are residents of an institution and are not eligible for food stamp benefits. If the treatment or rehabilitation center does not provide meals to the spouse and/or family members residing at the center, the spouse and/or family members are roomers and may participate in the Food Stamp Program as separate households if otherwise eligible as specified in Section 63-402.2.
- .43 Disabled or blind individuals who are residents of group living arrangements as defined in Section 63-102g. and who receive benefits under Title II of the Social Security Act.
- .44 A woman or woman with children temporarily residing in those shelters for battered women and children that provide meals shall be considered individual households for purposes of applying for and participating in the Food Stamp Program.
- .45 Residents of foster family settings shall be considered as members of the household providing foster care. For the purpose of this section, foster family settings shall include any facility licensed to provide foster care. However, residents of CDSS licensed group homes are only eligible if they qualify under Section 63-402.43.
- .46 Residents of public or private nonprofit shelters for homeless persons.

63-402	HOUSEHOLD CONCEPT (Continued)	63-402
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- .82 Households with striking members shall be ineligible to participate in the Food Stamp Program unless the household was eligible one day prior to involvement in the strike action and on the date of application. The CWD shall perform two separate eligibility determinations.
 - .821 To determine pre-strike eligibility, consider the day prior to the member's involvement in the strike as the day of interview and assume the strike did not occur.
 - .822 To determine eligibility, compare the striking member's income before the strike to the striker's income which can be anticipated with reasonable certainty during the strike, (e.g., income from the receipt of strike benefits or temporary employment during the strike). The higher of the two amounts shall be added to the income of nonstriking members during the month of application.
 - .823 To determine benefits, deductions shall be calculated for the month of application as for any household. Whether the striker's prestrike income or income during the strike is used, the earned income deduction shall be allowed if applicable. Benefit level of an eligible striker household is based on current circumstance except for income as specified above.
- .83 CWDs shall use the method as specified in Section 63-402.82 in determining benefits and eligibility for continuing households when a member becomes involved in a strike. Such a household shall not receive an increased allotment as the result of a decrease in the income of the striking member(s) of the household.
- .84 The household's income immediately prior to the involvement in the strike action at the date of application shall be verified at the time of application. Any anticipated income during the strike shall also be accounted for at this time. It is the responsibility of the household to provide the CWD with verification of such income for the purpose of determining eligibility and benefit levels in accordance with Section 63-300.5.
- .85 Strikers shall be subject to the work registration requirements unless exempt under Section 63-407.2.

NOTE: Authority cited: Sections 10554 18901.3, and 18904, Welfare and Institutions Code. Reference: Sections 10554, 11251.3, 11486.5, 18901.3, and 18904, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 273.1(a)(1) through (a)(2)(ii) through (b)(2)(iii), (c), (c)(1) and (6), (d)(1) and (2), (e)(1), and (g); 7 CFR 273.2(j)(4); 7 CFR 273.9(b)(2)(ii); 7 CFR 273.10(c)(1)(i); 7 CFR 273.11, .11(b)(1) and (f); 7 CFR 274.5; and 7 CFR 274.10; Public Law (P.L.) 100-77, Section 802; P.L. 103-66; USDA Food and Nutrition Service (FNS), Administrative Notice (AN) 89-65; AN 94-39; AN 98-43; USDA FNS Policy Memo 89-11 and 89-12; 7 U.S.C. 2015(d)(1), P.L. 104-193, Sections 115, 803, 815, and 821 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); and the Balanced Budget Act of 1977 (Sections 5516 and 5518).

63-403 CALIFORNIA FOOD ASSISTANCE PROGRAM (CFAP)**63-403****.1 Noncitizen Eligibility**

Certain legal noncitizens of the United States (U.S.) shall be eligible for CFAP if they are not eligible for federal Food Stamp (FS) benefits, based solely on their immigration status under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 as amended by the Food Stamp Reauthorization Act of 2002. Legal presence can be verified through INS at application [i.e. Systematic Alien Verification for Entitlements (SAVE) System]. Legal noncitizens whose time limit has expired for the federal program but would otherwise remain eligible for federal benefits are eligible for CFAP.

