

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 29, 2005

Regulation Package #0404-01

CDSS MANUAL LETTER NO. FS-05-03

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

Regulation Package #0404-01**Effective 8/5/05****Sections 63-034, 63-102, 63-103, 63-300, 64-301, 63-410, 63-501, 63-503, 63-504, 63-505, 63-508, 63-509, 63-801 and 63-804**

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

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.

These regulations were considered at the August 28, 2004, 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-05-02.

<u>Page(s)</u>	<u>Replace(s)</u>
53 and 53.1	Pages 53 and 53.1
68 and 69	Pages 68 and 69
69.3 through 69.6	Pages 69.3 through 69.6
69.9 and 69.10	Pages 69.9 and 69.10
69.13 through 69.16	Pages 69.13 through 69.16
99.1 and 100	Pages 99.1 and 100
207.2 through 207.7	Pages 207.2 through 207.7
263 and 264	Pages 263 and 264
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373.1 and 374	Pages 373.1 and 374
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376.19 through 376.52	Pages 376.19 through 376.52
454 and 454.1	Pages 454 and 454.1

Attachments

SK

63-102 DEFINITIONS (Continued)**63-102**

- (QR) "Change Reporting Household" means a household consisting of seasonal and/or migrant farmworkers, all elderly or disabled individuals or households with all homeless individuals. These households are required to report income, resource and household circumstance changes within 10 days of the occurrence. Benefits are increased or decreased based on these reported changes.
- (12) Section 63-102(c)(12)(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) "Conversion Factor" means a figure used to convert income paid on a weekly or bi-weekly basis to a monthly averaged figure. Weekly amounts are multiplied by 4.33 and bi-weekly amounts by 2.167.
- (13) Section 63-102(c)(13)(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) "County Initiated Mid-Quarter Actions" means the changes in eligibility status based on case information that the CWD is required to act on mid-quarter such as sanctions, financial penalties, approval of benefits in another household, or the end of an inter-county transfer, or cost-of-living changes.
- (14) "Coupon" means a type of certificate provided pursuant to the provisions of Division 63, Food Stamp Regulations, for the purchase of eligible foods.
- (15) "Coupon issuer" means the CWD or any person, partnership, corporation, organization, or other entity with which a CWD has an CDSS approved contract for, or to which it has assigned responsibility for the issuance of coupons to households.
- (d) (1) "Date of entry" or "Date of admission" means the date established by the Immigration and Naturalization Service as the date the sponsored alien was admitted for permanent residence.
- (2) "Days" unless stated otherwise refers to calendar days.
- (3) "Delinquent claim" is either a claim that has not been paid by the due date and a satisfactory payment arrangement has not been made, or a payment arrangement has been made and a scheduled payment has not been made by the due date.
- (4) "Department" means the California Department of Social Services.

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- (5) "Director" means the director of the California Department of Social Services.
- (6) "Disaster" means one of two types of disasters which are:
 - (A) "Lesser disaster" means a disaster such as, but not limited to, a flood, fire, other catastrophe or temporary emergency that has not been declared a major disaster but is severe enough to have disrupted commercial channels of food distribution.
 - (B) "Major disaster" means one of the following occurrences which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby:
 - (i) any natural catastrophe (such as a hurricane, tornado, storm, high water, winddriven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm or drought); or
 - (ii) regardless of cause, any fire, flood, or explosion.
- (7) "Disqualification Consent Agreement" means the DFA 478.
- (8) "Drug addiction or alcoholic treatment and rehabilitation program" means any drug addiction or alcoholic treatment and rehabilitation program under Part B of Title XIX of the Public Health Service Act (42 USC 300x et seq.) conducted by a private nonprofit organization or institution or a publicly operated community mental health center.
 - (A) "Under Part B of Title XIX of the Public Health Service Act" (42 USC 300x et seq.) is defined as meeting the criteria which would make it eligible to receive funds, even if it does not actually receive funding under Part B of Title XIX.
- (e) (1) "Elderly or disabled member" means a member of a household who:
 - (A) is 60 years of age or older;

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- (10) "Staple food" means those food items intended for home preparation and consumption which include meat, poultry, fish, breadstuffs, cereals, vegetables, fruits, fruit and vegetable juices, and dairy products. Accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices are not staple foods for the purposes of qualifying a firm to participate in the Food Stamp Program as a retail food store.

- (11) "State agency (CDSS)" means the agency of the State Government which has the responsibility for the administration of the federally aided public assistance programs within the state.

- (12) "Statewide Fingerprint Imaging System (SFIS)" is the automated system designed to detect and prevent duplicate participation in the Food Stamp Program by matching the fingerprint images of applicants and recipients against those already in the SFIS database. The county is also required to take a photo image of each household member required to comply with SFIS, using the SFIS equipment.

- (13) A "storage point" means a location where a CWD and/or its issuing agent keeps or stores coupons.

- (14) "Supplemental Security Income (SSI)" means monthly cash payments made under the authority of: (1) Title XVI of the Social Security Act, as amended, to the aged, blind, and disabled; (2) Section 1616(a) of the Social Security Act; or (3) Section 212(a) of Public Law 93-66.

- (15) "Suspended Claim" means a food stamp overissuance claim on which no collection action has been initiated or collection action has ceased in accordance with Section 63-801.5.

- (t) (1) "Terminated Claim" means that the CWD has determined the claim to be uncollectible because the three-year suspension period for the food stamp overissuance claim has expired.

- (2) Section 63-102(t)(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.

- (QR) "Third-Party Information" means information that is not known to the county, and is a report from an outside source about a household's circumstances.

- (3) "Thrifty food plan" means the diet required to feed a family of four persons as determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall make household-size adjustments in the thrifty food plan taking into account economies of scale.

- (4) "Trafficking" means the buying or selling of coupons, access devices or authorization documents such as ATP cards for cash or consideration other than for eligible food, or the exchange of firearms, ammunition, explosives, or controlled substances for food coupons.

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- (5) "Transaction receipt" means the document produced in an automated direct access issuance system which can be designed to be signed prior to the issuance of benefits by a household member designated on the ID card or any authorized representative.

- (6) "Transitional housing" means time limited residency to facilitate the movement of homeless individuals and families to permanent housing. The residency shall be determined to be time limited when the household states that their housing situation is temporary, or the CWD or the housing unit imposes a time limit.

- (u) (1) "Underissuance" means the amount by which the allotment to which the household was entitled exceeds the allotment which the household received.

- (v) (1) "Validity period" means the time frame during which a household may obtain benefits by transacting an authorization document or receiving benefits at an issuance point.

- (w) (1) "Wholesale food concern" means an establishment which sells eligible food to retail stores or to meal services for resale to households.

- (x) Reserved

- (y) Reserved

- (z) Reserved

NOTE: Authority cited: Sections 10553, 10554, 11265.1, .2 and .3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 10830, 11486.5 and 18930 through 18934, Welfare and Institutions Code; 8 U.S.C.A. Section 1522(e); 42 U.S.C.A. 601, et seq.; and 42 U.S.C.A. 5122; 7 CFR 272, 7 CFR 272.4(f); 7 CFR 273, 7 CFR 273.1(c)(5); 7 CFR 271.2; 7 CFR 273.2, .2(e)(3), .2(j), (j)(4), and (v)(2)(i)(B); 7 CFR 273.4(a)(3)(ii) and (iv), .4(c), (c)(2), (c)(3)(iv), and (e)(3)(iv); 7 CFR 273.5(a); 7 CFR 273.8; 7 CFR 273.9(c)(1)(ii)(D); and (c)(11)(i) and (ii); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12(c)(3); and .12(e); 7 CFR 273.16(c); 7 CFR 273.18(a)(1)(ii); 7 CFR 273.18(e)(3)(v), (e)(5)(v) and (n)(1)(i); 7 CFR 273.21(b); 7 CFR 274.3(a)(2); 7 CFR 274.10; 7 CFR 274.12; 7 CFR 278.1; 7 CFR 2710.2; 45 CFR 401; 45 CFR 400.62; Public Law (P.L.) 100-77, Section 802; Section 70 of Assembly Bill (AB) 444, Chapter 1022, Statutes of 2002; AB 692, (Chapter 1024, Statutes of 2002); Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock. No. CV-89-0768]; Section 66011, Education Code; P.L. 102-237, Section 902; 7 U.S.C. 2014(c)(2)(B) and (k)(2)(F); 7 U.S.C. 2022(b)(4); 8 U.S.C. 1631; U.S.D.A. Food and Nutrition Service Administrative Notices 94-39, 97-44, and 98-56; Hamilton v. Madigan (9th Cir. 1992) 961 F.2d 838; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; Food Stamp Act Section 6(k)(1); P.L. 104-193, Sections 272, 273, 805, 821, and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Register Vol. 59, No. 224, dated November 22, 1994; Federal Register Vol. 65, No. 130, dated July 6, 2000 and Vol. 65, No. 149 Corrections, dated August 2, 2000, and Federal Register, Vol. 66, No. 229, dated November 28, 2001.

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(Continued)

(QR) DFA 285-A3 QR (rev. 12/03) - Your Right and Responsibilities.

The DFA 285-A3 QR is a required form, no substitutes permitted. The form is used to inform households applying only for food stamp benefits of their rights and responsibilities and to certify that applicants understand those rights and responsibilities and the penalties for noncompliance.

(5) DFA 286 (rev. 4/79) - Household Issuance Record

The DFA 286 is used by CWDs which operate a manual household issuance record card system to record benefit authorizations and transactions.

(6) DFA 287 (rev. 4/80) - Food Stamp Program Identification (ID) Card

The Identification "ID Card" is used to identify the bearer as eligible to receive and use food coupons.

(7) DFA 289 (rev. 4/79) - Food Stamp Program Receptionist's Daily Tally Sheet

The DFA 289 is used to record the daily issuance transactions for each cashier.

(8) DFA 293 (rev. 4/79) - Cashier's Daily Report

The DFA 293 is used to report the daily transaction activity for each cashier.

(9) DFA 296 (rev. 10/88) - Food Stamp Program Monthly Caseload Movement Statistical Report

The DFA 296 is used to report data on monthly CWD application processing activities.

(10) DFA 296 X (rev. 12/88) - Food Stamp Program Expedited Service Quarterly Statistical Report

The DFA 296 X is used to report quarterly data on the CWD's disposition of expedited service requests.

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- (11) DFA 300 (rev. 1/80) - Food Stamps Mail Issuance Log

The DFA 300 is used to record mail issuance requests/transactions.
- (12) DFA 303 (rev. 10/90) - Replacement Affidavit/Authorization

The DFA 303 is used to document household replacement requests.
- (13) DFA 358 (rev. 10/88) - Food Stamp Program Participants by Ethnic Group

The DFA 358 is used to report data on Food Stamp recipients by ethnic group.

HANDBOOK BEGINS HERE

- (14) Section 63-103.2d.(14)(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) DFA 377.1 (rev.3/02) - Notice of Approval

The DFA 377.1 is the recommended CDSS developed form used to inform a household that its application for participation in the Food Stamp Program has been approved.
- (15) DFA 377.1A (rev. 3/02) - Notice of Denial or Pending Status

The DFA 377.1A is the recommended CDSS developed form used to inform a household that their application for participation in the Food Stamp Program has been denied after the applicant's first missed interview. The form is also used for other purposes, such as denying a household due to failure to provide required verification needed to determine eligibility or to notify the applicant of the pending status of their application.
- (16) Section 63-103.2d.(16)(MR) shall become inoperative and Section 63-103.2d.(16)(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.

HANDBOOK CONTINUES

HANDBOOK CONTINUES

- (MR) DFA 377.2 (rev. 12/83) - Food Stamp Notice of Expiration of Certification

The DFA 377.2 is the recommended CDSS developed form used to inform a household that their certification period will expire soon or be shortened.

- (17) Section 63-103.2d.(17)(MR) shall become inoperative and Section 63-103.2d.(17)(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 377.4 (rev. 12/83) - Food Stamp Notice of Change

The DFA 377.4 is the recommended CDSS developed form used to notify a household of any change in eligibility status or benefit level during the certification period.

- (QR) DFA 377.4 QR (rev. 1/04) - Food Stamp Notice of Change for Change Reporting Household

The DFA 377.4 QR is a required form, but substitutes are permitted if CWD obtains prior approval. The form is used to inform change reporting households of changes, and termination of benefits.

HANDBOOK ENDS HERE

- (18) Section 63-103.2d.(18)(MR) shall become inoperative and Section 63-103.2d.(18)(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 377.5 (rev. 8/90) - Food Stamp Household Change Report

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

- (QR) DFA 377.5 (rev. 4/04) – 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.

HANDBOOK BEGINS HERE

- (19) DFA 377.7A (rev. 8/88) - Notice of Administrative Disqualification

The DFA 377.7A is the recommended CDSS developed form used to notify a household of their disqualification based on an Administrative Disqualification Hearing decision.

- (20) DFA 377.7B (rev. 9/93) - Food Stamp Repayment Notice For Inadvertent Household Errors Only

The DFA 377.7B is the recommended CDSS developed form used to initiate collection action against a household or the sponsor of an alien household for an Inadvertent Household Error.

- (21) DFA 377.7D (rev. 9/93) - Food Stamp Repayment Notice for Administrative Errors Only

The DFA 377.7D is the recommended CDSS developed form used to initiate collection action against a household or the sponsor of an alien household for an Administrative Error.

- (22) DFA 377.7F (rev. 10/93) - Food Stamp Repayment Notice for an Intentional Program Violation (IPV) Only

The DFA 377.7F is the recommended CDSS developed form used to initiate collection action against a household or the sponsor of an alien household for an Intentional Program Violation.

HANDBOOK ENDS HERE

- (23) DFA 377.7C (rev. 9/93) - Food Stamp Repayment Agreement for Inadvertent Household Errors Only

The DFA 377.7C is used to specify the terms under which a household has agreed to repay an outstanding claim determination on an Inadvertent Household Error.

