



County of Los Angeles
**CHIEF EXECUTIVE OFFICE
OPERATIONS CLUSTER**

WILLIAM T FUJIOKA
Chief Executive Officer

DATE: January 3, 2013
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting.
Three (3) minutes are allowed for each item.

1. Call to order – Ellen Sandt
 - A) **Cluster Protocols**
BOS/CEO – Dorinne Jordan and Ellen Sandt
 - B) **Presentation on Contracting and RFP Process Improvements**
ISD – Tom Tindall or designee
 - C) **Board Letter – RECOMMENDATION TO AUTHORIZE THE EXECUTION OF AMENDMENT NO. FOURTEEN TO THE LEADER SYSTEM INFORMATION TECHNOLOGY AGREEMENT WITH UNISYS CORPORATION**
CIO – Richard Sanchez or designee
 - D) **Board Letter – PUBLIC HEALTH EMAIL MIGRATION**
CIO – Richard Sanchez or designee
 - E) **Upcoming IT Items**
CIO – Richard Sanchez or designee
 - F) **Board Letter – RECOMMENDATION TO ESTABLISH A WORKPLACE PROGRAMS TRUST FUND ACCOUNT**
CEO WPP – Eddie Washington or designee
2. Public Comment
3. Adjournment



Los Angeles County BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
5.055	Services Contract Solicitation Protest	06/01/09

PURPOSE

Establishes a process to allow proposers to seek review of a solicitation of a Board approved service contract and have it considered by the County.

REFERENCE

March 30, 2004 Board Letter continued to and approved at the April 6, 2004 Board Meeting, [Board Order 18](#) with attachment entitled: "[Services Contract Solicitation Protest Policy](#)"

June 3, 2004, Memo from Internal Services Director on [Update on the "Services Contracting Manual"](#)

December 2, 2008 [Board Order 38](#)

[March 17, 2009 Board Letter continued to and approved at March 31, 2009 Board Meeting, Board Order 55](#)

[June 29, 2010 Services Contract Solicitation Protest Policy Implementation Guidelines](#)

POLICY

Each department shall comply with the Services Contract Solicitation Protest Policy Implementation Guidelines so as to allow a proposer to seek review of a solicitation of a Board-approved service contract. As used in this Policy, a "proposer" is defined as any person or entity that actually submits a bid, proposal or other response to a services contract solicitation conducted by any department or agency whose governing Board is the Los Angeles County Board of Supervisors. "Proposer" also includes any person or entity that can demonstrate that it would have submitted a bid, proposal or other response to such a solicitation, but for a requirement or provision in the solicitation document that created an unfair disadvantage for the proposer. As used in this Policy, "proposal" includes a bid, proposal, or other response to a services contract solicitation.

The Implementation Guidelines shall include standard language to be used in solicitation documents to notify the proposers of the department's protocol for reviewing service contract solicitations. All County departments should include the language in all Board awarded services contract solicitation documents.

A review may be granted if the request for a review is submitted timely and the following criteria are met:

1. The firm/person requesting review is a proposer; and
2. The proposer requesting the review alleges in appropriate detail, with factual reasons, the appropriate ground for review as set forth below:
 - For a review of solicitation requirements, the request must be assert that either (a) application of the minimum requirements, evaluation criteria and/or business requirements unfairly disadvantages the proposer or (b) due to unclear instructions, the process may result in the County not receiving the best possible responses from the proposers.
 - For review of a disqualified proposal, the request must assert the department made an error in disqualifying the proposal.
 - For review of a department's proposed contractor selection or to request review by County Review Panel, the request for review must assert that but for one of the following, the proposer would have been the lowest cost, responsive and responsible bidder or ranked the highest rated proposer and was not selected for contract award recommendation:
 - The department materially failed to follow procedures specified in its solicitation document; or
 - The department made identifiable mathematical or other errors in evaluating proposals, resulting in the proposal receiving an incorrect score and not being selected as the recommended contractor; or
 - A member of the Evaluation Committee demonstrated bias in the conduct of the evaluation; or
 - Another basis for review as provided by state or federal law.

For all phases of review, the scope of review shall be limited to the issues presented in the request for review. For the County Review Panel, the scope of review may additionally include issues discovered by the proposer during the review of the departments' proposed contractor selection, but only if the proposer includes such discovered issues in the proposer's request for a County Review Panel. No other new or additional issues may be

brought forward in the County Review Panel.

Departments will make the recommended proposer's proposal and corresponding detailed evaluation documents available for release in accordance with Implementation Guidelines issued under this Policy.

The Chief Executive Office, in consultation with County Counsel, Internal Services Department and Auditor-Controller, will issue Implementation Guidelines that are consistent with this Services Contract Solicitation Protest Policy. The Chief Executive Office and County Counsel shall provide training to all County departments on the Implementation Guidelines. The Internal Services Department shall incorporate the Services Contract Solicitation Protest Policy, Implementation Guidelines and the solicitation language in the Services Contracting Manual.

RESPONSIBLE DEPARTMENT

Internal Services Department
Chief Executive Office
Auditor-Controller
County Counsel

DATE ISSUED/SUNSET DATE

Issue Date: May 6, 2004
Reissue Date: March 31, 2009

Sunset Date: May 6, 2008
Sunset Review Date: March 31, 2013



Request for Proposals (RFP) Work Flow

The timeframes associated with the tasks listed below are projections for routine solicitations (RFPs). These timeframes will vary considerably (from 41 to 49 weeks or longer) based on the responsiveness of external reviewers, complexity of the solicitation, number of proposals received, available resources and number of protests submitted by vendors. More specifically, solicitations for information technology, health/human services, and social services will have extended timeframes due to the nature of these types of services (i.e., multiple resultant contracts, large vendor pools resulting in extraordinarily larger number of proposals received, funding source requirements, negotiations, etc.).