.2 Application of Existing Regulations

Current federal FSP regulations contained in the State FSP Manual (Division 63 of the CDSS Manual of Policies and Procedures) will apply to the CFAP and its participants unless otherwise stated. For CFAP recipients who do not meet exemptions from deeming, the period for deeming of a sponsor's income and resources shall be three years from the date of the sponsor's execution of the 213a affidavit of support. Victims of abuse by their sponsor or sponsor's spouse shall be exempt from deeming.

.3 CFAP work requirements are provided in Section 63-411.**.4 Combined Households**

For CFAP purposes, combined households are those which contain participants of the federal FSP and CFAP. No household shall receive more food stamp benefits under CFAP than it would have received if all members had remained eligible for the federal FSP.

NOTE: Authority cited: Sections 10553, 10554, and 18904, Welfare and Institutions Code. Reference: Sections 11320.3, 11495.12, 18930 through 18934, Welfare and Institutions Code (as amended by AB 1111, Chapter 147, Statutes of 1999 and AB 429, Chapter 111, Statutes of 2001); 7 CFR 273.4; Federal Register, Vol. 61, No. 202, dated 10/17/96; Federal Register, Vol. 52, No. 103, dated May 29, 1987; USDA, Food and Consumer Service, Administrative Notice 97-105, dated August 21, 1997; and Section 4401(a) of the Food Stamp Reauthorization Act of 2002, P.L. 170-171 [8USC 1612(a) and 8USC 1613(c)].

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
(Continued)

- .432 Households whose only income for the month of application is from a new source shall be considered destitute and shall be provided expedited service if income of more than \$25 from the new source will not be received by the 10th calendar day after the date of application.
- (a) Income which is normally received on a monthly or more frequent basis shall be considered to be from a new source if income of more than \$25 has not been received from that source within 30 days prior to the date the application was filed.
- (b) If income is normally received less often than monthly, it shall be considered to be from a new source if income of more than \$25 was not received within the last normal interval between payments.
- .433 Households may receive both income from a terminated source prior to the date of application and income from a new source after the date of application, and shall still be considered destitute if income of more than \$25 will not be received by the 10th day after the date of application and no other income will be received in the month of application.
- .434 Destitute households shall have their eligibility and level of benefits calculated for the month of application by considering only income which is received between the first of the month and the date of application. Any income from a new source that is anticipated after the date of application shall be disregarded.
- .435 Some employers provide travel advances to cover the travel costs of new employees who must journey to the location of their new employment. To the extent that these payments are excluded as reimbursements, receipt of travel advances will not affect the determination of when a household is destitute. However, if the travel advance is by written contract an advance on wages that will be subtracted from wages later earned by the employee, rather than a reimbursement, the wage advance shall count as income. In addition, the receipt of a wage advance for the travel cost of a new employee shall not affect the determination of whether subsequent payments from the employer are from a new source of income, nor whether a household shall be considered destitute.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
(Continued)

.436 A household member who changes jobs but continues to work for the same employer shall be considered as still receiving income from the same source. A migrant farmworker's source of income shall be considered to be the grower for whom the migrant is working at a particular point in time, and not the crew chief. A migrant farmworker who travels with the same crew chief but moves from one grower to another shall be considered to have moved from a terminated income source to a new source.

.437 For migrant farmworker households, the above procedures shall apply at initial application and at recertification, but only for the first month of each certification period. At recertification, income from a new source shall be disregarded in the first month of the new certification period if income of more than \$25 will not be received from this new source by the 10th calendar day after the date of the household's normal issuance cycle. For seasonal farmworker households, the above procedures shall only apply to the month of application when the household has a beginning month.