- (24) DFA 377.7E (rev. 4/93) - Food Stamp Repayment Agreement for Administrative Errors Only

The 377.7E is used to specify the terms under which a household has agreed to repay an outstanding claim determination for an Administrative Error.

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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.

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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. 4/04) - 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. 5/04) - 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.

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q. (1) Sections 63-103.2q.(1)(QR) through (12)(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) (2) QR 2 (rev. 4/03) - Reporting Changes for Your Cash Aid Assistance Unit and Food Stamp Household

QR 2 is a CDSS-recommended form, and may be modified or substituted without prior approval. The form is 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 is used to satisfy the requirement in Welfare and Institutions Code Sections 11265 and 18910 to inform clients of their IRT at least once per quarter. The form also includes information for food stamp households regarding ABAWD reporting and mid-quarter reporting.

(QR) (3) QR 3 (rev. 4/03) - Mid-Quarter Status Report

QR 3 is a CDSS-recommended form, and may be modified or substituted without prior approval. This form is used for CalWORKs and Food Stamp Program households that choose to report mandatory and/or voluntary mid-quarter changes in writing. Clients are not mandated to use this form, and counties must accept verbal or written mid-quarter reports that are submitted in a manner other than on the QR 3.

(QR) (4) QR 7 (rev. 4/03) - Quarterly Eligibility/Status Report

QR 7 is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form is used by the household to report income for the Data Month changes since the last Data Month and expected changes over the next three months. This form includes an addendum listing examples of income, expenses, and the penalties for fraud. The QR 7 and the addendum (both together are considered one form) must be sent to the recipient at the end of their QR Data Month. The QR 7's certification section has a statement that the client has received the addendum and a place where the recipient will attest to its receipt. The addendum is not required to be returned with the QR 7, which will be considered late if not received by the 11th day of the QR Submit Month.

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(QR) (5) QR 7A (rev. 4/03) - How to fill out your QR 7

QR 7A is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form instructs recipients on how to fill out the QR 7. The QR 7A must be given to applicants at the time of application, and to recipients at each annual recertification/redetermination. This form must also be made available any time a client requests it.

(QR) (6) QR 22 (rev. 9/03) - Sponsor's Statement of Facts Income/Resources

The QR 22 is a required form, but substitutes are permitted if CWD obtains prior approval. It is used to collect necessary information about a noncitizen's sponsor in order to determine eligibility for the noncitizen.

(QR) (7) QR 72 (rev. 5/04) - Sponsor's Quarterly Income and Resources Report.

The QR 72 is a CDSS-required form, but substitutes are permitted if CWD obtains prior approval. This form must be sent to sponsored noncitizens with the QR 7 each quarter.

(QR) (8) QR 285-B (rev. 2/04) - Food Stamp Budget Worksheet.

The QR 285-B is a CDSS-recommended form, and may be modified or substituted without prior approval. This form is used to determine food stamp benefits amounts, and to reaverage benefit amounts after a mid-quarter report is made by a recipient. The QR 285-B is used for food stamp households subject to QR and change reporting, and for mid-quarter changes.

(QR) (9) QR 377.1 (rev. 4/04) - Notice of Approval

The QR 377.1 is a CDSS-required form, and no substitutes are permitted. This form is used to inform households of their approval for food stamp benefits and their certification period.

(QR) (10) QR 377.2 (rev. 4/04) - Food Stamp Notice of Expiration of Certification

The QR 377.2 is a CDSS-required form but substitutes are permitted. This form is used to inform change reporting households that their certification period will expire.

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(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, but substitutes are permitted if CWD obtains prior approval. This form is used to inform change reporting households of changes and termination of benefits.

(QR) (12) QR 377.5 (rev. 2/04) - Food Stamp Household Mid-Quarter Status Report

The QR 377.5 is a recommended form and is used to report mandatory and voluntary mid-quarter changes in a QR household.

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.

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- .23 Privacy act statement. For all households applying or being recertified for food stamp benefits, the following applies:
- .231 The collection of information, including the Social Security Number (SSN) of each household member, is authorized under the Food Stamp Act of 1997. This information will be used to determine if a household is eligible or continues to be eligible to participate in the food stamp program. The information will be verified through computer matching program and will also be used to monitor compliance with program regulations and for program management.
 - .232 The information may be disclosed to other federal and state agencies for official examination, and to law enforcement for apprehending persons fleeing to avoid the law.
 - .233 If a claim is made against a household, the information on the application, including all SSNs, may be referred to federal and state agencies and private claims collection agencies for claims collection action.
 - .234 Providing the requested information, including SSNs of each household member, is voluntary. However, failure to provide this information will result in denial of food stamp benefits to each individual failing to provide a SSN.
- .24 Section 63-300.24(MR) shall become inoperative and Section 63-300.24(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) Recertification of Monthly Reporting Households

Households subject to Food Stamp monthly reporting requirements shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the CA 7 for the budget month that corresponds to the first month of the new certification period.

(QR) Recertification of Quarterly Reporting Households

(QR) Households subject to food stamp QR requirements shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2 and the QR 7 for the Data Month of the quarter corresponding to the last month of the certification period.

- .25 Section 63-300.25(MR) shall become inoperative and Section 63-300.25(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.

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(MR) Recertification of Nonmonthly Reporting Households

(MR) Nonmonthly reporting households shall have their Food Stamp eligibility redetermined by using the forms specified in Section 63-300.2.

(QR) Recertification of Change Reporting Households

(QR) Change reporting households shall have their food stamp eligibility redetermined by using the forms specified in Section 63-300.2.

.3 Filing, Notice of Right to File and Withdrawal

Households must file food stamp applications by submitting the forms to the food stamp office either in person, or through an authorized representative, by mail, fax, through an electronic transmission, or through an on-line electronic application. The length of time to deliver benefits is calculated from the date the application is filed with the CWD. Applications signed through the use of electronic signature techniques or applications containing a handwritten signature and then transmitted by fax or other electronic transmission are acceptable.

.31 Each household shall be advised of their right to file an application, either paper or electronic, on the same day they contact the Food Stamp office during office hours.

.32 The household shall also be advised that it does not have to be interviewed before filing the application and may file an incomplete application form as long as the form contains the applicant's name and address, and is signed by a responsible member of the household or the household's authorized representative.

.321 Applications contain the penalty of perjury statement and must be signed by one adult household member or authorized representative or a responsible minor when the applicant household is composed entirely of minors and has no adult to act on its behalf.

.322 One adult household member or authorized representative shall attest, under penalty of perjury, that all eligible members of the Food Stamp household are either U.S. citizens, national or lawful alien residents.

.33 The CWD shall document the date the application was filed by recording on the application the date it was received by the food stamp office.

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- .212 Participating in a workfare program as defined in Section 20 of the Food Stamp Act (7 U.S.C. 2029) or in a comparable program. This includes workfare job search identified in Section 63-407.841(b)(1)(A); or
- .213 Participating in an allowable “work program” for 20 hours or more per week (averaged monthly). For purposes of this section, an allowable work program means one of the following:
 - (a) A program under the Job Training Partnership Act;
 - (b) A program under Section 236 of the Trade Act of 1974 (19 U.S.C. 2296); or
 - (c) A program of employment and training approved by a state agency, including the Food Stamp Employment and Training (FSET) program described in Section 63-407.8, and refugee employability services identified in 45 CFR 400.154.
 - (1) Hours spent in job search or job search training activities identified in Section 63-407.841(a) shall not count toward completion of the ABAWD work requirement.
- .22 Good Cause
 - .221 If an individual works an average of 80 hours per month but missed some scheduled work for a circumstance beyond his/her control and the absence is temporary and the individual retains his/her job, the individual shall have met the ABAWD work requirement for the month. As defined in Section 63-407.5, good cause for circumstances beyond the individual’s control includes, but is not limited to, illness, illness of another household member requiring the presence of the ABAWD, a household emergency, or the unavailability of transportation.
 - .222 An individual satisfying the ABAWD work requirement through FSET, who missed scheduled work in a month for a circumstance beyond his/her control provided in Section 63-410.221, shall have met the ABAWD work requirement and complied with the FSET assignment for that month.

.3 Exemptions

The following individuals are exempt from the ABAWD work requirement:

- .31 Persons exempt from the work registration requirements as specified in Section 63-407.21;

63-410	FOOD STAMP WORK REQUIREMENT FOR ABLE-BODIED ADULTS WITHOUT DEPENDENTS (ABAWD) (Continued)	63-410
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- .32 An individual who is:
 - .321 Under 18 or 50 years of age or over;
 - .322 Pregnant; or
 - .323 Any adult living in a household that contains a dependent child.
- .33 Persons living in any portion of the state which has received Federal approval to waive application of the ABAWD work requirement shall also be considered exempt from the requirements of Section 63-410.
- .34 Individuals who qualify for the 15 percent ABAWD exemption determined by the CWD. The number of individuals, who can be exempted by a CWD each year under this section, and the duration of these exemptions, are limited to the number of ABAWD exemption months allocated each year by CDSS to each CWD.
- .35 Those months during which an individual is exempt for all or part of the month, in accordance with Section 63-410.3, shall not be considered in determining whether the participation requirement identified in Section 63-410 has been satisfied.
- .36 Persons who become exempt after having lost eligibility in accordance with Section 63-410.4 or .522 are not subject to the ABAWD work requirement while exempt and may resume receiving food stamps by reapplying if otherwise eligible.

Section 63-410.37(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) .37 Ending Exemptions for Quarterly Reporting and Change Reporting Households

- (QR) .371 For a quarterly reporting household, if an ABAWD's exemption stops mid-quarter due to a change in circumstances that must be reported as specified in MPP Section 63-505.3, the ABAWD shall report the change on the next quarterly report and be considered exempt for the remainder of the quarter.
- (QR) .372 For a change reporting household, if an ABAWD is no longer eligible for an exemption due to a change that must be reported in accordance with MPP Section 63-505.5, the individual shall report the change within ten days of occurrence and the exemption shall stop when the change is reported.
- (QR) .373 For an individual who no longer meets ABAWD exemption criteria as the result of a change not subject to QR or change reporting requirements, the individual's exemption status shall be reevaluated at recertification.

63-410 FOOD STAMP WORK REQUIREMENT FOR ABLE-BODIED ADULTS WITHOUT DEPENDENTS (ABAWD) (Continued) 63-410

.4 Loss of Eligibility

.41 When the CWD determines that an individual has failed to meet the ABAWD work requirement for three countable months during the 36-month period identified in Section 63-410.1, the CWD shall issue a timely notice in the third month to discontinue the individual's food stamp benefits. In addition to the timely and adequate requirements specified in Section 63-504.21, the notice shall:

.411 Identify the reason the individual's food stamps are being discontinued;

.412 List those months for which the CWD has determined that the ABAWD work requirement was not satisfied;

.413 Provide that for any of the three countable months identified in Section 63-410.412 evidence may be presented that demonstrates the individual met or was exempt from the ABAWD work requirement, or that good cause existed in accordance with Section 63-410.221; and

.414 Specify how the individual may regain eligibility in accordance with Section 63-410.5.

.42 If the ABAWD provides evidence that demonstrates he/she should not lose food stamp eligibility, the CWD shall rescind the notice and restore any benefits that were inappropriately withheld.

.43 The period of ineligibility shall begin with the first full month following expiration of the adverse notice period, unless a state hearing is requested. If a state hearing is requested, benefits shall continue in accordance with Section 63-804.6.

.431 Each individual has a right to a state hearing to appeal a termination or reduction of benefits due to a determination of nonexempt status, or a determination of failure to satisfy the ABAWD work requirement.

.44 Determinations of ineligibility shall be made when the CWD becomes aware that a nonexempt recipient has failed to meet the requirements of Section 63-410.

.45 Repealed by Manual Letter No. FS-97-05, effective 11/16/97

.5 Regaining Eligibility

.51 An individual denied eligibility for failing to satisfy the ABAWD work requirement may regain eligibility if, during a 30-day period, the individual performs one of the following:

.511 Works for 80 or more hours;

.512 Participates in a workfare assignment.

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- (a) when an applicant regains eligibility by completing a workfare assignment during the 30-day application period, benefits shall be issued back to the date of application; or
- .513 Participates in an allowable work program as defined in Section 63-410.213 for at least 80 hours.
- .52 When, during the 36-month calendar period identified in Section 63-410.1, an individual stops performing the ABAWD work requirement after regaining eligibility in accordance with Section 63-410.51, the individual shall remain eligible for food stamps for a period of three consecutive countable months, beginning on the first month following the date the individual notifies the CWD or the CWD learns that the individual is not satisfying the ABAWD work requirement. The CWD shall provide a 10-day notice informing the individual of his/her change in status. If the individual has been meeting the ABAWD work requirement by participating in county workfare or another allowable work activity as specified in Section 63-410.213, the three consecutive countable months shall start the first month following the date the CWD notifies the individual that he/she is no longer meeting the ABAWD work requirement.
- .521 The three-month period of eligibility identified in Section 63-410.52 is available to an individual only once during a 36-month period. Upon completion of this three-month period, an individual is ineligible for food stamps for the remainder of the 36-month period, unless he/she becomes exempt or satisfies the ABAWD work requirement for each month food stamps are requested.

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Example - A nonexempt individual fails to comply with the 20-hour work requirement during months two, three and four of the 36-month period and so is ineligible for food stamps. In month seven, the client obtains employment and works more than 80 hours during that month. At the beginning of month eight, the client loses the job. The client can receive food stamps for months eight, nine, and ten, regardless of whether the ABAWD work requirement is satisfied. Beginning with month eleven and for the remaining months of the 36-month period, the client can only receive food stamps for those months during which he is exempt from or in compliance with the ABAWD work requirement.

