

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, CA 95814



March 27, 2007

Regulation Package # 1205-22

CDSS MANUAL LETTER NO. FS-06-04

TO: HOLDERS OF THE FOOD STAMP MANUAL, DIVISION 63

**Regulation Package # 1205-22****Effective 11/1/06****Sections 63-501, 63-503, 63-504, 63-505, 63-508, and 63-509**

This manual letter has been posted on the Office of Regulations Development website at [http://www.dss.cahwnet.gov/ord/FoodStamps\\_618.htm](http://www.dss.cahwnet.gov/ord/FoodStamps_618.htm).

The food stamp provisions of the Farm Bill gave the State several options to deliver benefits more effectively through simplification of the Program. The options the Department implemented include aligning the resource and income exclusions with the CalWORKs program, allowing the treatment of child support payments as an income exclusion instead of a deduction, and requiring the use of the Standard Utility Allowance (SUA).

Based on the most recent California Food Stamp Characteristic Survey information, requiring the use of the SUA does not negatively impact households that are currently claiming actual expenditures as the average amount of actual utility expenses claimed is significantly less than the SUA. Implementation of this option helps avoid quality control program errors. Additionally, because county personnel no longer has to calculate the utility allowance based on actual bills for utility costs, this option resulted in some administrative savings.

These regulations were considered at the Department's public hearing held on June 12, 2006.

**FILING INSTRUCTIONS**

**Revisions to all manuals are indicated by a vertical line in the left margin.** 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-06-03.

**Page(s)**

218 and 219

222 and 223

243 through 246

251 through 254

**Replace(s)**

Pages 218 and 219

Pages 222 and 223

Pages 243 through 246

Pages 251 through 254

**Page(s)**

257 through 260.5  
261 through 262.1  
278 and 278.1  
281 and 281.1  
284 and 285  
296 through 299  
315.1 and 351.2  
351.1  
364 through 367  
370  
373.1  
374 through 376  
376.17 and 376.18  
376.25 and 376.26  
376.31 and 376.32  
376.51 and 376.52

**Replace(s)**

Pages 257 through 260.5  
Pages 261 through 262.1  
Pages 278 and 278.1  
Pages 278 and 278.1  
Pages 284 and 285  
Pages 296 through 299  
Pages 315.1 and 315.2  
Page 351.1  
Pages 364 through 367  
Page 370  
Page 373.1  
Pages 374 through 376  
Pages 376.17 and 376.18  
Pages 376.25 and 376.26  
Pages 376.31 and 376.32  
Pages 376.51 and 376.52

Attachment

NH

<b>63-501</b>	<b>RESOURCE DETERMINATIONS (Continued)</b>	<b>63-501</b>
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- (1) the resources are jointly owned by the resident and member(s) of the former household from which the resident fled, and
- (2) the resident's access to such resources requires the consent of both the resident and the member(s) of the former household.
  
- (o) Non-liquid asset(s) against which a lien has been placed as a result of taking out a business loan and the household is prohibited by the security or lien agreement with the lien holder (creditor) from selling the asset(s).
  
- (p) Resources of any household member receiving PA. If a resource is jointly held by a Food Stamp household member who is receiving PA and a Food Stamp household member who is not receiving PA, then exclude the amount that was counted in determining the PA eligibility.
  
- (q) Property, real or personal, to the extent that it is directly related to the maintenance or use of a vehicle excluded under Sections 63-501.521(a), (b) or (f). Only that portion of real property determined necessary for maintenance or use is excludable under this provision.

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- (1) For example, a household which owns a produce truck to earn its livelihood may be prohibited from parking the truck in a residential area. The household may own a 100-acre field and use a quarteracre of the field to park and/or service the truck. Only the value of the quarteracre would be excludable under this provision, not the entire 100-acre field.

**HANDBOOK ENDS HERE**

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- (r) Restricted accounts as defined in the Eligibility and Assistance Standards Manual at Section 89-130. MPP

.4 Handling of Excluded Funds

- .41 Excluded funds that are kept in a separate account, and that are not commingled in an account with nonexcluded funds, shall retain their resource exclusion for an unlimited period of time.

<b>63-501</b>	<b>RESOURCE DETERMINATIONS (Continued)</b>	<b>63-501</b>
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- .624 Resources which are transferred for reasons other than qualifying or attempting to qualify for food stamp benefits, for example, a parent placing funds into an educational trust fund described in Section 63-501.3(h).
  
- .63 Notice Requirements
  - .631 In the event the CWD establishes that an applicant household knowingly transferred resources for the purpose of qualifying or attempting to qualify for Food Stamp benefits, the household shall be sent a notice of action denying the application and explaining the reason for the length of the disqualification. The period of disqualification shall begin in the month of application.
  
  - .632 If the household is participating at the time of the discovery of the transfer, a notice of action explaining the reason for and length of the disqualification shall be sent. The period of disqualification shall be made effective with the first allotment to be issued after the period for timely notice has expired, unless the household has requested a state hearing and continued benefits.
  
- .64 The length of the disqualification period shall be based on the amount by which nonexempt transferred resources, when added to other countable resources, exceeds the allowable resource limits.

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- .641 For example, if a one-person household with \$1,250 in the bank, transferred ownership of a car worth \$5,500, \$1,000 of that transfer would be considered because the first \$4,500 of the car's value is exempt. When that \$1,000 is added to the \$1,250 in the bank and applied toward the \$2,000 resource limit, \$250 is left as excess resources and used to determine the period of disqualification.

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**HANDBOOK ENDS HERE**

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**63-501 RESOURCE DETERMINATIONS (Continued)** **63-501**

.642 The following chart shall be used to determine the period of disqualification.

Amount in Excess of the Resource Limit	Period of Disqualification
\$0 to 249.99.....	1 month
\$250 to 999.99.....	3 months
\$1,000 to 2,999.99.....	6 months
\$3,000 to 4,999.99.....	9 months
\$5,000 or more .....	12 months

.65 A transfer of assets to qualify for the Program shall not be treated as a fraudulent action in and of itself. However, concealment and misrepresentation of the assets transfer shall constitute fraud and shall be subject to the intentional Program violation provisions of Section 63-805.

.7 Resources of Nonhousehold Members

The resources of nonhousehold members, as defined in Section 63-402.21, shall be handled in accordance with Section 63-503.45.

.8 Resources of Excluded Household Members

The resources of excluded household members, as defined in Sections 63-402.221, .222, .223, and .224, shall be handled in accordance with Section 63-503.44. The income and resources of excluded household members, as defined in Sections 63-402.225, .226, and .227, shall be handled in accordance with Section 63-503.45.

NOTE: Authority cited: Sections 10553, 10554, 11209, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901, 18901.9, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 272.8(e)(17); 7 CFR 273.2(j)(4); 7 CFR 273.8; 7 CFR 273.8(e)(11), (12)(ii), and (18); 7 CFR 273.8(f) and (h); Federal Register Volume 68, No. 168, Page 51933 published on August 29, 2003; Public Law (P.L.) 100-50, Sections 22(e)(4) and 14(27), enacted June 3, 1987; P.L. 101-201; P.L. 101-426, Section 6(h)(2), as specified in United States Department of Agriculture (U.S.D.A.), Food and Nutrition Service (FNS), Administrative Notice (AN) 91-37; P.L. 101-508, Section 11111(b); P.L. 101-624, Section 1715; P.L. 102-237, Section 905, as specified in Federal Administrative Notice 92-12, dated January 9, 1992; Section 2466d., Title 20, United States Code (U.S.C.); 7 U.S.C. 2014(d) and (g)(6)(A)(i); 26 U.S.C. 32(j)(5); 42 U.S.C.A. 5122 as amended by P.L. 100-707, Section 105(i); U.S.D.A., FNS, ANs 91-30 and 94-39; Index Policy Memo 90-22, dated July 12, 1990; U.S.D.A., FNS, AN 94-58, dated July 5, 1994; P.L. 104-193, Sections 810 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued) 63-502**

- (2) The following shall not be considered a reimbursement excludable under this provision:
- (A) Portions of benefits provided under Title IV-A of the Social Security Act for work-related or child care expenses when adjustments have been made to the PA payments, except for such expenses made under an employment, education or training program initiated under Title IV-A after September 19, 1988.
  - (B) Clothing allowances specified in Section 63-502.2(g)(1)(F) if the monthly AFDC grant is reduced by the amount of the allowance during the month in which the allowance is provided.