.44 Treatment of Income and Resources of Excluded Members

.441 Household Members Excluded for Conviction of a Disqualifying Drug Felony, IPV Disqualification, Workfare or Work Requirement Sanction, or is a Fleeing Felon and/or a Probation/Parole Violator

During the period of time that a household member is ineligible to participate because of conviction of a disqualifying drug felony, as specified in MPP Section 63-402.229, disqualification for IPV, noncompliance with work requirements as specified in Section 63-407.4, imposition of a sanction while participating as a member of a household disqualified for failure to comply with workfare requirements, or is a fleeing felon and/or a probation/parole violator, the eligibility and benefit level of any remaining household members shall be determined as follows:

(a) Income, Resources, and Deductible Expenses

The income and resources of the excluded household member(s) shall continue to be counted in their entirety, and the entire household's allowable earned income, standard, medical, dependent care, child support as specified in Section 63-502.37, and excess shelter deductions shall continue to apply to the remaining household members.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
(Continued)

(MR) Certified Monthly Reporting Households Applying for Aid in a New County

(QR) Households Losing County Residence

.91 Section 63-503.91(MR) shall become inoperative and Section 63-503.91(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The applications of households which were certified for Food Stamp Program participation in one county or state and which move to another county or this state and apply for benefits without at least a one-month break in certification, shall be treated as initial applications, except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711. Households which have requested and are entitled to expedited service shall have their benefits available in accordance with Section 63-301.531(b).

(QR) The applications of change reporting food stamp households which were certified for Food Stamp Program participation in one county and which move to another county and apply for benefits, shall be treated as initial applications, except they shall continue to be retrospectively budgeted, as specified in Section 63-504.711. Households which have requested and are entitled to expedited service shall have their benefits available in accordance with Section 63-301.531(b).

.911 Section 63-503.911(MR) shall become inoperative and Sections 63-503.911(a) and (b)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Households which were subject to retrospective budgeting in the previous county or state shall continue to be retrospectively budgeted, unless the household is now excluded, as specified in Section 63-505.21.

(QR) (a) For households that are subject to QR/PB and move out of state, benefit shall be terminated mid-quarter.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
(Continued)

(QR) (b) For QR/PB households that move out of county, the CWD shall continue to follow existing rules which require the recipient to be discontinued from the former county of residence and reapply in the new county, except when there is a companion CalWORKs case that is being transferred, the former county will continue to provide benefits until the end of the month in which the CalWORKs case is transferred from the former county in accordance with Section 63-509(c)(2). The new county shall assign a new QR reporting cycle to the household.

.912 The CWD shall assist all households, as specified in Sections 63-103.21(i)(8) and 63-300.55, in obtaining any missing verification which the household had provided to the county or state in which the household was previously certified.

NOTE: Authority cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.1(b)(2)(iii), (c)(3)(i), (ii) and (e)(1)(i) as published in the Federal Register, Volume 59, No. 110 on June 9, 1994; 7 CFR 273.2(j)(4); 7 CFR 273.4(c)(2), (c)(2)(i), (c)(2)(i)(A), (c)(2)(iv), (c)(2)(v), (c)(3)(v), and (e)(1) and (2); 7 CFR 273.9(b)(1)(ii), (b)(2)(ii), and (d)(6)(iii)(F); 7 CFR 273.10; 7 CFR 273.10(a)(1)(iii)(B); 7 CFR 273.10(c)(2)(iii), (c)(3)(ii), proposed amended 7 CFR 273.10(d) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (d)(1)(i), (d)(2), (d)(3), (d)(4), and proposed (d)(8) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and proposed amended 7 CFR 273.10(e)(1)(i)(E-H) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.11(a)(1)(i) through (iii), (a)(2)(i), (b)(1), (b)(1)(i) and (ii), (c), (c)(1), (c)(2), (c)(2)(iii), (c)(3)(ii), (d)(1), and (e)(1); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and (c)(3)(iv); 7 CFR 273.21(f)(2)(ii), (iii), (iv), and (v), (g)(3), (j)(1)(vii)(B), and (S); 7 CFR 273.24(b)(4); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) _____ F. Supp. _____; Waiver Letter WFS-100:FS-10-6-CA, dated October 2, 1990, U.S.D.A., Food and Consumer Services; Administrative Notice No. 89-12, No. 92-23, dated February 20, 1992, No. 94-39, and No. 94-65; Public Law (P.L.) 100-435, Section 351, and P.L. 101-624, Section 1717; [7 United States Code (U.S.C.) 2012, 2014(e), and 2017(c)(2)(B)]; 7 U.S.C. 2015(d)(1); 8 U.S.C. 1631, P.L. 104-193, Sections 115, 815, 821, 827 and 829 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Food Stamp Policy Memos 82-9 dated December 8, 1981, and 88-4 dated November 13, 1987, Federal Register, Vol. 66, No. 229, dated November 28, 2001, USDA FNS AN 03-23, dated May 1, 2003; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