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- .522 When an individual fails to satisfy the ABAWD work requirement after completion of the three-month period identified in Section 63-410.52, requirements at Section 63-410.4 shall apply. However, the notice required by Section 63-410.41 shall specify that the individual can only receive food stamps if one of the conditions identified in Section 63-410.521 is met.

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.523 Repealed by Manual Letter No. FS-04-02, effective 1/16/04.

.53 Notwithstanding any other provision of this section, when an individual fails without good cause to comply with an ABAWD work requirement and the noncompliance is a sanctionable action under Section 63-407 or Section 63-408, the individual may not reestablish eligibility until the minimum sanction period identified in Section 63-407.53 is completed.

.6 Section 63-410.6(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) Treatment of ABAWD Months for Quarterly Reporting

(QR) .61 A county shall take a county-initiated mid-quarter action to discontinue a case whenever an ABAWD uses up three out of 36 months. A county-initiated action shall also be taken when an ABAWD's three consecutive-month period identified in Section 63-410.52 is completed and to an ABAWD who has regained eligibility and subsequently stops meeting the work requirement.

NOTE: Authority cited: Sections 10553, 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 U.S.C. 2015(d) and (o); instructions received from Dennis Stewart, Regional Director of the Food Stamp Program, Food and Nutrition Service (FNS) dated April 21, 1998, 7 CFR 273.7(f); 7 CFR 273.13; 7 CFR 273.24(b), (c), (e), and (g); 45 CFR 400.154; FNS policy interpretation dated September 16, 2003; FNS letter dated July 25, 2003; and Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver dated April 1, 2003.

63-411	CFAP WORK REQUIREMENTS	63-411
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As a condition of eligibility, CFAP recipients who are not exempt must participate as follows:

.1 CFAP recipients who are also CalWORKs recipients must comply with Welfare-to-Work (WTW) requirements contained in MPP Chapter 42-700.

.11 All WTW exemptions at Section 42-712 apply to CFAP recipients identified in Section 63-411.1.

.12 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.

.121 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.

(a) Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.

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(Continued)

- .2 CFAP recipients who do not receive CalWORKs must satisfy the Able-Bodied Adult Without Dependents (ABAWD) work requirement defined at Section 63-410.
 - .21 Exemptions at Section 63-410.3 apply to ABAWD CFAP recipients.
 - .22 Effective April 1, 2003, if an ABAWD CFAP recipient begins receiving federal food stamps after reaching his/her five-year residency requirement, CWDs must establish a new 36-month period in accordance with Section 63-410.1 and begin tracking the 36-month calendar on the Medi-Cal Eligibility Data System (MEDS) as specified in Section 63-410.14.
 - .221 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .222 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .223 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .224 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .23 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
- .3 Food stamp work registration requirements at Section 63-407 and voluntary quit and reduction of work effort requirements at Section 63-408 apply to CFAP recipients who do not receive CalWORKs.
 - .31 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .32 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.
 - .33 Repealed by CDSS Manual Letter No. FS-00-03, effective 3/2/00.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Section 18930.5 (as added by AB 2779, Statutes of 1998, Section 35); Article 3.2 of Chapter 2 of Part 3 of Division 9, Welfare and Institutions Code; AB 1111, Chapter 147, Statutes of 1997 CFR 273.7; 8 U.S.C. 1612(a)(2); Section 4401(c) of the Food Stamp Reauthorization Act of 2002 (P.L. 107-171); and Administrative Notice 03-04, dated October 21, 2002.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
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.132 After determining the prorated allotment, the CWD shall round the product down to the nearest lower whole dollar. If the computation results in an allotment of less than \$10, then no issuance shall be made for the whole month.

.14 Section 63-503.14(MR) shall become inoperative and Section 63-501.14(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.

(MR) Because of reported, estimated or anticipated changes, a household may be eligible for the month of application, but ineligible in the subsequent month. The household shall be entitled to benefits for the month of application even if the processing of its application results in the benefits being issued in the subsequent month. (See Sections 63-504.1 for certification periods and Section 63-504.2 for notice requirements.) Similarly, a household may be ineligible for the month of application, but eligible in the subsequent month due to reported, estimated or anticipated changes in circumstances. Even though denied for the month of application, the household does not have to reapply in the subsequent month. The same application shall be used for the denial for the month of application, and for the determination of eligibility for subsequent months, within the timeliness standards in Section 63-301.1.

(QR) Determination of benefits in a change reporting household, based on reported, estimated or anticipated changes, may result in a household being eligible for the month of application, but ineligible in the subsequent month. The household shall be entitled to benefits for the month of application even if the processing of its application results in the benefits being issued in the subsequent month. (See Sections 63-504.1 for certification periods and Section 63-504.2 for notice requirements.) Similarly, a household may be ineligible for the month of application, but eligible in the subsequent month due to reported, estimated or anticipated changes in circumstances. Even though denied for the month of application, the household does not have to reapply in the subsequent month. The same application shall be used for the denial for the month of application, and for the determination of eligibility for subsequent months, within the timeliness standards in Section 63-301.1.

.141 Section 63-503.141(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) Determination of benefits in a QR/PB household is also based upon reported, estimated and/or anticipated income over the QR Payment Quarter. The household shall be entitled to benefits if otherwise eligible in accordance with Sections 63-508 and 63-509.

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(Continued)

.15 Section 63-503.15(MR) shall become inoperative and Section 63-501.15(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.

(MR) As a result of reported, estimated or anticipated changes, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment shall vary from month to month to reflect actual changes reported during the certification period or those changes anticipated at the time of certification unless the averaging techniques in Sections 63-503.212(b), .242(c) or .252 are used. The CWD shall establish the household's certification period in accordance with Section 63-504.1.

(QR) As a result of reported, estimated or anticipated changes in a change reporting household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment shall vary from month to month to reflect actual changes reported during the certification period or those changes anticipated at the time of certification unless the averaging techniques in Sections 63-504.242(c), .252 or .411(b) are used. The CWD shall establish the household's certification period in accordance with Section 63-504.1.

.151 Section 63-503.151(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) As a result of reported or anticipated changes in a QR household, the household's allotment for the month of application may differ from its allotment in subsequent months. The household's allotment may vary within the quarter to reflect changes reported during the QR Payment Quarter. The averaging techniques in Sections 63-509(a)(4), (a)(5) and (a)(6) are used to determine income in a quarter. The CWD shall establish the household's certification period in accordance with Section 63-504.1.

.16 Households who apply for benefits after the 15th day of the month, and have been determined eligible to receive benefits for the initial month and the subsequent month, shall receive both allotments at the same time.

.161 CWDs have the option to provide both months' benefits in one combined allotment or as separate allotments as long as they are provided at the same time and within the time frame specified in Section 63-301.2 or Section 63-301.531 for expedited service.

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

- (2) A household anticipating income from a new source, such as a new job, may be uncertain as to the timing and amount of the initial payment. These monies shall not be anticipated by the CWD unless there is reasonable certainty concerning the month in which the payment will be received and in what amount. If the exact amount of the income is not known, that portion of it which can be anticipated with reasonable certainty shall be considered as income. In cases where the receipt of income is reasonably certain but the monthly amount may fluctuate, the household may elect to income average, as provided in Section 63-503.242(c).
- (3) Income received during the past 30 days shall be used as an indicator of the income that is and will be available to the household during the certification period. However, the CWD shall not use past income as an indicator of income anticipated for the certification period if changes in income have occurred or can be anticipated. If income fluctuates to the extent that a 30-day period alone cannot provide an accurate indication of anticipated income, the CWD and the household may use a longer period of past time if it will provide a more accurate indication of anticipated fluctuations, in future income.
- (4) 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 30 days, as one indicator of anticipated income. The CWD shall exercise particular caution in using income from a past season as an indicator of income for the certification period. In many cases of seasonally fluctuating income, the income also fluctuates from one season in one year to the same season in the next year. However, in no event shall the CWD automatically attribute to the household the amounts of any past income. The CWD shall not use past income as an indicator of anticipated income when changes in income have occurred or can be anticipated during the certification period.

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(Continued)

(b) Income Only in the Month Received

(1) Section 63-503.242(b)(1)(MR) shall become inoperative and Section 63-503.242(b)(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.

(MR) Income anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be anticipated. Whenever a full month's income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.3 and biweekly amounts by 2.15 if the exact amount is not known.

(QR) Income reasonably anticipated during the certification period shall be counted as income only in the month it is expected to be received, unless the income is averaged. The CWD shall use the exact monthly figure if it can be reasonably anticipated. For change reporting households, whenever a full month's income is anticipated but is received on a weekly or biweekly basis, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167 if the exact amount is not known. For QR households, whenever a full month's income is anticipated but is received on a weekly or biweekly basis and will remain the same throughout the QR Payment Quarter, the CWD shall convert the income to a monthly amount by multiplying weekly amounts by 4.33 and biweekly amounts by 2.167, as provided in Section 63-509(a)(5).

(2) Wages held at the request of the employee shall be considered income to the household in the month the wages would otherwise have been paid by the employer. However, wages held by the employer as a general practice, even if in violation of law, shall not be counted as income to the household, unless the household asks for and receives an advance, or anticipates that it will receive income from wages that were previously held by the employer as a general practice and that were, therefore, not previously counted as income by the CWD. Advances on wages shall count as income in the month received only if reasonably anticipated, in accordance with Section 63-503.242(a).

(3) Households receiving assistance payments such as AFDC, GA/GR, RCA, ECA, or social security payments on a recurring, monthly basis, shall not have their monthly income from these sources varied merely because mailing or payment cycles may cause two payments to be received in one month and none in the next month.

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(Continued)

(QR) For an eligible change reporting household with three or more members which is entitled to benefits for the initial month but not the following month, the CWD shall certify the household in accordance with Section 63-504.1 and terminate the case for the following month if the household is prospectively ineligible. For QR/PB households with three or more members, benefits shall be provided during the QR Payment Quarter if averaged income over the quarter does not render the household ineligible for the quarter. The QR/PB household shall be certified in accordance with Section 63-504.1 if averaged income over the quarter for the QR/PB household does not exceed the 130 percent FPL for family size.

.327 Section 63-503.327(MR) shall become inoperative and Section 63-503.327 et seq.(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) For those eligible households which are entitled to no benefits in their initial month of application in accordance with Section 63-503.324, but are entitled to benefits in the next month, the CWD shall certify the households beginning with the month of application.

(QR) No Eligibility in the Initial Month of Application

(QR) (a) For those eligible change reporting households which are not entitled to benefits in their initial month of application in accordance with Section 63-503.324, but are entitled to benefits in the next month, the CWD shall certify the households beginning with the month of application.

(QR) (b) For QR/PB households whose income has been averaged over the QR Payment Quarter and averaged income makes the household ineligible, the application shall be denied unless the household is categorically eligible.

(1) The CWD shall inform households whose applications have been denied that if their income stops or drops, the household may contact the CWD to reapply for benefits.

(2) The CWD shall use the original application along with updated information if the household reapplies within 30 days of the denial of benefits.

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(Continued)

- .328 Section 63-503.328(MR) shall become inoperative and Section 63-503.328(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) When a household's circumstances change and it becomes entitled to a different income eligibility test, the CWD shall apply the different test at the next recertification or whenever the CWD changes the household's eligibility, benefit level or certification period, whichever occurs first.
- (QR) When a change reporting or QR/PB household's circumstances change and it becomes entitled to a different income eligibility test, the CWD shall apply the different test at the next recertification or whenever the CWD changes the household's eligibility, benefit level or certification period, whichever occurs first.
- .329 Section 63-503.329(MR) shall become inoperative and Section 63-503.329(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 CWD shall deny the application of an otherwise eligible household with three or more members that has a net income which would set its benefit level at zero. The application shall be denied on the grounds that net income exceeds the level at which benefits are issued unless any of the following occur:
- (QR) The CWD shall deny the application of an otherwise eligible change reporting or QR/PB household with three or more members that has a net income which would set its benefit level at zero. The application shall be denied on the grounds that net income exceeds the level at which benefits are issued unless any of the following occur:
- (a) The benefit level of zero is due to proration; or
 - (b) The household is categorically eligible as specified in Sections 63-301.7 and .82. The CWD shall notify these households of their eligibility for zero benefits.

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

.4 Households with Special Circumstances

.41 Households with Self-Employment Income

Section 63-503.41(MR) shall become inoperative and Section 63-503.41(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) For monthly reporting households receiving self-employment income, including those households that own and operate a commercial boarding house, the CWD shall calculate the self-employment income in accordance with this section. All households that own and operate a noncommercial boarding house shall have their income calculated in accordance with Section 63-503.42.

(QR) For QR households receiving self-employment income, including those households that own and operate a commercial boarding house, the CWD shall calculate the self-employment income in accordance with this section. All households that own and operate a noncommercial boarding house shall have their income calculated in accordance with Section 63-503.42. QR/PB households are subject to income averaging rules as specified in Sections 63-509(a)(4), (a)(5) and (a)(6).

.411 Households with Self-Employment Income

(a) Section 63-503.411(a)(MR) shall become inoperative and Section 63-503.411(a)(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) Monthly reporting households which receive self-employment income on a monthly basis shall report the actual amount of such income on the monthly eligibility report. The CWD shall calculate the household's benefit level for each month based on the actual amount of self-employment income reported even if such income fluctuates from month to month.

(QR) QR households which receive self-employment income on a monthly basis shall report the actual amount of such income on the QR 7 for the Data Month. The CWD shall calculate the household's benefit level for the Payment Quarter based on the actual amount of self-employment income reported on the QR 7 and anticipated income for each month of the upcoming QR Payment Quarter. Self-employment income shall be averaged over the QR Payment Quarter. Changes in self-employment income that occur mid-quarter shall be treated in accordance with Section 63-509(d).