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502**

- (h) Monies received and used for the care and maintenance of a third-party beneficiary who is not a household member. If the intended beneficiaries of a single payment are both household and nonhousehold members, any identifiable portion of the payment intended and used for the care and maintenance of the nonhousehold member shall be excluded. If the nonhousehold member's portion cannot be readily identified, the payment shall be evenly prorated among the intended beneficiaries and the exclusion applied to the nonhousehold member's pro rata share or the amount actually used for the nonhousehold member's care and maintenance, whichever is less.
- (i) The earned income (as defined in Section 63-502.13) of children who are members of the household, who are elementary or secondary school students at least half time, and who have not attained their 19th birthday. Income of a student who attains their 19<sup>th</sup> birthday during the certification period, shall be excluded until the month following the month in which the student turned 19. If the student becomes 19 during an application month, the income is excluded in the month of application and counted in the following month except as specified in Section 63-507(a)(4)(A). The exclusion shall continue to apply during temporary interruptions in school attendance due to semester or vacation breaks, provided the child's enrollment will resume following the break. If the child's earnings or amount of work performed cannot be differentiated from that of other household members, the total earnings shall be prorated equally among the working members and the child's pro rata share shall be excluded. Individuals are considered children for purposes of this provision if they are under the parental control, as defined in Section 63-102(p)(1), of another household member.
- (1) Earnings to household members under 19 years of age who are under the parental control of another adult household member and who are participating in on-the-job training programs under Section 204(b)(1)(C) or 264(c)(1)(A) of the Workforce Investment Act, regardless of school attendance and/or enrollment.
- (j) Money received in the form of a nonrecurring lump-sum payment, including, but not limited to, income tax refunds, rebates, or credits; retroactive lump-sum social security, railroad retirement benefits, or other payments; retroactive payments from the approval of an application for any assistance program; AFDC homeless assistance payments for temporary shelter or permanent housing [see Section 63-102(h)]; court ordered retroactive payments for any assistance program; supplemental or corrective payments received for a previous month from any assistance program; lump-sum insurance settlements; or refunds of security deposits on rental property or utilities. These payments shall be counted as resources in the month received, in accordance with Section 63-501.111 unless specifically excluded from consideration as a resource by other federal laws as specified in Section 63-501.3(l), Section 63-506 or Section 63-507.
- (1) TANF payments made to divert a family from becoming dependent on welfare shall be excluded as a nonrecurring lump-sum payment if the payment is not defined as assistance because of the exception for nonrecurrent short-term benefits in 45 CFR 260.31 (b)(1).
- (k) The cost of producing self-employment income. The procedures for computing the cost of producing self-employment income are specified in Section 63-503.415.

<b>63-502</b>	<b>INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)</b>	<b>63-502</b>
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- (l) Income that is specifically excluded for Food Stamp purposes by any other federal statute as specified in Section 63-507.
- (m) Repealed by Manual Letter No. FS-91-06, effective 8/1/91.
- (n) Any payment made to an FSET Program participant, as specified in Section 63-407.83, for costs that are reasonably necessary and directly related to participation in the FSET Program.
  - (1) These costs include, but are not limited to:
    - (A) Dependent care costs, including the value of any dependent care service provided or arranged by the CWD;
    - (B) Transportation; and
    - (C) Other expenses related to work, training or education, such as uniforms, personal safety items or other necessary equipment and books or training manuals.
  - (2) These costs shall not include the cost of meals away from home.
- (o) Foster care payments received by households with foster care boarders who are not part of the food stamp household.
- (p) Child support payments that a household member pays to or for an individual living outside of the household.
  - (1) The child support exclusion is the monthly amount of child support payments that a household member, with a legal obligation to pay child support payments to or for an individual living outside of the household, actually makes.
  - (2) The payments shall be verified as specified in Section 63-300.51(j).
  - (3) Households that fail or refuse to cooperate by supplying the necessary verifications shall have their eligibility and benefit level determined without a child support exclusion.
  - (4) Payments are excluded only to the extent that they represent the household's child support obligation which has been ordered by a court or administrative authority.
  - (5) Child support payments made to a third party (e.g., a landlord or utility company) on behalf of the nonhousehold member in accordance with the support order shall be included in the child support exclusion. Payments made by a household with a legal obligation to obtain health insurance for a child shall also be included as part of the child support exclusion.

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502**

- (6) Amounts paid toward arrearages shall be excluded from being counted as income.
- (q) All payments excluded from consideration as income in the Eligibility and Assistance Standards Manual at Section 44-111, with the exception of Sections 44-111.222, .223, .224, .23 and .43.

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- (1) Examples of excluded income include, but are not limited to, the following:
- (A) Any college work study programs.
  - (B) Child/Spousal Support Disregard. The first \$50 per month of current child/spousal support paid to or on behalf of an assistance unit shall be disregarded when determining both eligibility and grant amount.
  - (C) Job Training Partnership Act (JTPA). All payments to and earnings of a child which are derived from participation in JTPA programs. All payments to an adult which are derived from participation in JTPA programs.
  - (D) All earned income of a child under 19 years old is exempt if he/she is a full-time student, or he/she has a school schedule that is equal to at least one-half of a full time curriculum, and he/she is not employed full time.
  - (E) Independent Living Program (ILP). Income and incentive payments earned by a child 16 years of age or older who is participating in the ILP.
  - (F) Relocation Assistance Benefit, paid by a public agency to a recipient who has been relocated as a result of a program of area redevelopment, urban renewal, freeway construction or any other public development, involving demolition or condemnation of existing housing.
  - (G) Payments received under the California Victims of Crimes Program.
  - (H) Allowance for training expenses paid to recipients participating in Department of Rehabilitation training programs.
  - (I) Any award or scholarship provided to or on behalf of a dependent child based on the child's academic or extracurricular activity.
  - (J) Contribution from persons or organizations that would not be available for expenditure unless used in accord with conditions imposed by the donor. For example, an uncle gives \$200 to the household to purchase new tires. \$200 is exempt when receipts for the intended purpose verify the expenditure.

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**63-502**     **INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)** **63-502**

- (c) Property taxes, state and local assessments, and insurance on the structure itself, but not separate costs for insuring furniture or personal belongings.
- (d) The cost of heating and cooking fuel; cooling and electricity; water and sewerage; garbage and trash collection fees; the basic service and rental fee for one telephone, including tax on the basic fee; and fees charged by the utility provider for initial installation of the utility. One-time deposits shall not be included as shelter costs.
- (e) The shelter costs for the home if temporarily not occupied by the household because of employment or training away from home, illness, or abandonment caused by natural disaster or casualty loss. For costs of a home vacated by the household to be included in the household's shelter costs, the household must intend to return to the home; the current occupants of the home, if any, must not be claiming the shelter costs for food stamp purposes; and the home must not be leased or rented during the absence of the household.
- (f) Costs for the repair of the home which was substantially damaged or destroyed due to a natural disaster such as a fire or flood. Shelter costs shall not include costs for repair of the home that have been or will be reimbursed by private or public relief agencies, insurance companies, or from any other source.

.363 Standard Utility Allowance (SUA)

- (a) Entitlement to SUA
  - (1) The SUA is mandatory for all households which incur heating or cooling costs separate and apart from their rent or mortgage payments. This includes residents of rental housing who are billed on a monthly basis by their landlords for actual usage as determined through individual metering.
    - (A) Households who are using the homeless shelter deduction shall not be entitled to the SUA because a utility component is included in the homeless shelter deduction.

<b>63-502</b>	<b>INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)</b>	<b>63-502</b>
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- (2) The SUA shall also be made available to households receiving energy assistance payments made under the Low Income Home Energy Assistance Act (LIHEAA) of 1981. Households which receive energy assistance vendor payments made under a program other than the LIHEAA of 1981, are eligible for the SUA only if they continue to incur out-of-pocket heating or cooling expenses during any month covered by the certification period. To determine if a household incurs an out-of-pocket heating or cooling expense in addition to the energy assistance vendor payments, the CWD shall prorate the energy assistance vendor payments over the entire heating or cooling season the payment is intended to cover.