**63-509 INCOME ELIGIBILITY AND BENEFIT CALCULATION
FOR QUARTERLY REPORTING (Continued)****63-509**

- (B) 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 and/or reviewing information in the case file. 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. However, if the household states that his/her future work hours and wages will differ from prior work patterns, the CWD shall not use the prior work patterns to determine the income for the QR Payment Quarter.

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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 food stamp benefit amount for the recipient.

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(b) Mandatory Mid-Quarter Changes to Benefits

Recipients may report mid-quarter changes in writing, verbally or in person to the CWD. If a recipient chooses to verbally report a mid-quarter change, the CWD shall document the report in the case file.

(1) Mandatory Recipient Mid-Quarter Reports

- (A) Recipients are mandated to report the following changes to the CWD within 10 calendar days of the date the change becomes known to the household:
1. For both PAFS and NAFS households, address changes and the accompanying shelter cost changes;
 2. For NAFS cases, any reduction in the number of hours worked to less than 20 hours per week or 80 hours per month for ABAWDs.

63-509	INCOME ELIGIBILITY AND BENEFIT CALCULATION FOR QUARTERLY REPORTING (Continued)	63-509
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(B) Action shall be taken on the food stamp case when the following mandatory CalWORKs changes are reported in the CalWORKs program:

1. Disqualifying drug felony convictions as specified in MPP Section 63-402.229;
2. Fleeing felon status;
3. Violation of conditions of probation or parole;
4. Income exceeds the IRT.

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- a. The CalWORKs IRT level is the greater of 130 percent of the FPL for family size or the level at which a family becomes financially ineligible.
- b. The CalWORKs Program is responsible for informing recipients of their individual IRT levels.
- c. The Food Stamp Program is responsible for monitoring the IRT change reported in the CalWORKs case and acting on the information as discussed in Section 63-212(d).

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(c) Action on Mandatory Recipient Mid-Quarter Reports

(1) Disqualifying Drug Felony Conviction, Fleeing Felon Status, Parole/Probation Violations

Food stamp recipients are not required to report a change in disqualifying drug felon status or fleeing felon status or probation/parole violations mid-quarter. However, if a CalWORKs household reports disqualifying drug felon or fleeing felon status or a parole/probation violation, the CWD shall be required to act on the reported information in the food stamp case. The CWD must discontinue the individual from the PAFS household at the same time CalWORKs discontinues the individual, at the end of the month after 10-day notice can be provided.

**63-509 INCOME ELIGIBILITY AND BENEFIT CALCULATION
FOR QUARTERLY REPORTING (Continued)****63-509**

A 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. A change shall not be made to benefits based on the voluntary report; however, benefits shall be decreased later based on the mid-quarter report. The decrease in benefits shall be based solely on the circumstances resulting from the mandatory report.

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Example 1: The quarter is January/February/March. On January 15, the household reports that the father moved back into the home, and he has a part-time job. In reviewing whether the household would be entitled to an increase as a result of new household member, the CWD determines that earnings from the father's job would result in a decrease to the household's benefits. The CWD is unable to add the father to the 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 household reports that the mother violated conditions of her parole. The CWD must take action to remove the mother from the household effective January 31, because she is ineligible. The CWD decreases benefits to the remaining household members effective February 1. When decreasing February benefits, the CWD may not take action to add the father and his earned income at the same time as discontinuing the mother. The CWD may only take action to add the father and his income at the beginning of the next QR Payment Quarter when the household has submitted the QR 7 for February, reporting that the father is still in the home and has the same level of income.