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(b) Section 63-503.411(b)(MR) shall become inoperative and Section 63-504.411(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) Self-employment income received less often than monthly which represents a household's annual income shall be averaged over a 12-month period even if the household receives income from other sources in addition to self-employment. If income is from a household member's self-employment in a farming or fishing operation and irregular expenses are incurred to produce that income, the household shall have the option to annualize the allowable costs of producing self-employment income from farming when the self-employment farm income is annualized.

(QR) Self-employment income received less often than monthly which represents a change reporting or QR/PB household's annual income shall be averaged over a 12-month period even if the household receives income from other sources in addition to self-employment. The annualized monthly income figure shall be used as the averaged income for the QR Payment quarter.

If income is from a household member's self-employment in a farming or fishing operation and irregular expenses are incurred to produce that income, the household shall have the option to annualize the allowable costs of producing self-employment income from farming when the self-employment farm income is annualized. For QR households, the annualized monthly figure for allowable costs of producing income from farming or fishing shall be used as an averaged expense for the QR Payment quarter.

(c) Section 63-503.411(c)(MR) shall become inoperative and Section 63-503.411(c)(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) If a household's self-employment enterprise has been in existence for less than a year the income from that self-employment enterprise shall be averaged over the period of time the business has been in operation, and the monthly amount projected over the certification period.

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

- (a) Actual allowable costs of producing self-employment income include, but are not limited to, the identifiable costs of labor, stock, raw material, seed and fertilizer; payments on the principal of the purchase price of income-producing real estate and capital assets, equipment, machinery, and other durable goods; interest paid to purchase income-producing property, insurance premiums, and taxes paid on income-producing property.
- (b) If actual costs are chosen, the following items shall not be allowed as a cost of doing business:
 - (1) Net losses from previous periods; and
 - (2) Federal, state and local income taxes, money set aside for retirement purposes, and other work-related personal expenses (such as transportation to and from work), as these expenses are accounted for by the earned income deduction, specified in Section 63-502.32.
 - (3) Depreciation; and
 - (4) Any amount that exceeds the payment a household receives from a boarder for lodging and meals.

.414 Capital Gains

The proceeds from the sale of capital goods or equipment shall be calculated in the same manner as a capital gain for Federal income tax purposes. Even if only 50 percent of the proceeds from the sale of capital goods or equipment is taxed for Federal income tax purposes, the CWD shall count the full amount of the capital gain as income for food stamp purposes. For households whose self-employment income is calculated on an anticipated, rather than averaged basis in accordance with Section 63-503.412(a)(1), the CWD must count the amount of capital gains the household anticipates receiving during the months over which the income is being averaged.

.415 Determining Monthly Income from Self-Employment

The monthly net self-employment income shall be added to any other earned income received by the household, and the net monthly income shall be computed, in accordance with Section 63-503.31.

63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503
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Sections 63-503.415(a) through (b)(1)(MR) shall become inoperative and Sections 63-503.415(a) through (b)(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.

- (MR) (a) For monthly reporting households who report their actual monthly self-employment income on the CA 7, the CWD shall add all gross self-employment income (including capital gains), and exclude the actual monthly cost of producing the self-employment income as reported on the CA 7.
- (MR) (b) For the period of time over which self-employment income is averaged, the CWD shall add gross self-employment income (including capital gains), exclude the cost of producing the self-employment income, and divide the self-employment income by the number of months over which the income will be averaged.
 - (MR) (1) For self-employed farmers or fishermen, as defined in Section 63-102s, losses shall be prorated in the same manner used to prorate the self-employment income.
- (QR) (a) For QR households that report actual monthly self-employment income on the QR 7, the CWD shall add all gross self-employment income (including capital gains) and average it over the QR Payment Quarter, and exclude the averaged anticipated cost of doing business. The CWD shall determine if the monthly income is already determined by averaging income over the certification period or if anticipated income is to be averaged over the QR Payment Quarter. Calculation of benefits over the quarter shall be computed in accordance with Section 63-509.
- (QR) (b) The CWD shall add gross self-employment income (including capital gains) over the three-month QR Payment Quarter and divide the gross income total by three (3) to determine the monthly income amount for each month of the quarter. Income averaged over the certification period, need not be averaged over the quarter.

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. 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.

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(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.

63-504 HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY 63-504

.1 Certification Periods

The CWD shall certify each eligible household for a definite period of time within which a household shall be certified to receive benefits. At the expiration of such certification period, entitlement to food stamp benefits shall end. Under no circumstances shall benefits be continued beyond the end of a certification period without a new determination of eligibility. See Section 63-504.6 for recertification procedures. CWDs must assign the longest certification period possible based on the predictability of the household's circumstances. The first month of the certification period will be the first month for which the household is eligible to participate. The certification period cannot exceed 12 months, except as specified in Sections 63-504.13 and .14.

Handbook Section 63-504.1(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.

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(QR) Counties may match certification periods with QR reporting cycles. Where possible, CalWORKs shall adjust its redetermination period to coincide with the Food Stamp Program certification period. The food stamp certification period shall not be shortened unless as specified in Section 63-504.15. The certification may be lengthened if it does not exceed 12 months as specified in Section 63-504.16.

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.11 General Requirements for Establishing Certification Periods

.111 Certification periods shall conform to calendar or fiscal months, except that for initial applications where benefits are prorated, the beginning date of the certification period shall be the date the application was filed with the CWD. At initial application, the first month in the certification period shall generally be the month of application, even if the household's eligibility is not determined until a subsequent month. For timely reapplications and recertifications, the certification period shall begin with the month following the last month of the previous certification period. Households should be assigned certification periods of at least six months except as follows:

- (a) Households with unstable circumstances should be assigned certification periods consistent with their circumstances, but generally no less than three months.
- (b) Households may be assigned one or two-month certification periods when it appears likely that the household will become ineligible for food stamps in the near future.

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.253 Notice Requirements

The notice of action sent to inform the household of the expiration or shortening of their certification period shall advise the household of the following:

- (a) The date the current or shortened certification period ends;
- (b) The date by which the household must file an application for recertification to receive uninterrupted benefits;
- (c) That the household must appear for any interview scheduled on or after the date the application is timely filed in order to receive uninterrupted benefits;
- (d) That the household is responsible for rescheduling any missed interview;
- (e) That the household must complete the interview and provide all required verification in order to receive uninterrupted benefits;
- (f) The number of days the household has for submitting missing verification if the household is informed at the interview of any further verification needed to receive uninterrupted benefits;
- (g) The household's right to request an application and submit an application to the CWD as long as it is signed and contains a legible name and address;
- (h) The address of the office where the application must be filed;
- (i) The consequences of failure to comply with the notice of expiration;
- (j) The household's right to file the application by mail or through an authorized representative; and
- (k) The household's right to request a state hearing.

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.254 Handbook Section 63-504.254(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) The recommended CDSS developed form to use for notification of the expiration or shortening of a certification period is the DFA 377.2 or a County substitute containing all notice requirements.

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.26 Changes in Eligibility Status or Benefit Levels

The CWD shall provide a notice of action to inform a household of any change in eligibility status or benefit level during their certification period.

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Handbook Section 63-504.26(MR) shall become inoperative and Handbook Section 63-504.26(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 Department of Social Services and the CWDs are permanently enjoined by court order in Saldivar v. McMahon from implementing MPP 22-022(j). Therefore, the CWDs are to continue to provide timely and adequate notice in all instances where the proposed action would result in a discontinuance or reduction of benefits due to a late or incomplete CA 7.

(QR) The Department of Social Services and the CWDs are permanently enjoined by court order in Saldivar v. McMahon from implementing MPP Sections 22-071 and 22-072. Therefore, the CWDs are to continue to provide timely and adequate notice in all instances where the proposed action would result in a discontinuance or reduction of benefits due to a late or incomplete QR 7.

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.261 Adverse Actions

Timely notice shall be provided to a household prior to any action to reduce or terminate its benefits within the certification period, except as specified in Sections 63-504.264, .266, and .267. If a hearing officer determines that an overissuance claim exists, the household must be renotified of the claim, and delinquency is based on the due date of the subsequent notice and not the initial pre-hearing demand letter sent to the household.

.262 Increased Benefits

Adequate notice shall be provided to a household whenever benefits are increased as a result of a reported change no later than the date the increased benefits are received.

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- (d) Section 63-504.266(d)(MR) shall become inoperative and Section 63-504.266(d)(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 monthly reporting household's allotment varies from month to month during the beginning months to take into account changes which were estimated at the time of certification and the household was so notified at the time of certification.

- (QR) The QR household's allotment is adjusted to take into account changes which were anticipated at the time of certification and the household was so notified at the time of certification.

- (e) Section 63-504.266(e)(MR) shall become inoperative and Section 63-504.266(e)(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 nonmonthly reporting household's allotment varies from month to month within the certification period to take into account changes which were anticipated at the time of certification, and the household was so notified at the time of certification.

- (QR) The change reporting household's allotment varies from month to month within the certification period to take into account changes which were anticipated at the time of certification, and the household was so notified at the time of certification.

- (f) The household jointly applied for PA and food stamp benefits and has been receiving food stamp benefits pending the approval of the PA grant and was notified at the time of certification that food stamp benefits may be reduced or terminated.

- (g) Converting a household from voluntary repayment to allotment benefit reduction as a result of failure to make agreed to repayments.

- (h) A household's participation in the Food Stamp Program is terminated because the household failed to provide verification which was postponed for expedited service.

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- (i) A household's participation in the Food Stamp Program is terminated because it failed to respond to a notice of action informing them of the expiration of their certification period.
- (j) Section 63-504.266(j)(MR) shall become inoperative and Section 63-504.266(j)(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 household's participation in the Food Stamp Program is terminated as specified in Section 63-504.33, because the household failed to respond to the notice of action informing them of the nonreceipt of the CA 7 by filing a complete CA 7 by the extended filing date.
- (QR) A household's participation in the Food Stamp Program is terminated as specified in Section 63-508.6, because the household failed to respond to the notice of action informing them of the nonreceipt of the QR 7 by filing a complete QR 7 by the extended filing date.
- (k) The CWD elects to use mass change notices to inform households of the types of mass changes specified in Sections 63-504.391 or .392.

.267 Exemptions from Providing a Timely Notice of Action

The CWD shall provide an adequate only notice of action as specified in Section 63-504.211, at the time of the allotment change when:

- (a) The CWD elects to use notices of action to inform households of the mass changes specified in Sections 63-504.391 and .392. A CWD electing to send mass change notices instead of notices of action is referred to Section 63-102m.(2).
- (b) A household member has applied, been determined eligible for, and is in receipt of SSI/SSP benefits.
- (c) The CWD is terminating the eligibility of a resident of a drug or alcoholic treatment center or a group living arrangement if the facility loses either its certification from the appropriate agency of the state, or has its status as an authorized representative suspended due to FNS disqualifying it as a retailer.

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(b) Desk Reviews

Identify all food stamp households receiving Social Security benefit payments through desk reviews.

(1) CWDs shall compute the new Social Security benefit amount by using the Social Security percentage adjustment factor provided by CDSS.

(A) Overissuances caused by CWD error in applying the Social Security Administration (SSA) adjustment factor cannot be attributed to the household. For underissuances, restoration of lost benefits is mandated in Section 63-802.1.

.5 Sections 63-504.5 through .512(MR) shall become inoperative and Sections 63-504.5 through .512(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) Procedures for Households Changing Their Reporting and Budgeting Status

.51 Households which become subject to monthly reporting/retrospective budgeting

The CWD shall change the reporting/budgeting status of households which become subject to monthly reporting at any time following the change in household circumstances which results in a change in the household's monthly reporting/retrospective budgeting status subject to the following conditions:

.511 The CWD shall provide the household with information as specified in Section 63-300.41. If the CWD implements the change during the certification period, it may omit the oral explanations for monthly reporting/retrospective budgeting.

.512 The CWD shall not require the household to submit a CA 7 during any month in which the household was subject to nonmonthly reporting requirements.

(QR) Procedures for Households Changing Their Reporting Status

.51 Households which become subject to QR/PB

The CWD shall change the status of households which become subject to QR/PB beginning with the first month following the change in household circumstances which results in a change in the household's QR/PB status. The following conditions shall apply:

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.511 The CWD shall provide the household with information as specified in Section 63-300.41. If the CWD implements the change during the certification period, it may omit the verbal explanations for QR/PB.

.512 The CWD shall not require the household to submit a QR 7 any month in which the household was subject to change reporting requirements.

.52 Section 63-504.52(MR) shall become inoperative and Section 63-504.52(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 are no longer subject to monthly reporting/retrospective budgeting

(MR) The CWD shall use the following procedures to remove households from the monthly reporting/retrospective budgeting system.

(QR) The CWD shall use the following procedures to remove households from the QR/PB budgeting system.

.521 Section 63-504.521(MR) shall become inoperative and Section 63-504.521(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) For any household which becomes exempt from the monthly reporting/retrospective budgeting system as specified in Section 63-505.21, the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that:

(a) The household has become exempt from monthly reporting and is no longer required to file any future CA 7s. This does not apply to households in which one or more household members are in receipt of cash aid from programs such as AFDC, GA/GR, RCA or ECA which do require a monthly report.

(b) The household has also become exempt from retrospective budgeting, and when

(c) The change in budgeting will go into effect.

(QR) For any household which becomes exempt from the QR/PB budgeting system as specified in Section 63-505.21, the CWD shall notify the household within 10 days of the date the CWD becomes aware of the change that:

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- (A) The provisions of Section 63-301.7, for certain eligibility factors, verification provisions, and the benefit determination continue to apply to categorically eligible households at recertification.
 - (B) If the recertified household is subsequently terminated from PA benefits, the CWD shall follow the procedures specified in Sections 63-503 and 504.123(b).
- (b) All households shall be provided notice of the impending expiration of their certification period as specified in Section 63-504.251. The CWD also shall provide the household with an application, which may be sent with the notice, including an appointment date for an interview. Or, the application and appointment date may be mailed or given to the household separately.