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502**

- (b) The SUA for food stamp households shall be adjusted annually by CDSS to reflect increases or decreases in the cost-of-living. The SUA annual adjustments shall take effect on October 1st.
- (1) The cost-of-living shall be calculated by CDSS based on the weighted average of the Fuel and Other Utilities Index of the Consumer Price Index for All Urban Consumers (CPI-U), when published by the U.S. Department of Labor, Bureau of Labor Statistics for Los Angeles-Riverside-Anaheim and San Francisco-Oakland-San Jose. The weighting factor for each area is as used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).
- (2) The percentage change to be determined shall be for a 12-month period ending with March of the same year for which the cost-of-living adjustment will take effect. The SUA in effect during the month of October preceding the calendar year in which the adjustment is to take place will be increased/decreased by the 12-month percentage change, with the resulting SUA to be rounded to the nearest dollar. The result shall constitute the new SUA (see Handbook Section 63-1101.26).
- (c) When the SUA is revised due to the annual adjustments, it shall be applied to all households on the effective date of the revised SUA (see Handbook Section 63-1101.26). The change to the new SUA shall not be considered a switch from the actual amounts to the SUA for purposes of Section 63-502.352(c).
- (d) A household that is not eligible for the SUA, but incurs expenses for at least two separate types of utilities (other than heating and cooling) is eligible for a Limited Utility Allowance (LUA). Allowable utilities include telephone, water, sewerage, and garbage or trash collection. The LUA will be adjusted annually in accordance with Sections 63-502.363(b) and (b)(2).
- (1) The cost-of-living shall be calculated by CDSS based on the U.S. City Average, using the Water, Sewer, and Trash Utility Index of the CPI-U, when published by the U.S. Department of Labor, Bureau of Labor Statistics.
- (e) A household that is not eligible for either the SUA or LUA, but incurs telephone costs only, is entitled to a Telephone Utility Allowance (TUA) of \$20. It shall be used only in instances where the household has a telephone, or in its absence, an equivalent form of communication.

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502**

- (f) Verification of utility expenses shall be made as specified in Sections 63-300.51(f) and 63-504.341.

**.37 Shared Living Expense Deductions**

Shared living expenses include allowable shelter, utility and/or dependent care expenses which the Food Stamp eligible household member(s) shares with an excluded/ineligible household member(s) or another household which may or may not be participating in the Food Stamp Program.

**.371 Treatment of a Food Stamp Household that Contains an Excluded Member(s)**

When the food stamp household lives with and shares utility expenses with an excluded/ineligible household member(s), the CWD shall not prorate the SUA.

**.372 Treatment of Separate Households**

The food stamp household may live with another household(s) which may or may not participate in the Food Stamp Program. If these households share shelter and/or utility expenses, the CWD will allow expenses for each household. If the food stamp eligible household(s) is eligible for a utility allowance, it will receive the full allowance and there will be no pro-ration among eligible households.

- (a) For the food stamp household(s), the CWD shall use the household's utility allowance and the household's actual shelter/rent expense to determine the shelter deduction, based on its household composition. Refer to Sections 63-502.373 and .374.

**.373 Food Stamp Households with Excluded Members**

The CWD must identify which excluded members are contributors. Contributors are those household members who share the residence and the expense of that residence by paying or obligating money from their separate income or resources.

**(a) IPV Disqualifications and/or Workfare/Work Sanctions**

If the food stamp household shares deductible expenses with members who are excluded because they are IPV disqualified or have been sanctioned for refusing to fulfill workfare or work requirements, the entire rent and utility allowance are counted as deductions for the Food Stamp household budget.

**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502****(b) Ineligible Noncitizens and/or SSN Disqualifications**

If the food stamp household members who are ineligible noncitizens or members excluded for SSN disqualification pay part or all of the deductible expenses, the expenses (excluding the utility allowance) will be prorated among all members and only the eligible members' share is counted as the deduction. Refer to MS 63-502.375 for instructions on how to prorate. Utility allowances shall not be prorate.

- (1) If any ineligible noncitizen contributes to the household expenses, all ineligible noncitizens of that household are counted in the proration. If any SSN disqualified member contributes to the household expense, all SSN disqualified members of that household are counted in the proration.
- (2) To be considered a contributor the ineligible noncitizen or SSN disqualified member must actually be using his/her income or resources to contribute. If s/he is acting solely as an agent or payee for another household member, s/he would not be included in the proration.
  - (A) Any of these members who have income must be included in the proration of expenses.

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**HANDBOOK BEGINS HERE****(3) EXAMPLE: Household composition:**

Father - an ineligible noncitizen, does not contribute to expenses  
Mother - an eligible noncitizen receiving AFDC, contributes to expenses  
Two children receiving AFDC

The CWD would not consider the father in the proration calculation solely based on his relationship with the mother. He is not calculated into the proration **because he does not contribute.**

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**63-502 INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)****63-502**

## (c) SSI recipients and/or Excluded Students

If the food stamp household shares deductible expenses with members who are excluded because they are SSI recipients or excluded students, amounts contributed by those excluded members shall be deducted from the allowable expense. Only the remaining dollar amount shall be allowed as the Food Stamp household's deduction. Utility allowance shall not be pro-rated.

- (1) If payments or contributions made by these excluded members cannot be differentiated, the expenses shall be prorated evenly among the members contributing to the expense and only the food stamp household's pro rata share is counted as the deduction.
- (2) If an SSI recipient and/or excluded student household member does not contribute to the household expenses, he/she is not counted in the proration.

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.374 CWDs may use the following chart when calculation shelter expenses in shared living situations. Additionally, the following steps may be helpful in the calculation process:

- (a) Determine the number of households sharing the residence (refer to MS 63.502.361). Use household composition rules and the Decision Chart below.
- (b) Determine the number of households contributing to the expense.
- (c) Determine the amount of the Food Stamp household's contribution. See the Rent Decision Chart below.
- (d) If the Food Stamp household contains excluded members, see the Decision Chart below.

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**HANDBOOK CONTINUES**

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**HANDBOOK CONTINUES**

DEDUCTION DECISION CHART IN SHARED LIVING ARRANGEMENTS

	<u>Within Residence</u>		<u>Within FSHH</u>	
	<b>Separate HHs:</b> Includes roomers, attendants, or others who live with HH but purchase and prepare separately (i.e., another family)	<b>IPV/Work Sanction Within the FSHH</b>	<b>SSI/Recipient Excluded Student Within the FSHH</b>	<b>Ineligible Noncitizen/SSN Disqualified Within the FSHH</b>
HH Composition Test: Would the person(s) be an otherwise eligible HH member(s), per HH composition rules? (M.S. 63-402.1)	No.	Yes, as determined by HH composition rules. Items below apply.	Yes, as determined by HH composition rules.	Yes, as determined by HH composition rules. If yes, then items below apply.
Shelter (M.S. 63-502.35)	Allow actual amount paid by FSHH as its deduction.  If contribution cannot be differentiated, prorate by the number of HHs contributing.	Count total of eligibles' and IPV/Work sanctioned excluded members' rent in FS budget.	Deduct contribution of excluded members from expense, and allow the FSHH the remainder as its deduction.  If contribution cannot be differentiated, prorate and allow only the portion attributed to eligible HH members.	Prorate expense: Divide evenly among eligibles and these excluded members; count eligibles' share.

**HANDBOOK CONTINUES**

**HANDBOOK CONTINUES**

DEDUCTION DECISION CHART IN SHARED LIVING ARRANGEMENTS (Continued)

	<u>Within Residence</u>		<u>Within FSHH</u>	
	<p><b>Separate HHs:</b> Includes roomers, attendants, or others who live with HH but purchase and prepare separately (i.e., another family)</p>	<p><b>IPV/Work Sanction Within the FSHH</b></p>	<p><b>SSI/Recipient Excluded Student Within the FSHH</b></p>	<p><b>Ineligible Noncitizen/SSN Disqualified Within the FSHH</b></p>
Resources (M.S. 63-501.1)	Not available to FSHH.	Count all.	Not available to FSHH.	Count all.
Income (M.S. 63-502.1)	Not available to FSHH. (If person makes a cash contribution to HH, apply normal income standards.)	Count all	Not available to FSHH (If person makes a cash contribution to HH, apply normal income standards).	Prorate: Divide evenly among eligibles and these excluded members; count eligibles' share.