Example 2: The current payment quarter is January, February, and March. The household consists of a mother and child. The mother reports that the father, who is earning \$900, moved into the home on January 10th. Adding the father from February 1st reduces benefits to the household, so the father must be evaluated for the upcoming payment quarter (April, May, and June). The father loses his job on February 10th. The mother reports the father's job loss on February 13th. The new report is that father is requesting to be added and he has reduced income. The change in circumstances caused by the job loss is a new mid-quarter report. The father can now be added to the household effective March 1st.

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(m) Changes Held Until Next Quarter

Changes that occur in the current quarter but shall not take effect until the upcoming QR Payment Quarter include: third month reporting of a new household member that increases benefits and adjustments to begin collection of O/Is.

63-509	INCOME ELIGIBILITY AND BENEFIT CALCULATION FOR QUARTERLY REPORTING (Continued)	63-509
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- (n) Restorations and Reapplications Under QR/PB
- (1) When a household has been sent a discontinuance notice and the effective date of the discontinuance is pending and the circumstances that made the household ineligible have changed, benefits shall be reinstated and the discontinuance rescinded.
 - (2) When an application has been denied or the case discontinued, the household must reapply for benefits and be treated as a new applicant. Benefits shall be prorated from the new application date.

NOTE: Authority cited: Sections 10553, 10554, 11265, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code and Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003.

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.732 Prior to reduction, the CWD shall send the household a DFA 377.7C, a DFA 377.7E, or a DFA 377.7G informing them of the appropriate formula specified in Section 63-801.737, for determining the amount of food stamps to be recovered each month and the effect of that formula on the household's allotment (i.e., the amount of food stamps the CWD expects will be recovered each month), and of the availability of other methods of repayment.

.733 If the household requests to make a lump sum cash and/or food stamp coupon payment as full or partial payment of the claim, the CWD shall accept this method of payment. The CWD shall reduce the household's allotment as specified in Section 63-801.736, to recover any amounts of a claim not repaid through a lump sum cash and/or food stamp coupon payment, unless a payment schedule has been negotiated with the household.

.734 The provision in Section 63-503.325 for a \$10 minimum benefit level for households with one and two members only, shall apply to the allotment prior to the reduction.

.735 The CWD shall use the full amount of the claim to offset any restoration of lost benefits.

.736 The amount of food stamps to be recovered each month through allotment reduction shall be determined in accordance with the following procedures and the calculated figure rounded as specified in Section 63-503.31.

(a) Inadvertent Household and Administrative Error Claims

For inadvertent household and administrative error claims, the amount of food stamps recovered shall be 10 percent of the household's monthly allotment or \$10 per month, whichever is the greater amount.

(b) Intentional Program Violation Claims

For intentional Program violation claims, the amount of food stamps shall be 20 percent of the household's monthly allotment or \$20 per month, whichever is the greater amount.

(QR) .737 Recoupment by Allotment Adjustment for QR Households

(QR) (a) O/I allotment adjustment shall only be initiated at the beginning of a quarter. However, an allotment adjustment shall be discontinued mid-quarter as appropriate when the O/I has been recouped.

63-801 CLAIMS AGAINST HOUSEHOLDS (Continued)**63-801**

- (QR) (b) When the CWD completes re-couplement of one O/I mid-quarter, the CWD may begin recouplement of the next O/I in mid-quarter as long as the amount being adjusted does not result in the benefits being decreased mid-quarter.

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The following examples provide some guidance in the determination of O/Is in QR.

Late Mandatory Mid-Quarter Reporting: The recipient is in the April/May/June quarter. The mother is in a Public Assistance Food Stamp household of three and is convicted of a disqualifying 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 benefits for May to reflect discontinuance of the ineligible 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 shall not establish an O/I for the May allotment, because the recipient reported the change timely.