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To expedite the recertification process, CWDs are encouraged to send a recertification form, an interview appointment letter that allows for either an in-person or telephone interview and a statement of verification needed with the Notice of Expiration.

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- (c) Timely Application for Recertification
- (1) Section 63-504.61(c)(1)(MR) shall become inoperative and Section 63-504.61(c)(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.
 - (MR) Monthly reporting households which file a complete CA 7 on or before the 11th of the last month of the certification period, and an application no later than the recertification interview shall be considered to have made a timely application for recertification.
 - (QR) QR households which file a complete QR 7 on or before the 11th of the last month of the certification period, and an application no later than the recertification interview shall be considered to have made a timely application for recertification.

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- (2) Section 63-504.61(c)(2)(MR) shall become inoperative and Section 63-504.61(c)(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) All nonmonthly reporting households, except those provided a notice of action informing them of the expiration of their certification period at the time of certification, who file applications by the 15th day of the last month of the certification period shall be considered to have made a timely application for recertification.
- (QR) If the certification period ends in the QR Submit Month, all change reporting households, except those provided a notice of action informing them of the expiration of their certification period at the time of certification, who file applications by the 15th day of the last month of the certification period shall be considered to have made a timely application for recertification.
- (3) Section 63-504.61(c)(3)(MR) shall become inoperative and Section 63-504.61(c)(3)(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) Nonmonthly reporting households provided a notice of action informing them of the expiration of their certification period at the time of certification shall have 15 days from the date the notice is received to file a timely application for recertification.
- (QR) Change reporting households provided a notice of action informing them of the expiration of their certification period at the time of certification shall have 15 days from the date the notice is received to file a timely application for recertification.
- (A) To determine if adequate time has been permitted, the CWD shall use the date on the notice of action, plus two days for mailing time.
- (B) In cases of dispute, if the household can demonstrate that the notice of action was not received in a timely manner and otherwise submits their application within 15 days after receiving the notice, the CWD shall consider the household to have made a timely application for recertification.
- (d) Any household receiving a notice of action informing them of the expiration of their certification period shall attend any interview scheduled by the CWD on or after the date the application is timely filed in order to retain their right to uninterrupted benefits.

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- (2) Households making an untimely application for recertification shall not be denied at that time, unless they refuse to cooperate, or the certification period has lapsed and the CWD chooses to make denials at that time. If the household is otherwise eligible after correcting such failures, the CWD shall, at a minimum, provide benefits no later than 30 days after the date the application was filed.
- (3) Denials for untimely applications for recertification including those for failure to complete the interview timely, shall be completed either by the end of the current certification period or within 30 days after the date the application was filed as long as the household has had adequate time for providing the missing verification.
- (4) Any applications not submitted in a timely manner shall be treated as an application for initial certification. For nonmonthly reporting households who submit applications within 30 days after the certification period expires, previously verified income or actual utility expenses need not be verified if the source has not changed and the amount has not changed by more than \$25.

(j) CWD Failure to Act

CWD failure to provide eligible households which filed a timely application for recertification and met all processing steps in a timely manner with an opportunity to participate as specified in Section 63-504.616, shall be considered an administrative error. These households shall be entitled to restoration of lost benefits if, as a result of such error, the household was unable to participate for the month following the expiration of the certification period.

.62 Section 63-504.62(MR) shall become inoperative and Section 63-504.62(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) CWD Action on Timely Reapplications By Monthly Reporting Households

(QR) CWD Action on Timely Reapplications by Quarerly Reporting Households

.621 Section 63-504.621(MR) shall become inoperative and Section 63-504.621(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.

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- (MR) The CA 7 shall be mailed to the household at the normal mailing time or along with the notice of action informing them of the expiration of their certification period. Return of both the CA 7 and the application is required to complete the recertification.
- (a) The CA 7 shall be submitted and completed as specified in Section 63-504.3.
 - (b) The application form shall be submitted to the CWD no later than the time of the interview.
 - (c) If the household has not previously filed a complete CA 7, the household may submit it at the interview. In no event shall the reapplication be considered timely if a complete CA 7 is submitted after the 11th of the last month of the certification period.
- (QR) If the certification period ends in the QR Submit Month, the QR 7 shall be mailed to the household at the normal mailing time or along with the notice of action informing them of the expiration of their certification period. Return of both the QR 7 and the application is required to complete the recertification.
- (a) The QR 7 shall be submitted and completed as specified in Section 63-508.66.
 - (b) The application form shall be submitted to the CWD no later than the time of the interview.
 - (c) If the household has not previously filed a complete QR 7, the household may submit it at the interview. In no event shall the reapplication be considered timely if a complete QR 7 is submitted after the 11th of the last month of the certification period.
- .622 Section 63-504.622(MR) shall become inoperative and Section 63-504.622(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 CWD shall: 1) recertify the household using information on the CA 7 for the corresponding budget month to determine the household's benefit level for the first month of the new certification period; 2) delay reflecting information from the recertification interview affecting the household's benefit level until the second month of the new certification period if necessary to continue retrospective budgeting; and 3) continue to determine the household's prospective eligibility in accordance with Section 63-503.231.

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(MR) Reported Information for Monthly Reporting Households

Households shall report on a monthly basis, the following information about the household:

- .31 Budget month income, except as specified in Section 63-505.311, shelter and utility costs when there is a move, child care costs, the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, household composition, and other circumstances relevant to the amount of the food stamp allotment. This information shall be reported on the CA 7.
- .311 Households need not report the receipt or amount of any PA, FC, GA, RCA, ECA or child/spousal support disregard payments paid by the CWD from which the household is receiving food stamp benefits.
- .32 Any changes in income, shelter and utility costs when there is a move, child care costs, a change in the legal obligation to pay child support payments to a nonhousehold member, resources or other relevant circumstances affecting eligibility which the household expects to occur in the current month or in future months, or which occurred in the budget month.
- .33 For food stamp purposes, households need not provide PA only information requested on the CA 7.
- .34 A reduction of work effort to less than 20 hours per week, or averaged monthly 80 hours a month, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.2.

(QR) Reported Information for QR Households

Households shall report on a quarterly basis, the following information about the household.

- .31 Data Month income, except as specified in Section 63-505.311, shelter and utility costs when there is a change of address, dependent care costs, the amount of child support payments made to a nonhousehold member as specified in Section 63-502.37, household composition, anticipated income and expense changes for the upcoming QR Payment Quarter and other relevant information required for a complete QR 7.
- .311 Households need not report the receipt or amount of any PA, FC, GA, RCA, ECA or child/spousal support disregard payments paid by the CWD from which the household is receiving food stamp benefits.

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- .32 Any changes as asked for on the QR 7 since the last Data Month and any expected over the next three months.
 - .33 For food stamp purposes, households need not provide PA only information requested on the Quarterly Report (QR 7).
 - .34 A reduction in hours worked to less than 20 hours per week, or 80 hours averaged monthly, for purposes of determining whether an ABAWD has satisfied the work requirement defined in Section 63-410.
- 4 Section 63-505.4(MR) shall become inoperative and Section 63-505.4(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) Verification Responsibilities for Monthly Reporting Households

(QR) Verification Responsibilities for Quarterly Reporting Households

- .41 Section 63-505.41(MR) shall become inoperative and Section 63-505.41(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 CWD may request verification be submitted for any item that has changed or appears questionable. Monthly reporting households shall provide verification of the following information reported on the CA 7:

(QR) The CWD may request verification be submitted for any item that has changed or appears questionable. QR households shall provide verification of the following information reported on the QR 7:

- (a) Gross nonexcluded earned income each month; nonexcluded unearned income and the source of excluded income when first reported and when there is a change, except as specified in Sections 63-505.311 and 63-504.325(a).
- (b) Dependent care costs when there is a change in the source or amount and when there is questionable information which is inaccurate, incomplete, outdated or inconsistent.

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- .221 Reporting cycles may be aligned between the Food Stamp Program and the CalWORKs program.
- .222 When an existing Food Stamp Program cycle has been established and a new CalWORKs application is approved, the CalWORKs program shall, whenever possible, align its reporting cycle to the existing Food Stamp Program.
- .223 The Food Stamp Program may align its recertification period with the CalWORKs redetermination date by lengthening the household's certification period, providing the certification period does not exceed a 12-month period as specified in Section 63-504.16.
- .224 The household's recertification period cannot be shortened, as provided in Section 63-504.15, solely to align the recertification with the CalWORKs redetermination period.
- .225 If the recertification is not aligned with the CalWORKs redetermination date, the CWD shall determine eligibility and take action mid-quarter to increase, decrease or discontinue benefits as specified in Section 63-504.6 and as determined by the CWD based on information reported on the recertification form and by the recipient.

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- (a) CalWORKs is active without an accompanying food stamp case. A food stamp application is approved mid-quarter in February, in a January/February/March quarter. Action on the food stamp case is to align to the existing CalWORKs reporting cycle and redetermination date which shall not exceed a 12-month duration. The household will be instructed to return the QR 7 by the 5th of March, the QR Submit Month. Both program reporting cycles are now aligned. The CWD will anticipate the household's income for February and March and average income over the two "start-up" months.
- (b) The same case as above, except the food stamp application is approved in January. The household is instructed to return the QR 7 by March 5th. The two program reporting cycles are now aligned. The CWD will anticipate income through the month of March, the QR 7 Submit Month. Income is averaged over the quarter. The January food stamp allotment is pro-rated because January is an application month.

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- (c) The same case, except the food stamp application is approved in March. The household is instructed about their reporting cycle and that the QR 7 must be returned by June 5th. Both programs now have the same reporting cycle. The CWD will use actual/reasonably anticipated income received in March to determine benefits for March (i.e., the household received \$300 UIB in March, so \$300 is budgeted for March). The CWD will then anticipate the household's income through June, the upcoming quarter's Submit Month.

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.3 Quarterly Reporting Form – Quarterly Eligibility/Status Report (QR 7)

The CWD, at the time of the application interview, shall determine which households are subject to QR requirements. The CWD shall provide all QR households with the QR 7 for reporting the information and changes required by Section 63-508.4. The CWD shall provide assistance in completing and filing the QR 7 to households whose adult members are all either mentally or physically disabled, non-English speaking or lacking in reading and writing skills such that they cannot complete and file the QR 7. The CWD shall require QR households to submit a complete QR 7 by the 5th of each Submit Month. Recipient due dates and CWD time limits shall be modified by Section 63-102(c).

.31 CWDs shall ensure that households receive the QR 7 at the end of each QR Data Month and no later than the first day of each QR Submit Month. Information reported on the QR 7 shall be used to determine eligibility and to prospectively budget income to determine the benefit level for the upcoming QR Payment Quarter.

.32 CWDs must ensure that QR recipients 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.

.321 Recipients will be required to report all income received for the QR Data Month, any changes in household composition or property since the last Data Month and any changes in income the recipient anticipates will occur in the upcoming QR payment quarter.

.322 Upon receiving the QR 7 the CWD shall:

- (a) Review the report to ensure completeness and consider the report incomplete if it does not meet the criteria for a complete QR 7, as defined in Section 63-508.4.

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- (b) Determine those items which will require additional verification and/or clarification.
- (c) Notify the household, as specified in Section 63-508.6, of the need to correct an incomplete or inaccurate QR 7, and/or submit additional verification/clarification, as required by Section 63-508.613.
- (d) Determine the household's eligibility prospectively by considering all factors, including income, in accordance with Section 63-508.4.
- (e) Determine the household's level of benefits for that next QR Payment Quarter based on information reported on the QR 7, including anticipated income for that QR Payment Quarter, and household composition determined as of the Data Month. In calculating the household's benefit level, the following income and deductions shall be considered:
 - (1) Nonexcluded earned and unearned income received in the corresponding Data Month and any anticipated changes for the next QR Payment Quarter, including the earned income of an elementary or secondary school student only if the student is 18 years of age or older at the beginning of the Data Month. The CWD shall use the actual/reasonably anticipated amount received by the household to compute benefits, except as provided in Section 63-503.22.
 - (2) Allowable deductions as billed or averaged from the corresponding payment quarter or as averaged over the certification period, including those shelter costs billed less often than monthly which the household has chosen to average.
- (f) Issue benefits, in accordance with the time frames set forth in Section 63-508.63.

.4 Completeness Criteria for the QR 7

The CWD shall consider the QR 7 complete if all of the following requirements are met.

.41 The QR 7 is dated no earlier than the first day of the Submit Month.

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- .411 This requirement shall be met when the date entered on the QR 7, together with other dated material provided with the QR 7, and the date on which the CWD mailed or gave the QR 7 to the household clearly established the month and year to which the QR 7 applies.

- .412 This requirement shall not apply when:
 - (a) The first day of the Submit Month falls on a non-postal delivery day;
 - (b) The QR 7 is mailed by the CWD for delivery on the last postal delivery day of the Data Month; and
 - (c) The recipient signs and dates the QR 7 on or before the last day of the Data Month.

- .42 The QR 7 provides the CWD with address (location) information sufficient to locate the household, however, households which do not have a fixed address shall not have their QR 7s rendered incomplete solely for this reason.

- .43 The QR 7 is signed by the head of the household, authorized representative, or responsible household member. The PA caretaker relative, natural or adoptive parent, if not one of the above, shall not satisfy this requirement.

- .44 All questions and items pertaining to food stamp eligibility are fully answered and provide the CWD with the information to correctly determine eligibility and benefit level, except the CWD shall not consider the QR 7 incomplete if information regarding child/spousal support disregard payments had not been included.
 - .441 To be considered fully answered, information on the QR 7 together with attached documentation must provide sufficient information to allow for the determination of eligibility and/or benefit level.
 - .442 Questions on the QR 7 shall not be considered fully answered if situations such as, but not limited to the following exist:
 - (a) The QR 7 does not include information on changes that the household has previously reported to have occurred; for example, an actual change that the household reported to the CWD by telephone mid-quarter was not included on the QR 7.