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<b>63-502</b>	<b>INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)</b>	<b>63-502</b>
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.375 To prorate within the food stamp household, the CWD shall:

- (a) Find the sum of contributors. The categories and treatment of contributors are as follows:
  - (1) Household members excluded for food stamps: Count all food stamp eligible persons plus any person disqualified for IPV or workfare/work sanction.
  - (2) Household members excluded due to noncitizen status or is SSN disqualified: If one ineligible noncitizen contributes or has income, count all ineligible noncitizens. If one SSN disqualified member contributes or has income, count all SSN disqualified members.
  - (3) Household members excluded due to being an SSI recipient or excluded student: Count only the person(s) contributing when the contribution cannot be differentiated.
- (b) Divide the total applicable expense by the total number of contributors found in (a) above to arrive at the pro rata share per person.
- (c) Multiply the pro rata share from (b) above by the number of food stamp eligible persons and IPV or workfare/work sanctioned persons from (a)(1) above. This is the pro rata share of expenses to allow the food stamp eligible members.

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.376 EXAMPLES

NOTE: The SUA figure used in the examples below is the Federal Fiscal Year 2004 figure. This section will not be amended to reflect adjustments to the SUA, which can occur annually. CWDs will need to use the current SUA figure when calculating deductions.

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**HANDBOOK CONTINUES**

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**HANDBOOK CONTINUES**

Step 4. Determine amount to be used in FS budget

HH A: Rent  $\$300 \div 2$  (AFDC children) = \$150  
           $\$150 \times 2$  (AFDC children) = \$300  
          SUA \$227

Whether or not the ineligible noncitizen contributes, the FSHH is allowed the full SUA (i.e. no proration of the SUA if the FSHH is contributing toward utilities).

- |      |                    |  |
|------|--------------------|--|
| III. | Mother -           | ineligible noncitizen; contributes towards rent and utilities  |
|      | 2 Children -       | AFDC   |
|      | Unrelated adult -  | shares expenses and contributes \$150 for rent and \$113 for utilities; purchases and prepares food separately |
|      | Excluded student - | no contribution; purchases and prepares with mother and children   |

Total rent: \$400            eligible for SUA: \$227.

Step 1. Determine number of HHs sharing the residence

HH A: Ineligible noncitizen mother, 2 AFDC children, and excluded student

HH B: Unrelated adult

Step 2. Determine number of HHs contributing to the expense

HH A + HH B = 2

Step 3. Determine amount of each HHs' contribution

HH A: Rent  $\$400 - \$150 = \$250$     SUA \$227

HH B: Rent \$150                      SUA \$227 (if food stamp eligible)

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**HANDBOOK CONTINUES**

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**HANDBOOK CONTINUES**

Step 4. Determine amount to be used in FS budget

$$\text{HH A: Rent } \$250 \div 3 \text{ (mother + 2 AFDC children)} = \\ \$83.33 \times 2 \text{ (2 children)} = \$166.67$$

NOTE: Excluded student doesn't contribute, therefore isn't included in the proration

SUA: Allow full SUA for HH A and HH B (if food stamp eligible).

IV. Mother - IPV disqualified: contributes to rent and utilities  
2 Children - AFDC  
SSI recipient contributes, but amount of contribution is unknown; purchases and prepares with mother and children

Total rent: \$400      eligible for SUA: \$227

Step 1. Determine number of HHs sharing the residence

HH A: IPV Disqualified mother, 2 AFDC children, and SSI recipient

Step 2. Determine number of HHs contributing to the expense

HH A = 1

Step 3. Determine amount of each HHs contribution

HH A: Rent    \$400  
      SUA     \$227

Step 4. Determine amount to be used in FS budget

$$\text{HH A: Rent } \$400 \div 4 \text{ (mother, two children and SSI recipient)} \\ = \$100 \times 3 \text{ (2 AFDC children + mother)} = \$300 \\ \text{SUA } \$227 \text{ SUA allowed.}$$

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**HANDBOOK CONTINUES**

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**HANDBOOK CONTINUES**

- V. Father - contributes to utilities and shelter  
3 Children - AFDC  
Ineligible noncitizen  
adult - unemployed ineligible noncitizen who contributes \$150 per month for rent and utilities; purchases and prepares with father and children

Total Rent: \$400 eligible for SUA: \$227

Step 1. Determine number of HHs sharing the residence

HH A: Father and 3 children on AFDC; ineligible noncitizen

Step 2. Determine number of HHs contributing to the expense

HH A = 1

Step 3. Determine amount of each HH's contribution

HH A: Rent \$400 SUA \$227

Step 4. Determine amount to be used in FS budget

HH A: Rent  $\$400 \div 5 = \$80$   
 $\$80 \times 4$  (father and 3 children) = \$320

NOTE: Known contribution of ineligible alien is not deducted. He/she is included in the proration and the FSHH is allowed all but his portion.

SUA \$227. SUA allowed.

- VI. Mother- contributed to rent and utilities  
2 Children receive AFDC  
SSI child - sibling of AFDC children; contribution unknown  
Ineligible noncitizen  
adult no contribution; purchases and prepares food with mother and children  
SSI grandmother - contributes \$150 towards rent; purchases and prepares separately

Total rent: \$500 eligible for SUA: \$227

**HANDBOOK CONTINUES**

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**HANDBOOK CONTINUES**

Step 1. Determine number of HHs sharing the residence

HH A: Mother, 2 AFDC children, SSI child, and ineligible noncitizen adult

HH B: SSI grandmother

Step 2. Determine number of HHs contributing to the expense

HH A + HH B = 2

Step 3. Determine amount of each HH contribution

HH A: Rent \$500 - \$150 = \$350                      SUA \$227

HH B: Rent \$150

Step 4. Determine amount to be used in FS budget

HH A: Rent  $\$350 \div 4$  (mother, SSI child, and AFDC children) =  
           $\$87.50 \times 3$  (mother and AFDC children)\* = \$262.50  
          SUA \$227. SUA Allowed.

\*Note: The ineligible noncitizen was not included in the proration of the rent in Step 4 as this individual does not pay anything towards these expenses (therefore is not a contributor).

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**HANDBOOK ENDS HERE**

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.38 Repealed by Manual Letter FS-06-04, effective 11/1/06

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<b>63-502</b>	<b>INCOME, EXCLUSIONS AND DEDUCTIONS (Continued)</b>	<b>63-502</b>
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NOTE: Authority cited: Sections 10553, 10554, 11209, 18900, 18901 and 18904, Welfare and Institutions Code. Reference: Sections 10554, 18901, and 18904, Welfare and Institutions Code; Public Law (P.L.) 99-603, Section 201(a), Section 245A(h)(1)(A)(iii), Immigration Reform and Control Act; 100-50, Sections 22(e)(4) and 14(27), enacted June 3, 1987; P.L. 100-77; P.L. 101-201; P.L. 101-508, Section 11111(b); P.L. 103-66, Section 5(c), (d) and (e) and Section 8(a); 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 273.1(c)(6); 7 CFR 273.4(a) and (c)(2); 7 CFR 273.7(f); 7 CFR 273.9; 7 CFR 273.9(b)(1), (b)(1)(v), (c), (c)(1)(i)(E), and (c)(1)(ii); (c)(1)(ii)(G), (c)(8), (c)(11)(i) and (ii), (d), (d)(6), (d)(6)(iii)(F), and proposed (d)(7) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, 7 CFR 273.10(d)(1)(i) and (e)(1)(i)(H); 7 CFR 273.11(b)(1); 7 CFR 273.11(c), (d) and (d)(1) and (e); 7 CFR 273.21(j)(1)(vii)(A); 7 United States Code (U.S.C.) 2014(c), (d), (d) (6), (d)(18)(A), (e), (e)(6)(C)(iii), (k)(1)(B), and (k)(2)(F); 7 U.S.C. 2015(e); 7 U.S.C. 2017(a); 20 U.S.C. 2466d.; 26 U.S.C. 32(j)(5); P.L. 104-193, Sections 807, 808, 809, 811, and 829 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal Feb. 1, 1990) [Dock. No. CV-89-0768].); United States Department of Agriculture (U.S.D.A.) Food and Consumer Services (FCS) Administrative Notice (AN) 88-40, Indexed Policy Memo 88-10, dated April 20, 1988; U.S.D.A., FNS ANs 91-24, 91-30, 94-39, 94-41, dated April 19, 1994; the July 8, 1988 district court order in Hamilton v. Lyng; and Section 4103, Food Stamp Reauthorization Act of 2002, P.L. 170-171 [7USC 2014(d) and (e)]; U.S.D.A., FNS AN 02-23, dated February 6, 2002; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

**63-503 DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS 63-503**

.1 Month of Application

.11 A household's eligibility shall be determined for the month of application by considering the household's circumstances as of the date of interview, except as specified in Sections 63-402.9 (Strikers), 63-408 (Voluntary Quit), 63-501.6 (Resource Transfers), 63-503.212 (Income Determinations), and 63-503.43 (Destitute Households), and 63-301.7 and .82 (Categorically Eligible Households).