NOTE: This does not apply to food stamp only households.

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 \$1,000 earnings each month. The CWD is unable to reduce cash aid and food stamp 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/I for food stamp benefits that were issued in error for October.

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- .86 In cases where FNS has billed CDSS for CWD negligence, FNS will credit any amounts collected from households which were caused by the CWD's negligence.

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.9 Accounting Procedures

Each CWD shall maintain an accounting system for monitoring claims against households. At a minimum, the accounting system shall be designed to readily accomplish the following:

- .91 Identify claims by categories of inadvertent household error, administrative error, and intentional Program violations.
- .92 Provide data necessary to complete the FNS-209.
- .93 Document the circumstances which resulted in a claim, the procedures used to calculate the claim, the methods used to collect the claim and, if applicable, the circumstances which resulted in suspension or termination of collection action.
- .94 Identify those situations in which an amount not yet restored to a household as a restoration of lost benefits can be used to offset a claim owed by the household.
- .95 Identify those households that have failed to make installment payments on their claims.
- .96 Document how much money was collected in payment of a claim and how much was submitted to CDSS through an adjustment of the CWD's advance.
- .97 Identify, at certification, households that owe outstanding payments on a previously established claim determination. The initial allotment shall not be reduced to offset claims. Actions on identified claims shall be as specified in Section 63-801.4.

NOTE: Authority cited: Sections 10554, 11265.1, .2 and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 271.2; 7 CFR 273.18, 7 CFR 273.18(a), (a)(1)(ii), and (a)(2); 7 CFR 273.18(b)(3); 7 CFR 273.18(c)(1)(i), (c)(1)(ii), (ii)(b), and (c)(2)(ii) (Federal Register, Vol. 58, No. 209, pp. 58454 and 58455, dated November 1, 1993); 7 CFR 273.18(d)(4)(iii); 7 CFR 273.18(e)(1); 7 CFR 273.18(e)(3)(iv); 7 CFR 273.18(e)(3)(v); 7 CFR 273.18(e)(5)(v); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.18(e)(7)(i); 7 CFR 273.18(f); 7 CFR 273.18(g)(4)(ii); 7 CFR 273.18(g)(6); 7 CFR 273.18(g)(8); 7 CFR 273.18(g)(9); 7 CFR 273.18(h)(4); 7 CFR 273.18(i); 7 CFR 273.18(k)(5); 7 CFR 273.18(n)(1)(i); 7 U.S.C. 2022(a)(1); U.S.D.A., Food and Nutrition Service letter WFS-100:FS-10-6-CA, dated October 7, 1991; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; P.L. 104-193, Sections 809 and 844 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996) and Lomeli v. Saenz, Sacramento Superior Court, Case #98CS01747.

63-802 RESTORATION OF LOST BENEFITS**63-802****.1 Entitlement**

- .11 The CWD shall restore to a household benefits which were lost whenever:
 - .111 the loss was caused by an administrative error as defined by Section 63-801.22, or;
 - .112 an administrative disqualification for an intentional Program violation was subsequently reversed as specified in Section 63-805.3, or;
 - .113 a statement elsewhere in the regulations specifically states that the household is entitled to restoration of lost benefits.
- .12 Unless a longer period of time is specified elsewhere in regulations, lost benefits shall be restored for not more than 12 months prior to the earlier of the following dates:
 - .121 The date the CWD receives a request for restoration from a household; or
 - .122 The date the CWD is notified or otherwise discovers that a loss to a household has occurred.
- .13 The CWD shall restore lost benefits even if the household is currently ineligible for Food Stamp Program participation.
- .14 The CWD shall restore to a household benefits which were found by any judicial action to have been wrongfully withheld.
 - .141 When the judicial action is a review of a state hearing, benefits shall be restored for a period of not more than 12 months prior to the date that the state hearing was initiated, or the dates specified in Section 63-802.12, whichever is the earliest.