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- (2) If the household voluntarily reports a change in its medical expenses and fails to verify the change, and that change would increase the household's allotment, the CWD shall not make the change. The CWD shall act on reported changes without requiring verification if the changes would decrease the households allotment or make the household ineligible, although verification which is required shall be obtained prior to the household's recertification.
- (3) All expenses incurred in producing self-employment income;
- (4) Residency as defined in Section 63-401 when there is a change;
- (5) Social Security numbers or citizenship or non-citizen status for household members when there is a change.
- (6) A change in the legal obligation to pay child support to a person not in the food stamp household and/or an increase in the amount of child support payments.
- (c) The CWD may elect to require verification of housing costs when first allowed as a deduction and when there is an address change.
- (d) If the household submits information and/or verification with the QR 7 which the CWD determines to be questionable, the CWD shall notify the household as specified in Section 63-508.62. The household shall be allowed until the extended filing date to submit the necessary verification/clarification.
- (e) The CWD shall contact the household as needed to obtain further information on specific items. These items include, but are not limited to:
 - (1) The effect of a reported change in resources on a household's total resources; and
 - (2) The effect of a reported change in household composition or loss of job or source of earned income on the applicability of the work registration or voluntary quit requirements.

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- .62 The CWD shall send the notice of action no later than 10 days before the end of the Submit Month and give the household until the extended filing date, as specified in Section 63-508.63, to file a complete QR 7. If a complete QR 7 is received after the 11th of the Submit Month, but prior to the mailing of the notice, the notice shall not be sent. If a household responds to the notice of action by submitting an incomplete QR 7, the CWD need not provide a second notice to the household.

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- .621 Under the Saldivar v. McMahon court order, CWDs are to continue to provide timely and adequate notice.
- .622 The recommended CDSS-developed forms to use in notifying households of a missing or incomplete QR 7 are the NA 960X or NA 960Y, respectively or a county substitute containing all notice requirements.
- .623 Under QR/PB rules, an overissuance (O/I) will be established when the CWD is unable to decrease benefits due to the 10-day noticing provisions.

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- .63 After notifying the household, the CWD shall allow the household until the extended filing date to file a complete QR 7.
- .631 The household's participation shall be terminated effective the end of the Submit Month, if the household fails to file a complete QR 7 by the extended filing date.
- .632 If the household does not submit a complete QR 7 by the extended filing date, the discontinuance remains in effect and the recipient must reapply for food stamp benefits, unless good cause is established.
- .64 Good Cause for Failure to Submit the QR 7
- .641 If the household reapplies for benefits in the calendar month following discontinuance for failure to submit a QR 7, the CWD shall determine if the recipient had good cause for failure to submit a complete and timely QR 7 for the previous quarter.
- .642 Good cause must be determined using the criteria listed under Section 40-181.23 in the CalWORKs program.

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- .643 If the CWD determines that the household had good cause for failing to submit the QR 7 by the extended filing date, the CWD shall rescind the discontinuance action and determine food stamp eligibility and benefit amount based on the information on the QR 7. The recipient's QR cycle remains unchanged.

- .644 Once a full calendar month has passed since the QR 7 discontinuance date, the household may not claim good cause and must reapply for benefits.

- .645 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.
 - (a) Once good cause has been determined and the discontinuance rescinded, benefits must be released to the household at the previous higher amount until a 10-day notice can be sent to the recipient.

 - (b) An overissuance will be established when benefits are released at a previous higher level as a result of the CWD's inability to decrease benefits without 10-day notice.

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Example: A household is receiving \$200 in food stamp benefits. In the October/November/December quarter, the Mother fails to submit her QR 7 for the month of November by December 11. After sending an appropriate discontinuance notice, the household still does not submit a QR 7. Benefits are discontinued effective December 31.

The household comes in on January 4 to reapply for aid. The CWD determines that the household had good cause for not turning in the November QR 7, due to mail delivery and pick up problems in the area. When the household submits the November QR 7, it reports having been approved for UIB in the amount of \$100 per week, which is new income not previously budgeted. With receipt of UIB, the household is eligible to \$100 in food stamp benefits. The CWD must restore benefits at the previous higher level of \$200 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 by sending the household a 10-day notice to decrease benefits effective February 1. There is a \$100 O/I for the month of January.

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- (c) 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.

There is no opportunity for the recipient to claim good cause once a full calendar month has passed since the discontinuance date.

.65 Action on Information Reported on the Quarterly Report (QR 7)

Prompt action shall be taken on all reported changes to determine if the reported information affects the household's eligibility and/or benefit level.

.651 The CWD shall use the information on the QR 7 to determine continuing eligibility and benefit amount over the next QR period based on all eligibility factors.

- (a) The QR 7 must provide a report of income received by the household on the QR 7, any changes in household composition or property since the last Data Month and any changes in income and medical, dependent care and child support deductions the recipient anticipates will occur in the upcoming QR Payment Quarter. For treatment of shelter costs, refer to Section 63-509(a)(3)(B).
- (b) Based on the information provided on the QR 7, the CWD shall determine continuing eligibility using PB rules.
- (c) Changes that are reported on the QR 7 and result in an increase or decrease in benefits shall be made effective for the next QR Payment Quarter. Refer to Section 63-509(e)(2) for treatment of information reported on the QR 7 which would result in a voluntary mid-quarter change in the Submit Month.
- (d) Changes that are reported on the QR 7 and result in the household becoming ineligible shall terminate the household's participation effective the end of the Submit Month.

.652 When a recipient has made a voluntary or mandatory mid-quarter report in the current quarter, 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.

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.653 When the recipient submits a QR 7 subsequent to a mid-quarter report of a change, CWDs must 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:

- (a) No further action shall be required if the information reported on the QR 7 is consistent with information provided in the voluntary or mandatory report.
- (b) The CWD shall take action to resolve the discrepancy and determine the actual current household situation if the information on the QR 7 is not consistent with information provided in the voluntary or mandatory report. The CWD shall attempt to contact the recipient to resolve the discrepancy. The QR 7 shall be considered incomplete and appropriate noticing actions shall take place if the CWD is unable to contact the recipient or obtain resolution from such contact.

.654 New Household Member Reported on the QR 7

If a new household member is reported on the QR 7, the CWD shall take the following actions:

- (a) To complete the determination of eligibility, the CWD has the option either to require the household to complete the CA 8 or to contact the household to obtain the necessary information for the new member and update the last application.
- (b) If the household is determined eligible based on Data Month information, the CWD shall issue benefits for the new member effective the first of the next QR Payment Quarter. The new member shall be required to comply with the verification requirements specified in Section 63-300.5 and the work registration requirements specified in Section 63-407.
- (c) If the household is determined ineligible based on Data Month information, the CWD shall discontinue benefits after the 10-day notice is provided to the household.
 - (1) If the household was initially determined eligible based on Data Month information, and prior to authorization of benefits, the CWD learns in the Submit Month that the new member is ineligible, that information is considered a mid-quarter voluntary report of a change. However, the individual is considered an excluded household member and resources and income shall be treated as reported on the QR 7 in accordance with Section 63-503.442. The individual remains an excluded individual until a new eligibility determination is made with the next QR 7.

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- (2) With receipt of the next QR 7, the excluded individual shall no longer be considered excluded and eligibility for continuing household eligibility shall be based on all Data Month information provided by the household. The former excluded member will continue to remain an excluded member only if the requirements of Section 63-503.44 are met.
- (3) Benefits for the household shall be discontinued at the end of the next QR Payment Quarter if the household is determined ineligible for benefits based on next quarter's Data Month information.

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Example: The quarter is January/February/March. The father is reported in the home for the first time on the QR 7 received in March indicating that the father is employed part-time. Based on the Data Month information, the father is eligible to be added into the household. On March 5, the CWD learns that the father became fully employed, which will render the household ineligible for benefits; however, the CWD has not yet taken action to authorize benefits for the new member. The information reported on March 5 is considered a mid-quarter voluntary report.

The father becomes an excluded household member and his income reported on the QR 7 is treated as an excluded person's income to determine benefits for the next QR Payment Quarter. His income/property must be reported on the next QR 7 and the father is now treated as a household member. He will be either added to the household at the beginning of the new quarter (July) or, if circumstances have not changed, the household will be discontinued after the 10-day notice is given to the household.

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.655 Treatment of a Previously Disqualified Household Member

A previously disqualified member shall be added to the household beginning the first of the month after the disqualification period ends. If the new member is not eligible to participate, income shall be treated as that of an excluded member as specified in Section 63-503.44. Benefits would be increased if the disqualification ends mid-quarter and would result in a mid-quarter increase.

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.66 Resource Eligibility

- .661 Resource eligibility is determined once per quarter. Information reported on the QR 7 is used to determine continuing property eligibility for the entire upcoming QR Payment Quarter.
- (a) No assessment of resource eligibility shall be made during the QR Payment Quarter.
 - (b) Actions can be taken mid-quarter if they do not impact eligibility.
 - (c) The household remains eligible for the entire QR Payment Quarter if resources reported on the QR 7 along with resources previously reported do not exceed the resource limit.
 - (d) The case shall be discontinued at the end of the QR Submit Month, with timely and adequate notice, if the household exceeds the resource limit based on property that is reported on the QR 7.
 - (e) For households that exceed the resource limit on the QR 7, but during the Submit Month the household provides verification that the resources are below the resource limit, the household shall be considered resource eligible for the upcoming QR Payment Quarter. A discontinuance notice shall be rescinded and benefits reinstated for the QR 7 Reporting Period.

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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 cash gift and deposits it in the household's bank account. The account balance, if considered, would render the household ineligible. The recipient is not required to report the bank account until the next QR 7 report is due (in June). If the recipient reports the account sooner, the county is not authorized to take any action to discontinue the case for exceeding the resource limit. Property eligibility is determined only once per quarter, based on information reported on the QR 7.

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Example: Same QR Payment Quarter as above. The CWD discontinues benefits at the end of the QR Submit Month with timely notice based upon the household's property ineligibility reported on the QR 7. Later in March, the recipient notifies the CWD that the balance in the account is below the resource limit and verification is provided. The discontinuance shall be rescinded if all combined property and eligibility information contained on the current QR 7 renders the household eligible for continued benefits.

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.67 Household Composition Reporting Requirements

A household is required to demonstrate that it is eligible only once each quarter based on information reported on the QR 7.

.671 Households may voluntarily report changes in household composition during the quarter. Action on household composition changes reported during the quarter will only be taken if benefits can be increased. When considering the addition of a new household member, all resources and income of that person must be considered in the determination to increase benefits.

- (a) If the change would otherwise result in a decrease or discontinuance in benefits, no action shall be taken until the QR 7 is received.

NOTE: Authority cited: Sections 10554, 11265.1, .2, .3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; and Food and Nutrition Service Quarterly Reporting waiver approval dated April 1, 2003.

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Section 63-509(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.

(a) Income Eligibility and Grant Calculation for Quarterly Reporting Households

Benefits for the QR Payment Quarter will be determined using prospective budgeting, reasonably anticipated income and income-averaging rules.

(1) Prospective Budgeting

Income and household information from the QR Data Month and anticipated changes in income and expenses must be considered when determining eligibility and benefit levels for a Payment Quarter. Documentation is required in the case folder which explains how income was projected in determining benefit calculations. Case narrative entries must include, but are not limited to, the following types of documentation:

- (A) Income the recipient states is expected in future months;
- (B) Whether anticipated income will be different than income that the recipient reported receiving for the QR Data Month;
- (C) Documentation of the reasons for not accepting the recipient's estimate if the information is questionable;
- (D) Other information used to determine what income will be used in the benefit calculations (verifications, employer's statements, case history, etc.) if the recipient's estimate is not used.

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Case narratives and other documentation will be 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. QC reviewers will rely heavily on case documentation when reviewing case files to determine if benefits have been issued in the correct amounts. To avoid QC errors, case documentation is a necessary requirement.

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(2) 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 and applies to all income, earned or unearned.

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 household's income that is uncertain or cannot be reasonably anticipated will not be counted when determining income eligibility and benefit levels.

If the household reports a decrease in income for the Submit Month, the CWD will treat it as a mid-quarter change and use the information of decreased income to anticipate income for the next QR Payment Quarter if the change continues into the next quarter.

Income shall be considered to be reasonably anticipated if it is determined that:

- (A) The income has been or will be approved or authorized within the upcoming quarter; and,
- (B) The household is otherwise reasonably certain that the income will be received within the quarter; and
- (C) The amount of the income is known.
 - 1. A determination of what income is reasonably anticipated is required when a household:
 - a. first applies for benefits;
 - b. reports new income on the QR 7;
 - c. reports on the QR 7 that income is expected to change;
 - d. has income that changes; and
 - e. makes a mid-quarter report of an income change.
 - 2. Using Different Sources to Determine Reasonably Anticipated Income
 - a. The sources used to determine what income is reasonably anticipated may differ based on the circumstances listed in 63-509.121. The following sources may be used, but are not all inclusive:
 - (i) information provided by an employer; and/or

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- (ii) the source of income; and/or
 - (iii) payment dates, hours of work; and/or
 - (iv) the recipient's estimation of income.
- b. If, with the help of the recipient, a determination of how income will change cannot be made, only that portion of income that the household reasonably anticipates shall be used in the benefit calculation.
3. The following are guidelines to determine income that is reasonably anticipated by the household. They include, but are not limited to the following.
- a. Take into account income that the household reports/estimates as being reasonably anticipated for the upcoming QR Payment Quarter;
 - b. If the household is unable to provide an estimate of anticipated income on the QR 7, the recipient, may be contacted for additional information;
 - c. If the household is unable to estimate future income with the CWD's assistance, the employer or source of income may be contacted with authorization from the recipient.
 - d. If income received during the past 30 days does not provide enough information to determine changes in income, take into account past income received by the household as an indicator of income to expect over the next quarter, if it will provide a more accurate indication of fluctuations in future income.
 - e. For seasonally fluctuating income, a review of the employment history for the most recent past season can be used if it will provide a more accurate indication of fluctuations in future income.
 - f. Past income cannot be used as an indicator of anticipated income for the quarter if changes in income have occurred or can be anticipated.