.12 A calendar month shall be used for certification and issuance purposes. However, a CWD may, with prior SDSS and FNS approval, use a fiscal month if the CWD determines that it is more efficient and satisfies SDSS that the accounting procedures fully comply with certification and issuance requirements contained in these regulations. A CWD may elect to use either one fiscal month for all households, or more than one fiscal month with varying beginning dates based on the date a household files an application.

.13 A household's benefit level for a) the initial month of certification, or b) the first month for which the household is certified for participation in the Food Stamp Program following any period during which the household was not certified for participation, shall be prorated from the date the application is received in the appropriate office. However, if processing of the application was delayed beyond 30 days due to the fault of the household, the benefit level shall be prorated from the date the CWD received verification that the household completed the required action, as specified in Section 63-301.423. Migrant and seasonal farm worker households which have a break in participation of 30 days or less shall not have their benefits prorated. They shall receive benefits for the whole month.

.131 Using a calendar or fiscal month, households shall receive benefits prorated from the date of application to the end of the month, except as specified in Section 63-503.13. The CWDs shall either:

(a) Refer to Handbook Section 63-1101 for Reciprocal Table for computing first month benefits, or

(b) Use the following formula:

$$\text{full month's benefits} \quad \times \quad \frac{(\text{number of days in month} + 1 - \text{date of application})}{\text{number of days in month}} \quad = \quad \text{allotment}$$

<b>63-503</b>	<b>DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS</b>	<b>63-503</b>
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(Continued)

(c) Averaging Income

- (1) Households, except destitute households, and PA households subject to a monthly reporting requirement for PA, may elect to have their income averaged. Income shall not be averaged for a destitute household since averaging would result in assigning to the month of application income from future periods which is not available to the destitute household for its current food needs. To average income, the CWD shall use the household's anticipated income fluctuations over the certification period. The number of months used to arrive at the average income need not be the same as the number of months in the certification period. If fluctuating income for the past 30 days and the month of application are known and, with reasonable certainty, are representative of the income fluctuations anticipated for the coming months, the income from the two known months may be averaged and projected over a certification period of longer than two months.
- (2) Households which derive income by contract or self-employment, shall have that income averaged. This does not apply to a migrant or seasonal farmworker household.
- (3) Households which receive scholarships, deferred educational loans, or other educational grants shall have such income, after exclusions, averaged over the period for which it was provided.

.25 Section 63-503.25(MR) shall become inoperative and Section 63-503.25(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.

(MR) Determining Deductions For All Households

Deductible expenses include only certain medical, dependent care, shelter costs, and child support as specified in Section 63-502.3.

(QR) Determining Deductions for Change Reporting and QR/RB Households

Deductible expenses include only certain medical, dependent care, and shelter costs. Treatment of deductions for households subject to QR/PB are specified in Sections 63-509(a)(3), (a)(3)(A), (a)(3)(B), and (a)(3)(C).

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

## .251 Billed Expenses

Except as specified in Section 63-503.252 for averaged expenses, a deduction shall be allowed only for the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. Rent which is due each month shall be included in the household's shelter expenses, even if the household has not yet paid the expense. Amounts carried forward from past billing periods shall not be deducted, even if included with the most recent billing and actually paid by the household. In any event, an allowable expense shall be deducted only once.

(a) For reimbursable medical expenses, or for those that the nonreimbursable portion is known or can be determined at the time of the billing, the period of deduction and past due expenses are established as follows:

(1) If the billing period is specified on the bill, a deduction shall be allowed until the final day in the month that the bill becomes due.

(2) If no billing period is specified, the bill is considered to become due one month after the date of the bill. A deduction shall be allowed until the final day in the month following the month the bill was issued.

(b) When an eligible household member presents a medical bill, other than for hospital expenses, the amount of the household's allowable medical cost shall be determined in the following manner:

(1) Insured (Reimbursable) Medical Expenses

(A) When the bill is submitted and the eligible household member is covered by Medicare or Blue Cross/Blue Shield, or private insurance company, 20 percent of the total bill shall be the household's medical cost.

(B) When the bill is submitted and the eligible household member is covered by Medi-Cal, the share of cost shown on the member's latest MC 177-SA-M, or the doctor's bill, whichever is less, shall be the household's medical cost.

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(Continued)

(c) Section 63-503.252(c)(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) For retrospectively budgeted households, the CWD shall budget deductible expenses or payments for the child support deduction averaged over two or more months retrospectively, except medical expenses, provided that such deductions are not budgeted over more months than they are intended to cover, and the total amount deducted does not exceed the total amount of the expenses. Medical expenses shall be budgeted prospectively. The CWD shall continue to allow deductions for expenses incurred or payments made for the child support deduction even if billed on other than a monthly basis unless the household reports a change in the expense. At that time, it shall be recalculated.

.253 Anticipating/Estimating Expenses

(a) Medical Expenses

At certification and recertification, the CWD shall require the household to report and provide verification of all medical expenses. The household's monthly medical deduction for the certification period shall be based on the information reported and verified by the household. This information shall include any anticipated changes in the household's medical expenses that can be reasonably expected to occur during the certification period based on available information about the recipient's medical condition, public or private insurance coverage, and current verified medical expenses. During the certification period, reporting of any medical expense shall be on a voluntary basis. If the household voluntarily reports a change in medical expenses which increases the household's allotment, the CWD shall verify the change as specified in Section 63-504.421 prior to acting on the change. If the reported change decreases the household's allotment, or makes the household ineligible, the CWD shall act on the change without requiring verification. However, verification required as specified in Section 63-504.421 shall be obtained prior to the household's recertification.

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

- (b) Section 63-503.253(b)(MR) shall become inoperative and Section 63-503.253(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.

## Other Expenses

- (MR) The CWD shall calculate a nonmonthly reporting household's expenses based on the expenses the household expects to be billed for or based on the payments expected to be made for the child support deduction during the certification period. Anticipation of the expenses or payments for the child support deduction shall be based on the most recent month's bills or payments for the child support deduction, unless the household is reasonably certain a change will occur. When the household is not claiming the standard utility allowance, the CWD may anticipate changes during the certification period based on last year's bills from the same period updated by overall price increases; or, if only the most recent bill is available, utility cost increases or decreases over the months of the certification period may be based on utility company estimates for the type of dwelling and utilities used by the household. The CWD shall not average past expenses, such as utility bills for the last several months, as a method of anticipating utility costs for the certification period.
- (QR) The CWD shall calculate a change reporting household's expenses based on the expenses the household expects to be billed for during the certification period. Anticipation of the expenses shall be based on the most recent month's bills, unless the household is reasonably certain a change will occur.

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(Continued)

.311 Section 63-503.311(MR) shall become inoperative and Section 63-503.311(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) To determine a household's net monthly income, unless the household contains a member who is elderly or disabled as defined in Section 63-102(e), the CWD shall:

(QR) To determine a change reporting household's net monthly income, unless the household contains a member who is elderly or disabled as defined in Section 63-102(c), the CWD shall follow the steps listed below. For QR/PB households the steps listed below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in Section 63-509(a)(4).