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- g. A new source of income, such as a new job, cannot be anticipated if it is uncertain when the job will start or what amount the recipient will be paid.

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Example: A recipient reports on the QR 7 that a 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 it 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. If the hours/rate of pay can be anticipated, but the start date of pay is not known, then the CWD cannot anticipate the income.

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- (3) Reasonably Anticipated Medical, Child Support and Child Care Expenses
 - (A) Medical, child care and court-ordered child support expenses shall be determined as follows:
 - 1. Determine the expense amount that is reasonably anticipated in each month of the quarter.
 - 2. Average the anticipated amounts over the months of the quarter and use the resultant amount as the expense deduction when computing benefits.

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3. Expenses paid on a weekly or bi-weekly basis shall be converted to a monthly deductible expense by multiplying the weekly and bi-weekly figure expense by 4.33 or 2.167 as appropriate if income is also multiplied by these conversion factors.

4. Document the rationale for the determination of the anticipated expense deduction.

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	Example 1	Example 2
Child Care for:	January	\$175
	February 200	0
	March 150	150
	Total	\$350
Quarterly Expense $5 \div 3$	\$175	\$116

The allowable average child care expense for the Quarter in Example 1 is \$175.
In Example 2, it is \$116.

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(B) Shelter Costs

Shelter costs shall be determined at application and recertification and shall remain fixed at the determined amount until the household reports either a change on the QR 7, makes a voluntary mid-quarter report, or a mandatory report of a move.

1. Increased shelter costs reported mid-quarter shall be recomputed using the new shelter cost. The new shelter deduction amount is fixed and will remain the same until another change is reported or until the next recertification occurs.

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2. If the report of a shelter cost increase results in increased benefits mid-quarter, the increased cost need not be reported on the next QR 7. Food stamp benefits shall be supplemented if benefits can be increased mid-quarter.
3. If a report of a shelter cost decrease would result in a mid-quarter decrease, the recipient shall be notified via a "No Change NOA" that no mid-quarter change resulted.

(C) Utility Costs

Utility costs shall be determined at application and at recertification and shall remain at the same fixed amount during the certification period, with the exception of households entitled to the SUA. Households that have elected the SUA at initial application, recertification or when a household moves may switch to actual utility expenses per Section 63-502.363(5)(c).

1. Households that switch utilities mid-quarter shall have their benefits supplemented if the result of the utility change would increase benefits. In no event shall benefits be decreased mid-quarter for utility changes elected by the household.
2. A "NO Change NOA" shall be sent to the household within 30 days of the reported change.
3. Anticipated actual utility amounts shall be averaged over a 12-month period and the resultant monthly amount shall remain fixed until there is another utility change at recertification or when the household moves.
 - a. The CWD shall verify, at county option, a household's utility expenses if the household requests to claim expenses in excess of the SUA and the expense would actually result in a deduction higher than the SUA.

(4) Income Averaging Over the Quarter

(A) Averaging Income Reported on the QR 7

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The following basic income averaging steps shall be taken to determine the monthly income average that shall be used in the benefit calculation for fluctuating income over the QR Payment Quarter.

1. Add the reasonably anticipated gross unearned income for each month of the quarter and divide by three. If the household receives the exact amount of income from month to month in the QR Payment Quarter, averaging over the quarter is not necessary. (Refer to Section 63-509(a)(5) for usage of the weekly and bi-weekly conversion factors when averaging income over the QR Payment Quarter.)
2. Apply all applicable allowances and deductions to the averaged income amounts to generate an average Net Non-exempt Income (NNI).
3. Add the NNI of each income type together to determine the average monthly NNI for the household.
4. For households that receive a CalWORKs benefit, the actual CalWORKs grant amount for each month must be used when computing food stamp benefits. The actual anticipated CalWORKs grant shall not be averaged over the QR Payment Quarter.

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Example: The quarter is October/November/December. The mother 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 ends. She reports that she will be paid \$900 in January and \$800 in February. The mother's aided spouse is also receiving Unemployment Insurance Benefit (UIB) of \$100 paid bi-weekly.

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

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Income Determination

Earned Income for January	\$900
+Earned Income for February	800
+Earned Income for March	0
Subtotal Earned Income for Quarter	\$1700
Earned Income Divided by 3	\$566.67

Computation

Averaged Gross Monthly Earned Income	\$566.67
Less Earned Income Deduction	-113.33
Less Standard Deduction	-134
Average Monthly Net Earned Income	\$319.34
Add average Monthly Net Earned Income	+319.34
Add Average Monthly UIB (\$100 x 2.167)	+216.70
(For usage of conversion factors, refer to (B) below)	
Add CalWORKs Monthly Grant	+372
Subtotal	\$908.04
Less Excess Shelter Deduction	- 350
Net Income	\$ 558

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(5) Weekly and Bi-Weekly Conversion Factor Usage

Under the following circumstances the CWD shall add weekly or bi-weekly Data Month income amounts reported on the QR 7 and divide that total by the number of pay periods in the Data Month to arrive at an average weekly or bi-weekly income amount to which the conversion factors shall be applied.

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- (A) A household reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it does not anticipate any changes in income in the upcoming quarter compared to the data month income actually reported on the QR 7, and the CWD is in agreement with the household's report of no change in income, or
- (B) A household reports on the QR 7 that it is paid on a weekly or bi-weekly basis and indicates that it does anticipate changes in its income in the upcoming quarter, but the county determines in its follow-up review that the AU's/HH's reasonably anticipated income in the next quarter will not change from what was reported in the Data Month on the QR 7, or
- (C) A household reports that it is paid on a weekly or bi-weekly basis, indicates that there are changes in income in the upcoming quarter, the amount is known and will remain the same for the entire QR payment quarter, and the CWD is in agreement with the reported income.
- (D) The average weekly and bi-weekly amounts arrived at above shall be converted to a monthly amount by using a 4.33 conversion factor for weekly payments and a 2.167 conversion factor for payments received bi-weekly.
- (E) The conversion figures can only be used if weekly and bi-weekly payments are paid throughout the entire QR Payment Quarter for each week or for every-other week in the quarter.
- (F) The conversion factors shall not be used for income received on a monthly or semi-monthly schedule.

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Examples:

1. The recipient reports on the QR 7 that 4 weekly paychecks were received in the following amounts: \$115, \$100, \$135 and \$95. The recipient also indicates on the QR 7 that his/her income is not expected to change during the next payment quarter compared to reported income on the QR 7. The CWD will add the 4 weeks of income together, divide by 4 and then factor the resultant amount by 4.33 (use the appropriate conversion factor for the payment frequency) to arrive at the monthly income amount for the next QR Payment Quarter. If 5 pay periods were reported in the Data Month on the QR 7, the CWD will add each week together and divide by 5 and then factor the resultant amount by 4.33.

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2. The QR Payment Quarter is January/February/March. The recipient indicated on the QR 7 that weekly income of \$100 was received in the Data Month and marks on the QR 7 that this income amount will not continue during the upcoming QR Payment Quarter. The CWD consults with the recipient and finds out that the recipient anticipated a change in income because he/she hopes to get a new job in the next quarter but has no firm offer. The recipient states that if he/she does not get a new job, he/she will continue at the current job throughout the next quarter making the same amount. Due to the speculative nature of the new job and the recipient's statement regarding the current job, the CWD determines that the income reported in the data month on the QR 7 is reasonably anticipated to continue during the next quarter. Therefore the CWD would apply the conversion factor of 4.33 to the \$100 weekly amount to arrive at the monthly income amount for the next QR Payment Quarter (In this example, because the 100 weekly amount remains the same for each pay period, the step requiring that the weekly amounts be added together and divided by the number of pay periods is not necessary)

3. The recipient reports on the QR 7 that she is paid on a weekly basis except she only works 3 weeks in a month and indicates that this frequency of pay will remain the same throughout the QR Payment Quarter and will remain unchanged throughout the next QR Payment Quarter. She is typically paid \$115, \$100, \$135. The CWD will add the 3 weeks of income together to arrive at a reasonably anticipated monthly income for the next QR Payment Quarter. Since income is not paid every week of the QR Payment Quarter, the income cannot be factored.

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- (6) Benefit Determination Based on Income That Will Change in the Upcoming QR Payment Quarter
 - (A) When the household has or reports income that will change during the next QR Payment Quarter, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. First use the household's anticipation of income if the household is able to provide it and if there is no conflicting information. If the information is questionable or the household is unable to anticipate future income, the household may be contacted to obtain additional information about anticipated pay and/or hours of work. If the household cannot be contacted, or if the household and/or the CWD are unable to anticipate future income levels, the recipient or the CWD with the household's written permission, may contact the household's employer regarding anticipated work hours or pay.

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- (B) If the CWD is still unable to reasonably anticipate future income, the CWD may also look at the recipient's prior work patterns to assist in determining the number of future work hours, if the recipient states that s/he had prior work hours/wages that are similar to the anticipated work pattern. 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 12 months to help establish patterns in 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. Persons who are satisfying the ABAWD work requirement through a combination of education/training and employment of less than 20 hours per week are not subject to the mid-quarter requirement when hours of employment are reduced.

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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.

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(2) Change of Address – Move Out of State

This reporting requirement is applicable to both PAFS and NAFS households. A timely notice of action is not required if the CWD determines that the household will not be residing in the state. Action to discontinue the household shall be for the end of the month in which the change was reported. An adequate notice is required.

(3) Change of Address – Move Out of County

A PAFS household that moves out of county shall be discontinued from the prior county at the same time the transfer of the CalWORKs case is completed; the transfer is completed when the former county discontinues the CalWORKs case as specified in Section 63-503.7.

(A) NAFS households shall be terminated at the time an address change is reported in another county. (Continued)

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Example: PAFS Case

A household is currently living in County A. On February 5th, the household informs County A that she now lives in County B. Due to the CalWORKs transfer period, County A will continue benefits to the household 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 household 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 household can easily access FS benefits for February and March.

Example: NAFS Case

A household is currently living in County A. On February 5th, the household informs County A that she now lives in County B. FS benefits will be discontinued in County A effective the end of February and County A shall inform the household that a new application is needed in County B for food stamp benefits to resume.

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(4) CalWORKs Income Exceeds the IRT

There is no mandatory mid-quarter recipient requirement to report income in excess of the IRT for the food stamp household. If the CalWORKs benefits did not change as a result of the report of IRT (the CalWORKs household was not discontinued), no further action is required in the PAFS case. 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 food stamp benefits must be recalculated as described below:

- (A) If the CalWORKs household reports income that exceeds the IRT, the CWD shall determine if the CalWORKs household's benefits will be continued or discontinued.
- (B) If CalWORKs benefits will be continued, no further action is required in the PAFS case.
- (C) If the CalWORKs cash grant is discontinued, households whose CalWORKs benefits are discontinued shall be processed for Transitional Food Stamp Benefits (TFS).

(d) Voluntary Mid-Quarter Recipient Reports

Recipients may report mid-quarter changes in income and circumstances in writing, verbally or in person at any time during the quarter. The CWD shall only take mid-quarter action on those voluntary reports that result in an increase to benefits except as provided in Section 63-509(d)(8). Some mid-quarter reports that may increase benefits are, but not limited to, income decreases, someone moves into the home, an allowable deduction increases. If a recipient chooses to verbally report a mid-quarter change, the CWD shall document the report in the case file.

- (1) Action to increase benefits shall be effective in the month the change actually occurs or is reported, whichever is later, and after all verification has been received.
 - (A) If the change occurred prior to the date of report, recalculate and increase benefits based on the date of report after verification is received.
 - (B) If the change will occur in a future month, recalculate and increase benefits based on the date the change is expected to occur after verification is received.
- (2) Voluntarily reported changes may result in an increase in benefits for one program (CalWORKs), while decreasing benefits for the other program (Food Stamp Program). Action shall be taken to increase benefits in the one program, while suppressing the decrease to the other program's benefits.
- (3) Verification shall be requested immediately from the recipient when there is a decrease in income or a new household member is reported in the household, or for other changes that would require verification when benefits are increased. Action to increase benefits shall not take place until verification is received. The recipient shall be allowed 10 days to provide the requested verification.

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- (4) The effective date for increases in benefits is determined differently for increases due to decreased income than for increases due to adding household members. Those effective dates are as follows:
 - (A) Increases due to decreased income are effective the first of the month in which the change is reported or the month the change occurred, whichever is later.
 - (B) Increases due to the addition of new household members are effective the first of the month following the report of the change.
- (5) When a household includes two members with income and one member experiences a decrease in income, only the decreased income of the one member is used to recalculate benefits.
- (6) If there are different sources of income received by the household and a decrease is reported for one of the sources, the CWD shall recalculate benefits using only the income from the decreased source. The recalculated income shall be added to the existing averaged household's income.
- (7) A "No Change NOA" shall be sent to the recipient when benefits cannot be increased. The "No Change NOA" must be sent within 30 days of the reported change. The NOA must remind the recipient to re-report the change on the QR 7.

The NOA must remind the recipient to re-report the change on the QR 7.

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The QR 377.4 has language under the "No Change in Benefits" check box that informs households that any voluntarily reported changes must be reported again on the next QR 7 and supported with verification of the change.

CWDs have the option of beginning to process voluntary mid-quarter reports prior to the end of the quarter that do not result in a change in benefits. However, the CWD must ensure that the information reported on the QR 7 is consistent with the "no change report" and information reported by the household.

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- (A) If information on the QR 7 is inconsistent with what was previously voluntarily reported mid-quarter, action shall be taken to resolve the discrepancy and to determine the actual current household circumstances.
- (B) The discrepancy should first be attempted to be resolved by contacting the recipient. If this contact is not possible, the QR 7 shall be considered incomplete.