- (a) Add the gross monthly income earned by all household members minus earned income exclusions, to determine the household's total gross earned income.
- (b) Apply the earned income deduction to the total gross earned income.
- (c) Add to net monthly earned income the total monthly unearned income of all household members, minus income exclusions.
- (d) Subtract the standard deduction.
- (e) Subtract monthly dependent care expenses, if any, up to the current maximum.
- (f) Subtract the homeless shelter deduction.
- (g) Total the allowable shelter expenses to determine shelter costs, unless a homeless shelter deduction has been subtracted as in Section 63-503.311(f). Subtract from the total shelter costs 50 percent of the household's monthly income after all the above deductions have been subtracted. The remaining amount, if any, is the excess shelter cost. If there is no excess shelter cost, the net monthly income has been determined. If there is excess shelter cost, compute the shelter deduction according to subparagraph (G) of this section.
- (h) Subtract the excess shelter cost (up to the current maximum) from the household's monthly income after all other deductions. The household's net monthly income has been determined.

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

.312 Section 63-503.312(MR) shall become inoperative and Section 63-503.312(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) To determine the net monthly income of a household that includes a member who is elderly or disabled as defined in Section 63-102(e) the CWD shall:

(QR) To determine the net monthly income of a change reporting household that includes a member who is elderly or disabled as defined in Section 63-102(e), the CWD shall follow the steps listed below. For QR/PB households, the steps listed below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in Section 63-509(a)(4).

- (a) Add the gross monthly income earned by all household members minus earned income exclusions, to determine the household's total gross earned income.
- (b) Apply the earned income deduction to the total gross earned income.
- (c) Add to net monthly earned income, the total monthly unearned income to all household members, minus income exclusions.
- (d) Subtract the standard deduction.
- (e) Subtract the monthly dependent care up to the current maximum.
- (f) Subtract the medical expenses in excess of the amount specified in Section 63-1101 (see Section 63-502.33 for allowable medical expenses).
- (g) Subtract the homeless shelter deduction.
- (h) Total the allowable shelter expenses to determine the shelter costs. Subtract from the total shelter costs 50 percent of the household's monthly income after all of the above deductions have been subtracted. The remaining amount, if any, is the excess shelter cost.
- (i) Subtract the excess shelter cost from the household's monthly income after all other deductions. The household's net monthly income has been determined.

<b>63-503</b>	<b>DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS</b>	<b>63-503</b>
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(Continued)

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

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

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

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

**.44 Treatment of Income and Resources of Excluded Members**

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

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

(a) Income, Resources, and Deductible Expenses

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

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

(b) Eligibility and Benefit Level

The excluded member shall not be included when determining the household's size for the purposes of:

- (1) Assigning a benefit level to the household;
- (2) Comparing the household's monthly income with the income eligibility standards; or
- (3) Comparing the household's resources with the resource eligibility limits. The CWD shall ensure that no household's coupon allotment is increased as a result of the exclusion of one or more household members.

.442 Household Members Excluded for SSN Disqualification, Ineligible Noncitizen Status, or Failure to Meet ABAWD Work Requirement

The eligibility and monthly allotment for a household containing an individual, who is excluded for being an ineligible noncitizen, disqualified for refusal or failure to provide an SSN, or discontinued for not satisfying the ABAWD work requirement shall be determined as follows:

(a) Resources

The resources of such excluded members shall continue to count in their entirety to the remaining household members.

(b) Income

A pro rata share of the income of such excluded members shall be counted as income to the remaining members. This pro rata share is calculated by first subtracting the allowable exclusions from the excluded member's income and dividing the remaining income evenly among the household members, including the excluded members. All, but the excluded members' share is counted as income for the remaining household members.

<b>63-503</b>	<b>DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS</b>	<b>63-503</b>
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(Continued)

(c) Deductible Expenses

- (1) The earned income deduction shall apply to the prorated income earned by such excluded members which is attributed to the household.
- (2) The household's allowable shelter, and dependent care expenses which are paid in their entirety by the excluded member(s) shall be prorated as specified in Section 63-502.36 and only the Food Stamp eligible member'(s) pro rata share shall be counted as a deduction.
- (3) If such excluded member(s) shares allowable shelter, utility, dependent care expenses with the Food Stamp eligible household member(s), deduct the excluded member's contribution from the applicable expense and the net amount is the Food Stamp household's allowable deduction. If the contributed amount cannot be differentiated (e.g., pooled income), the Food Stamp household's deduction amount shall be determined as specified in Section 63-502.36.

(d) Eligibility and Benefit Level

Such excluded members shall not be included when determining their households' sizes for the purposes of:

- (1) Assigning a benefit level to the household;
- (2) Comparing the household's monthly income with the income eligibility standards;
- (3) Comparing the household's resources with the resource eligibility limits; or,
- (4) Determining the categorical eligibility of the remaining household members as specified in Sections 63-301.7 and .82.

<b>63-503</b>	<b>DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS</b>	<b>63-503</b>
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(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.

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

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

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

NOTE: Authority cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18901.3, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.3, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; 7 CFR 272.3(c)(1)(ii); 7 CFR 273.1(b)(2)(iii), (c)(3)(i), (ii) and (e)(1)(i) as published in the Federal Register, Volume 59, No. 110 on June 9, 1994; 7 CFR 273.2(j)(4); 7 CFR 273.4(c)(2), (c)(2)(i), (c)(2)(i)(A), (c)(2)(iv), (c)(2)(v), (c)(3)(v), and (e)(1) and (2); 7 CFR 273.9(b)(1)(ii), (b)(2)(ii), and (d)(6)(iii)(F); 7 CFR 273.10; 7 CFR 273.10(a)(1)(iii)(B); 7 CFR 273.10(c)(2)(iii), (c)(3)(ii), proposed amended 7 CFR 273.10(d) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (d)(1)(i), (d)(2), (d)(3), (d)(4), and proposed (d)(8) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and proposed amended 7 CFR 273.10(e)(1)(i)(E-H) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.11(a)(1)(i) through (iii), (a)(2)(i), (b)(1), (b)(1)(i) and (ii), (c), (c)(1), (c)(2), (c)(2)(iii), (c)(3)(ii), (d)(1), and (e)(1); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and (c)(3)(iv); 7 CFR 273.21(f)(2)(ii), (iii), (iv), and (v), (g)(3), (j)(1)(vii)(B), and (S); 7 CFR 273.24(b)(4); (Court Order re Final Partial Settlement Agreement in Jones v. Yeutter (C.D. Cal. Feb. 1, 1990) [Dock No. CV-89-0768]; 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(d)(6), (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; Food and Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

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(Continued)

(2) The CWD shall not verify medical expenses which are unchanged or have changed by \$25 or less. Also, changes in medical expenses obtained from a source other than the household shall not be acted on if, in order to take action, the CWD is required to contact the household for verification. The CWD shall only act on changes received from another source if they are verified upon receipt and do not necessitate contact with the household.

(3) The CWD shall not verify an unchanged legal obligation to pay child support to a nonhousehold member or a decrease in the amount of child support paid.

(d) The CWD shall verify changes to voluntarily reported medical expenses if the change is over \$25 and would increase the household's allotment. In the case of a reported change that would decrease the household's allotment, or make the household ineligible, the CWD shall act on the change without requiring verification, although verification which is required because the amount is over \$25 shall be obtained prior to the household's recertification.

(e) The CWD shall verify questionable information which is incomplete, inaccurate, inconsistent or outdated.

.422 Increase in Benefits

Restoration of lost benefits shall be provided to a household if the CWD fails to take action within the following time frames on a change which increases benefits.

(a) For changes which result in an increase in a household's allotment, other than those specified in Section 63-504.422(b), the CWD shall make the change effective no later than the first allotment issued 10 days after the date the change was reported to the CWD.

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(Continued)

- (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 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 Quarterly 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.

**63-504 HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY 63-504**  
(Continued)

- (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 11<sup>th</sup> 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.

**63-504 HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY 63-504**  
(Continued)

- (a) PA households whose recertifications are completed in the month prior to the last month of the certification period shall be subject to all provisions of Section 63-504.3 in that month, except that they shall be provided a notice of action informing them of the approval or denial of their reapplication, instead of a notice as specified in Section 63-504.26.
- (b) All changes reported on the application shall be subject to the same verification procedures as apply at initial certification, including categorically eligible households, as specified in Sections 63-301.71, .72, and .82.

.63 Section 63-504.63(MR) shall become inoperative and Section 63-504.63(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) Process for Recertifying Nonmonthly Reporting Households

(QR) Process for Recertifying Change Reporting Households

.631 The following verification requirements shall apply at recertification:

- (a) The CWD shall verify: A change in income if the source has changed or the amount has changed by more than \$25; previously unreported medical expenses and total recurring medical expenses which have changed by more than \$25; a change in the legal obligation to pay child support or an increase in the amount of child support paid.
- (b) The CWD shall not verify the following: income if the source is unchanged and the amount has changed by \$25 or less; changes of \$25 or less in total medical expenses or decreases in the amount of child support paid. However, any questionable information related to the above expenses which is incomplete, inaccurate, inconsistent, or outdated shall be verified.

.7 Identification (ID) Cards

.71 The CWD shall issue an ID card to each certified household as proof of eligibility. The ID card may be serially numbered at the CWD's option, except as provided in Section 63-504.84. ID cards shall be issued in the name of the household member who is authorized to receive the household's issuance. Any person listed on the ID card shall sign the ID card prior to using it.

**63-504 HOUSEHOLD CERTIFICATION AND CONTINUING ELIGIBILITY 63-504**  
(Continued)

- .711 If the household does not name an authorized representative, the CWD shall void that area of the ID card to prevent names and signatures from being entered at a later date.
- .712 The CWD shall place an expiration date on those ID cards issued to households that have been certified for delivered meals for a temporary period or any other temporary ID cards issued by the CWD.
- .72 Specially Marked ID Cards
  - .721 Any household eligible for and interested in using delivered meal services shall receive an ID card marked with the letter "M".
  - .722 Any household eligible for and interested in using communal dining facilities shall receive an ID card marked with the letters "CD".
  - .723 Any household eligible to participate in the restaurant meal program shall receive an ID card with the person's name, case number, expiration date and signature.

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**HANDBOOK BEGINS HERE**

- (a) EBT counties are not to place stickers on EBT cards that could damage ATM/POS devices. A separate ID card will be used in conjunction with the EBT card.

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**HANDBOOK ENDS HERE**

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.73 Mailing ID Cards

ID cards delivered to a household by mail shall not be mailed in the same envelope with an authorization document, access device, or coupons.

.74 Issuance/Replacement of ID Cards

The CWD shall limit issuance of ID cards to the time of initial certification, with replacements made only in instances of loss, mutilation, destruction, changes in persons authorized to obtain or use coupons, or when the ID card format or system changes. Whenever possible, the CWD shall collect the ID card being replaced.

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	(Continued)	

.88 Photo ID Card Waivers

.881 One or more of the minimum photo ID requirements in Section 63-504.84 may be waived for any CWD that can demonstrate that its alternate ID card or system will provide adequate safeguards against fraudulent and duplicate issuances.

.882 In counties where photo ID cards are mandated, and a waiver is desired, the CWD shall request a waiver from FNS through SDSS. Decisions on the granting of waivers will be made on a case-by-case basis.

NOTE: Authority cited: Sections 10553, 10554, 10604, 11265.1, .2, and .3, 11369, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 11265.1, .2, and .3, 18901.6, 18904, and 18910, Welfare and Institutions Code; 7 Code of Federal Regulations (CFR) 271.2; proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (f)(8)(i); (f) (8)(i)(A) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; (f)(8)(ii), (h), and (h)(1)(i)(D), 7 CFR 273.2(j)(3) and (4); 7 CFR 273.8(b); 7 CFR 273.9(d)(6)(iii)(F), 7 CFR 273.10(d)(4), (f), (g)(1)(i) and (ii); 7 CFR 273.12(a)(1)(i)(A), (a)(1)(i)(B), and (a)(1)(i)(C)(2); proposed 7 CFR 273.12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, and (c); 7 CFR 273.12(e)(1), (e)(2), and (e)(4); 7 CFR 273.13(a)(2); 7 CFR 273.13(b)(1); 7 CFR 273.14; 7 CFR 273.14(b)(3) and (e); 7 CFR 273.18(e)(6)(ii); 7 CFR 273.21(e)(1), (f)(1)(iii), (f)(1)(iv)(B), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3)(ii), (i), (j), (j)(1)(vi), (j)(1)(vii)(A) and (r), (j)(2)(iii), (j)(3)(ii), (j)(3)(iii)(B), (j)(3)(iii)(C), and proposed (j)(3)(iii)(E) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 274.10; Public Law (P.L.) 100-435, Section 351, P.L. 101-624, and P.L. 103-66; Section 1717, [7 U.S.C. 2014(e)]; 7 U.S.C. 2014(d)(7), and (e)(6)(C)(iii), 2017(c)(2)(B) and 2020(s); U.S.D.A. Food and Consumer Services, Administrative Notices 94-39 and 97-50; P.L. 104-193, Sections 801, 807 and 827 (Personal Responsibility and Work Opportunity Reconciliation Act of 1996); Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; Federal Administrative Notice 97-99, dated August 12, 1997; United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) Administrative Notice (AN) 03-23, dated May 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

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**63-505 HOUSEHOLD RESPONSIBILITIES (Continued) 63-505**

(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, or ECA 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, or ECA payments paid by the CWD from which the household is receiving food stamp benefits.

<b>63-505</b>	<b>HOUSEHOLD RESPONSIBILITIES (Continued)</b>	<b>63-505</b>
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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.

<b>63-505</b>	<b>HOUSEHOLD RESPONSIBILITIES (Continued)</b>	<b>63-505</b>
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- (c) If the household voluntarily reports a change in its medical expenses, the CWD shall verify the change as specified in Section 63-504.421 before acting on it if the change increases the household's allotment. In the case of a reported change that decreases the household's allotment, or makes the household ineligible, the CWD shall act on the change without requiring verification, although verification which is required as specified in Section 63-504.421 shall be obtained prior to the household's recertification.
  - (d) Utility costs which entitle the household to the standard utility allowance (SUA), when first allowed and when the household moves.
  - (e) Residency as defined in Section 63-401 when there is a change, except for categorically eligible households.
  - (f) Social Security Number, except for PA categorically eligible households;
  - (g) Section 63-505.41(h)(MR) shall become inoperative and Section 63-505.41(h)(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) Actual cost of doing business expenses, if self-employed, with each CA 7.
  - (QR) Actual cost of doing business expenses, if self employed, with each QR 7.
  - (h) Changes in the legal obligation to pay child support and/or an increase in the amount of the child support payments.
- .5 Section 63-505.5(MR) shall become inoperative and 63-505.5(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) Reporting Changes for Households Excluded from Monthly Reporting Requirements

(QR) Reporting Changes for Households Excluded from Quarterly Reporting Requirements

.51 Household Responsibility to Report

The CWD shall not impose any food stamp reporting requirements on nonmonthly reporting households except as provided in Sections 63-505.511 through .518. Certified households shall report the following changes in circumstances:

**63-505 HOUSEHOLD RESPONSIBILITIES (Continued)****63-505**

- .511 Changes in the sources of income, including starting or stopping a job or changing jobs, if the change is accompanied by a change in income. In addition, changes in the amount of earned income of more than \$100 per month since the last time the household's allotment was calculated. Such earned income households can be certified for no more than six months.
- .512 Changes in the amount of unearned income of more than \$50.
- (a) Changes in the public assistance or the general assistance grant are not required to be reported. Since the CWD has prior knowledge of all changes in these grants, action shall be taken on the CWD information. However, if general assistance and food stamp cases are not jointly processed, the household is responsible for reporting changes of more than \$50.
- (b) Households are not required to report changes in income that result from Social Security COLAs.
- .513 All changes in household composition, such as the addition or loss of a household member;
- .514 Changes in residence and the resulting change in shelter expenses;
- .515 The acquisition of a licensed vehicle not fully excludable under Section 63-501.
- .516 When cash on hand, stocks, bonds and money in a checking or savings account reach or exceed the maximum resource eligibility standard as specified in Section 63-409.12.
- .517 A change in the amount of child support payments made to a nonhousehold member as specified in Section 63-502.2(p), and/or a change in the legal obligation to pay child support.