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(C) If a Non-Assistance Food Stamp (NAFS) household voluntarily reports income over 130 percent of the Federal Poverty Level (FPL), the household shall be discontinued mid-quarter. Only voluntarily-reported income exceeding 130 percent of the NAFS household, excluding the mid-quarter report of a new household member and his/her income shall render the NAFS household ineligible (refer to Section 63-509(f)(4)(A)). Only voluntarily-reported income exceeding 130 percent FPL excluding the mid-quarter report of a new household member and his/her income, shall render the NAFS household ineligible [refer to Section 63-509(f)(4)(A)].

(e) Action on Voluntary Mid-Quarter Recipient Reports

To determine if the voluntary reported change results in increased benefits mid-quarter, a recalculation of benefits for the current and remaining months of the quarter using the new income that the household reasonably expects to receive is required. If the anticipated income will be different in each of the remaining months of the quarter and the recipient knows with reasonable certainty what the amount would be for each month, the new income shall be averaged for the current and remaining months in the quarter.

- (1) 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.

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Example 1: A household of three is receiving cash aid of \$192 and FS benefits of \$165. The grant amount was based on the mother having earned income of \$1200 per 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 anticipated 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:

Recalculation of averaged income:

\$600	(April Actual)
+ 0	(May anticipated)
+ 0	(June anticipated)
\$600	

Divide the total by 3 (the number of months for which new income is expected) = \$200 per month. After re-computing the current and remaining months in the Quarter, the new CalWORKs grant is \$679.

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Food Stamp Program Computation:

Average Monthly Income	200
Add New CalWORKs Grant	+679
Less Earned Income Deduction	- 40
Less Standard Deduction	-134
Subtotal	\$705
Less Excess Shelter Deduction	\$350
Net Income	\$355
New Allotment Amount	\$259
Benefits Received	-165
Supplement for April	\$ 94

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

Recalculation of averaged income:

+ \$600	(May actual/anticipated)
+ 0	(June anticipated)
$\$600 \div 2 = \300	

The new CalWORKs grant amount is \$642 after re-computation.

Food Stamp Program Computation:

Average Monthly Income	\$300
Add New CalWORKs Grant	+642
Less Earned Income Deduction	- 60
Less Standard Deduction	-134
Subtotal	\$748
Less Excess Shelter Deduction	-350
Net Income	\$398
New Allotment Amount	\$246
Benefits Received	-165
Supplement for May	\$ 91

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- (2) If decreased 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 in the Submit Month.

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Household changes that occur in the Submit Month and are reported on the QR 7 will be considered voluntary mid-quarter reports, and acted upon as such.

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- (3) If a recipient has reported a voluntary mid-quarter decrease in income or increase in food stamp 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.

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The household includes a mother and two children. The mother was working full-time and receiving \$1200 per month gross earnings. On May 5 of an April/May/June quarter, the mother 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 per month gross income (the new averaged income amount), and issues a food stamp supplement to the household for May and increases the June allotment. In June, the mother 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 the mother's report of "decreased" income in June.

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- (4) In any instance where two or more changes are reported to the CWD at the same time, the CWD must evaluate each change separately and according to the sequence of occurrence, keeping in mind the timing of when benefits can be increased based on decreased income and new household members being added to the household unit. The evaluation of separate events is also applicable to reports of mandatory reports of changes.

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Example: A household consists of mother and one child. The QR Payment Quarter is January/February/March. A second child enters the home on January 5th and the mother loses her job on January 7th. Both changes are reported to the CWD on January 9th. The first change occurred on January 5th where the job was lost. Since this is a mid-quarter change, benefits can be increased mid-quarter. The second change occurred on the 7th with the second child entering the home. The child is eligible and is included in the household effective February 1st.

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(f) Household Composition Changes Reported Mid-Quarter

Recipients may voluntarily report changes in household composition at any time during the quarter. Action should only be taken on those changes that result in an increase to the household's benefits.

If the change results in increased benefits, action shall be taken 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, no action shall be taken to change the household's benefits until the following quarter.

- (1) The following are steps to be taken when a new person is reported in the home.
 - (A) Review eligibility for the new person in accordance with Food Stamp Program regulations as an initial step to determine if the new household member should be included as part of the household.
 - (B) If the new person should be included in the household, determine if the household meets all non-financial eligibility criteria.
 - (C) If the household meets all non-financial eligibility criteria with the addition of the new person, continue to determine if the new person has income that should be included in the benefit calculation.
 - (D) Run a test benefit calculation to determine if adding the person and his/her income to the pre-existing household's income would result in an increase or decrease to the household's benefits. Add the new person's income for the months in which they would be added to the household. The existing household's income shall not be reaveraged to include the new household member's income.

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- (E) When taking action to add the new person into the household, include the new person's income along with the household's pre-existing income to recalculate benefits for the month the person is added to the household and any remaining months in the quarter. The existing household's income shall not be reaveraged to include the new household member's income.

- (2) Adding a New Household Member Mid-quarter
 - (A) When all verification is received, all eligibility factors are met and the addition of the new person results in increased benefits, add the new household member to the household and increase benefits to the household, as a mid-quarter change, effective the first of the month following the month in which the change was reported.

 - (B) In any circumstance where the new household member has income, only that member's income is averaged over the remaining months in the quarter. The new household member's averaged income is then added to the existing household's averaged income to determine if benefits are to be increased or would result in a decrease mid-quarter. The new household member's averaged income is used to calculate benefits only for the months in which the new member is included in the household.

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Example 1: The CWD is currently aiding a two-person household 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 household effective March 1.

Example 2: Same scenario as in Example 1 except 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. The CWD would add the father to the household effective the first of April.

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- (3) Household Composition Change Results in Decreased Benefits
 - (A) If the result of a new person reported in the household decreased benefits, no action shall be taken to decrease benefits mid-quarter. A NOA shall be sent to the household informing them that the voluntary report of the new person did not increase benefits. The NOA shall remind the household to report the new person and any income or property he/she has on the next QR 7.

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1. The CWD shall treat notification of a recipient death mid-quarter as a voluntary recipient report for discontinuance of benefits for the deceased individual. If the information was received verbally, the CWD shall discontinue benefits at the end of the month in which timely and adequate notice can be provided. If the information was received in writing, the CWD shall discontinue at the end of the month with only adequate notice.

(B) Information reported on the QR 7 shall be used in the determination of eligibility and benefit level for the upcoming quarter. The earliest the benefits could be decreased is the first of the next Payment Quarter provided 10-day notice is given. Discontinuance of benefits for ineligibility shall occur at the end of the Submit Month.

(4) New Person Results in Financial Ineligibility or Ineligibility Due to Other Eligibility Factors

If addition of the new person would render the household ineligible mid-quarter, no action shall be taken to change the household's benefits. A NOA shall be sent to the household informing them that the voluntary report of the new person did not increase benefits and that the household is responsible for reporting the new person and his/her income/property on the next QR 7. The earliest that food stamp benefits can be discontinued is the end of the Submit Month.

(A) Only voluntarily reported income exceeding 130 percent of FPL of the NAFS household, excluding the mid-quarter report of a new household member and his/her income, shall render the NAFS household ineligible per Section 63-509(d)(8).

(g) Voluntary Recipient Request for Discontinuance of Benefits

Benefit adjustments shall be made mid-quarter when a recipient requests discontinuance of benefits. A recipient may voluntarily request mid-quarter that the entire household be discontinued; or for any individual member of the household who is no longer in the household.

(1) Recipient Makes a Verbal Request for Discontinuance of Benefits

A verbal request shall require that a 10-day notice be sent before discontinuance or a decrease in benefits can be made at the end of the month. A written request shall require that an adequate notice be sent at the end of the month.

(2) Recipient Makes a Written Request for Discontinuance of Benefits

A voluntary mid-quarter report of someone leaving the home shall not be assumed to mean that it equates to a voluntary request for discontinuance of the household member. A determination must be made to determine whether the voluntary mid-quarter report of someone leaving the household is actually a request of discontinuance by contacting the household to clarify the report and to inform the household that a discontinuance of the individual will result in decreased benefits mid-quarter. Discontinuance of the individual shall occur only if he/she is out of the home or is considered a separate household member.

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(h) County-Initiated Mid-Quarter Actions

In addition to making mid-quarter adjustments to benefits as a result of mandatory and voluntary recipient reports mid-quarter, action shall also be taken on certain changes in eligibility status at the end of the month in which timely and adequate notice can be provided to the household.

(1) Changes Resulting in County-initiated Actions Mid-Quarter

The changes that are considered county-initiated and that can occur at any time during the quarter:

- (A) Sanctions or financial penalties;
- (B) Failure of the household to comply with a Quality Control Review.
- (C) Benefits are applied for and approved for a household member in another household or for the household;

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Example 1: Current quarter is Jan/Feb/March. The current food stamp household consists of a mother and two children. On February 4th, one of the children goes to live with grandmother. Grandmother comes in to apply for food stamps for the child on February 5th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of February with a 10-day NOA from the mother's food stamp household, and aid will be authorized effective the first of March for the grandmother and the child. The application for February will be denied for the child; however, if the grandmother was eligible, aid would be granted for her.

Example 2: Current quarter is Jan/Feb/March. The current food stamp household consists of a mother and two children. On February 4th one of the children goes to live with grandmother. Grandmother comes in to apply for food stamps for the child on February 25th. Since duplicate aid cannot be authorized for the child now living with the grandmother, the child must be deleted effective the end of March with a 10-day NOA from the mother's food stamp household, and aid will be authorized effective the first of April for the child. The application for February and March will be approved for the grandmother if eligible, and denied for the child.

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- (D) Discontinuances due to the termination of a CalWORKs inter-county transfer as described in Section 63-503.7;
- (E) Status changes in the California Food Assistance Program (CFAP).

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- (F) Cost-of-Living adjustments (COLAs) for the Food Stamp Program, CalWORKs, General Assistance and for those COLAs administered by the Social Security Administration.
- (G) Adjustments due to erroneous or incomplete recipient QR 7 or mid-quarter reports of information or lack of action by the county on the QR 7 or mid-quarter recipient reports.
- (H) The three-month time limit for an ABAWD ends or an ABAWD who has regained eligibility and subsequently stops meeting the work requirements.
- (I) Discontinuance due to an ineligibility determination when recertification falls outside the Submit Month.

(2) County-Initiated Actions To Be Taken at the Beginning of the Quarter

An exception to mid-quarter county-initiated actions occurs when adjustments/reductions to benefits are begun for recoupment of an O/I per Sections 63-801.44 and .45. This action shall be taken at the beginning of a quarter.

(3) Known to County Information

(A) Use of Known to County Information

Information that is "known to county" and is considered information that is subject to mandatory reporting shall be used to:

1. Calculate an 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
2. Take prospective action to change benefits mid-quarter or at the beginning of a quarter if information reported by the recipient does not accurately reflect a mandatory mid-quarter report of information or information reported on the QR 7.

(B) CWD Action on Public Assistance (PA) Changes Known to CWD

1. Changes to PA benefits shall be considered information that is known to county.
2. All changes to PA benefits shall be reviewed by the CWD for possible benefit increases or decreases by calculating a new budget.
3. Food stamp benefits shall be increased if the calculation indicates such an increase.
4. If a mid-quarter decrease is indicated, benefits cannot be decreased.

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Example 1: A county becomes aware that the CalWORKs grant has decreased mid-quarter. The CWD will calculate the impact on food stamp benefits to determine if benefits can be increased or decreased. If the calculation indicates an increase, the CWD will supplement/increase benefits. Benefits would not decrease mid-quarter. **This is an exception to the general QR rule that do not permit an increase to benefits mid-quarter unless they are reported by the household as described in the next example.**

Example 2: A county becomes aware of known to county information that UIB being budgeted is exhausted. There are two months remaining in the QR Payment Quarter. The county will not act on this information to increase benefits. The recipient must report that UIB is ending before benefits can be increased mid-quarter.

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(C) CWDs shall not act on information “known to county” that is not required to be reported, even if benefits could be increased mid-quarter based on the given information. The recipient must report a change before benefits will be increased.

(i) Third Party Information

Third party information is not known to the county and is a report from an anonymous source about a household’s circumstances.

(j) CWD Action on Information Obtained from Match Systems

(1) The CWD shall consider information received from match systems such as the Income and Eligibility Verification System (IEVS), the Payment Verification System (PVS), and other such sources for purposes such as:

- (A) To determine if information reported on QR 7s is accurate;
- (B) To determine if a fraud referral or an overissuance claim/adjustment is necessary;
- (C) To determine if clarification of current eligibility is necessary.

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The following examples apply only to Public Assistance households:

Examples of Match Systems information include, but are not limited to: Eligibility Verification System (IEVS), Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB), Asset Match/Internal Revenue Service (IRS) Match, Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR), other matches from special investigative units, and known information from CalWORKs or other assistance programs.

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(k) Resolving Conflicting Information Based on Third-Party/Known to County Reports

The recipient shall be contacted and informed that eligibility information is in question. The recipient shall be given the opportunity to verify the correct circumstances before action is taken to reduce/correct benefits. Action shall not be taken mid-quarter based on third party information regarding changes that the household is not required to report during the quarter.

(l) Treatment of Multiple Changes Within A QR Payment Quarter

Multiple changes during a QR Payment Quarter shall be acted upon in accordance with QR/PB rules for mandatory and voluntary recipients reports, and on county-initiated and third-party reports. Each change shall be acted upon separately, using the rule that is unique to that type of change. Circumstances shall not be combined to effect a change in benefits.

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.

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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.

(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.

63-801 CLAIMS AGAINST HOUSEHOLDS (Continued)

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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.

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- (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: For NAFS households, this is not a mandatory mid-quarter report. The county shall act to discontinue the mother upon timely and adequate notice based on the subsequent QR 7.

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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