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.518 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 specified in Section 63-410.2.

.52 Section 63-505.52(MR) shall become inoperative and Section 63-505.52(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) Timeliness Requirement for Reporting Changes of Nonmonthly Reporting Households

(QR) Timeliness Requirement for Reporting Changes of Change Reporting Households

All households shall report changes within 10 days of the date the change becomes known to the household except nonmonthly reporting households who file PA monthly reports. The ten-day reporting period will begin the day the change becomes known. The change may be reported by telephone, by personal contact, or by mail, and may be reported by a household member, the household's authorized representative, or any person having knowledge of the household's circumstances. When the report is made by mail, it may not reach the CWD within the ten-day period. Households will have met the reporting requirement provided the letter is postmarked within the ten-day period. Nonmonthly reporting households which report changes on the PA monthly reporting form shall be considered to have met their food stamp reporting requirements.

This reporting requirement does not apply to households incurring an increase in monthly medical expenses of \$25 or more. To be permitted a deduction for an increase in medical expenses, the household must report the expense in the month of billing or when the bill otherwise becomes due, in accordance with Section 63-503.251 (medical expenses billing).

It is likely that households will not become aware of the exact amount of the decrease in monthly medical costs until the end of the month, when all expenses can be totaled. The CWD shall take the following action on properly reported decreases in medical expenses;

.521 If the change in monthly medical costs is a one-time only decrease and will not continue in the remaining months of the certification period, no action is required.

<b>63-505</b>	<b>HOUSEHOLD RESPONSIBILITIES (Continued)</b>	<b>63-505</b>
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.522 If the decrease in monthly medical costs is expected to continue past the month of report, the CWD shall act on the change, in accordance with Section 63-504.42.

.6 Other Changes

Although not required, households are to be encouraged to report the following changes since such changes may entitle the household to an increased food stamp allotment.

.61 A household member reaches age 60, or becomes disabled, as defined in Section 63-102(i).

.62 The household incurs a dependent care cost, or an increased dependent care cost (within the maximum).

.63 A change in status of citizenship or work registration.

.64 The household incurs a new medical expense, or an increased medical expense of more than \$25.

NOTE: Authority cited: Sections 10553, 10554, 10604, 11265.1, .2 and .3, 11369, 18904, and 18910, Welfare and Institutions Code. Reference: Sections 10554, 10830, 11265.1, .2, and .3, 18904, and 18910, Welfare and Institutions Code; 7 CFR 272.4(f); 7 CFR 273.2(j)(3) and (4); 7 CFR 273.10(d)(4); 7 CFR 273.11(a)(2)(iii); 7 CFR 273.12, (a)(1)(i), (a)(1)(i)(A), (a)(1)(i)(B), (a)(1)(i)(C)(2), and proposed .12(a)(1)(vi) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.2(d); proposed 7 CFR 273.2(f)(1)(xii) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994; 7 CFR 273.21(b), (b)(4), (f)(2)(v), (h)(2)(iv), proposed (h)(2)(ix) as published in the Federal Register, Vol. 59, No. 235 on December 8, 1994, (h)(3), and (i); 7 CFR 273.12(a)(1)(vii); 7 CFR 273.24(a)(1)(i) and (b)(7); P.L. 100-435, Section 351; P.L. 101-624, Section 1717 [7 U.S.C. 2014(e)] and Section 1723 [7 U.S.C. 2015(c)(1)(A)]; P.L. 102-237, Section 908 [7 U.S.C. 2016(h)(1)]; 7 U.S.C. 2014(d)(6) and (e)(6)(C)(iii); Food and Consumer Services Administrative Notice 96-13, dated December 7, 1995; United States Department of Agriculture, Food and Nutrition Service Administrative Notice 03-23, dated May 1, 2003; Letter from Food and Consumer Services to Fred Schack, dated March 25, 1996; Food Stamp Act of 1977; Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

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- (b) The QR 7 does not include information that was reported on the previous QR 7 and the household does not indicate a change has occurred (e.g., the household previously reported earnings from two sources and only reported income from one source on the current QR 7).
  - (c) If elements pertaining to one program's requirements are missing from the QR 7, the QR 7 shall be considered incomplete for that program only.
  - (d) The CWD shall not consider the QR 7 incomplete if information regarding child/spousal support disregard payments has not been included.
- .45 Verification is provided for gross nonexcluded earned income and nonexcluded unearned income for the Data Month when first reported and when there is a change in the amount of income received except as specified in Sections 63-504.325(a) and 63-505.311.
- .451 Repealed by Manual Letter No.FS-06-04, effective 11/1/06.
- .46 Verification is provided for the source of all excluded income when first reported on the QR 7 and any change in the source of the income.
- .5 Timely and Late Quarterly Reports
- .51 The QR 7 is due by the 5<sup>th</sup> of the Submit Month and is considered timely if it is received by the 11<sup>th</sup> calendar day of the QR Submit Month but not before the first calendar day of the QR Submit Month.
- .52 The QR 7 is late if it is received after the 11<sup>th</sup> day of the QR Submit Month.
- .53 The household shall be terminated from receipt of food stamp benefits if:
- .531 There is no longer eligibility for food stamps in the upcoming Payment Quarter;
  - .532 A complete QR 7 is not submitted by the 1<sup>st</sup> working day of the new Payment Quarter;
  - .533 There is failure to comply with a non-financial eligibility requirement, such as the work registration requirements; or

**63-508 QUARTERLY REPORTING (Continued)****63-508**

.534 Termination of benefits is requested in writing.

.6 QR 7 Not Received or is Incomplete

The CWD shall provide a notice of action to a QR/PB reporting household which fails to file a QR 7 by the 11<sup>th</sup> day of the Submit Month or files an incomplete QR 7.

.61 The notice of action shall inform the household:

.611 That the QR 7 either is overdue or incomplete;

.612 What the household must do to complete the QR 7;

.613 If any verification is missing and the effect on the household's benefits level;

.614 That the SSN of a new member must be reported;

.615 What the extended filing date is; and

.616 That the CWD will assist the household in completing the report.

- (a) If the household submits a QR 7 by the date the CWD mails the notification of the missing QR 7, but fails to provide the required verification/information with the QR 7, the CWD shall notify the household of the need to submit the missing verification and/or information by the extended filing date as specified in Section 63-508.44(b).

The CWD shall not delay benefits if the missing verification/information is for a deduction. If the household fails to provide the missing verification and/or information, other than for income, by the extended filing date, the CWD shall not consider the QR 7 incomplete. Any deductions for which the verification/information is missing shall be disallowed.

- (b) The household shall provide with the QR 7 verification of the following items:

- (1) Dependent care costs which have changed since the last report or when there is questionable information which is inaccurate, incomplete, outdated, or inconsistent:

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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; Food and Nutrition Service Quarterly Reporting waiver approval dated April 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) [7 U.S.C. 2014(d)(6)].

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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	\$200
	February	200	0
	March	150	150
	Total	\$525	\$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**

Entitlement to the SUA, LUA, or telephone allowance shall be determined at application and at recertification and shall remain in effect during the certification period per Section 63-502.363.

**(4) Income Averaging Over the Quarter****(A) Averaging Income Reported on the QR 7**

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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.

**HANDBOOK CONTINUES**

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<b>63-509 (Cont.)</b>	<b>FOOD STAMP REGULATIONS ELIGIBILITY DETERMINATIONS</b>	<b>Regulations</b>
<b>63-509</b>	<b>INCOME ELIGIBILITY AND BENEFIT CALCULATION FOR QUARTERLY REPORTING (Continued)</b>	<b>63-509</b>

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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 10<sup>th</sup>. Adding the father from February 1<sup>st</sup> 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 10<sup>th</sup>. The mother reports the father's job loss on February 13<sup>th</sup>. 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 1<sup>st</sup>.

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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; Federal Nutrition Service Quarterly Reporting/Prospective Budgeting waiver approval dated April 1, 2003; and the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) [ 7 U.S.C. 2014(e)(6)(C)(iii)].