1. Strategic Acquisition Planning: 3-4 weeks
 - Establish work team, identify timelines, objectives, responsibilities, service requirements
 - Perform necessary market research
 - Identify potential vendors and prepare bidder's list
 - Identify evaluators
2. RFP Development: 6-7 weeks
 - Draft RFP (Evaluation criteria, modify sample contract, develop Statement of Work, Appendices, etc.)
 - Identify appropriate insurance requirements
 - Identify date and time for Proposer's Conference – work out details for the conference (i.e., location, sound, recording, etc.)
 - Develop evaluation document and instructions
 - Internal and external review of RFP (County Counsel, CEO Risk Management, applicable labor unions, etc.)
 - Release RFP
 - Start drafting power point presentation for Proposer's Conference
3. Solicitation Requirements Review: 1-2 weeks

First time a vendor can protest the process. If request is received, conduct review and respond to contractor in writing. Make modifications to RFP, if warranted, after review is conducted.
4. Vendor Questions: 2 weeks
 - Receive questions from vendors and send to appropriate subject matter expert for research and response.
5. Proposer's Conference: 2 weeks
 - Develop and finalize Power Point Presentation for Proposer's Conference.
 - Identify individuals that will be presenting information and answering questions.
 - Conduct conference.
6. Addendums to RFP: 2 weeks
 - Identify the need to issue addendums and prepare them, as needed.
 - Prepare and issue questions and answers, in writing, to all vendors that attended the Proposer's Conference, if it was mandatory, or post the document as an addendum on the County's website.

7. Receive Proposals: 1 – 3 weeks
 - Conduct initial review of proposals received for compliance with minimum requirements.
 - Contact references to confirm compliance with minimum requirements and check the County's website for debarred vendors.
 - Identify disqualified vendors and send out disqualification letters. Allow reasonable amount of time for responses.
8. Disqualification Review: 2 weeks
 - Next step of the Protest Policy process. If request is received, conduct review and respond to contractor in writing.
9. Evaluation of Proposals: 7-9 weeks
 - Hold pre-evaluation meeting with evaluators.
 - Distribute proposals, evaluation worksheets, and instructions to evaluators.
 - Complete reference checks and Contractor Alert Reporting Database (CARD).
 - Perform analysis of financial statements.
 - Perform Living Wage analysis, if applicable.
 - Facilitate evaluation meeting to discuss ratings/scores.
 - Coordinate oral presentations or site visits, if applicable.
 - Prepare final evaluation scoring worksheet to summarize scores.
 - Work with appropriate staff to prepare cost analysts for Prop A contracts only (i.e., internal finance staff, Auditor-Controller, etc).
 - Identify highest rated proposal and make selection/non-selection notifications.
10. Debriefings: 2 weeks
 - Offer and conduct debriefings for non-selected vendors. Explain scores and available protest process.
11. Protest, Negotiations and Release of Public Records: 6-7 weeks
 - Receive and file any Notices of Intent to Request a Proposed Contractor Selection Review (PCSR) (next step in Protest Policy process).
 - Conduct negotiations, explain expectations of contractual and operational contractual terms to selected vendor.
 - Finalize negotiations, obtain Letter of Intent (firm offer) from recommended vendor(s) and send out PCSRs with any appropriate documents to vendors who submitted Intents to protest (vendor has 10 calendar days to request PCSR).
 - Receive, review and respond to PCSRs within identified timeframes. Send PCSRs to independent reviewer for review and determination.
 - Independent review will be facilitated by ISD. The review will be conducted by an individual with service contracting knowledge and experience. This review will be based on documents submitted by the protesting vendor and department.
12. Contract Preparation: 7 weeks
 - Prepare final contract
 - Prepare and finalize Board letter with applicable attachments.

- Obtain internal and external (i.e., County Counsel, CEO Risk Management, etc.) departments of Board letter and proposed contract.
- Prepare briefing documents for Department Head and Cluster Agenda Review meeting.
- Review final contract with proposed vendor and obtain signatures.
- Attend Cluster Agenda Review meeting, if applicable.
- File Board letter and contract.
- If delegated authority requested, finalize and execute contracts.

Overview of Proposed Protest Process

1. Solicitation Review – conducted by the department prior to receiving proposals.
2. Disqualification Review – conducted by the department at various stages of solicitation.
3. Debriefing – conducted by department at the conclusion of evaluation of proposals. Notice of Intent to Protest form provided to vendors.
4. Transmittal to submit a Notice of Intent to Protest – department receives by specified due date.
5. Letter of Intent – Firm offer submitted by highest ranked vendor(s) to department.
6. Transmittal to request a Proposed Contractor Selection Review (PCSR) – department sends PCSR transmittal form to vendors that submitted Notice of Intent to Protest. Vendors are also provided with copies of proposals and related evaluation documents for highest ranked proposer as well as protesting vendor's evaluation documents.
7. PCSR Received by Department – department receives PCSR, prepares all relevant documents for independent reviewer, and submits information to ISD.
8. ISD identifies an independent reviewer, provides relevant documents and instructions to reviewer with a deadline for review.
9. Independent reviewer conducts review based on documents received. Reviewer may consult with County Counsel, if required.
10. Review is completed and a written determination is provided to the department and vendor.

Pros/Cons of Proposed Process

Pros	Cons
Transfers responsibility of PCSR to ISD, eliminating time associated with PCSR reviews by departments.	Shifts responsibility to ISD resulting in increased workload.
Elimination of Brown Act requirement, reducing the time required to post notices and make notifications.	Eliminates a step currently available to vendors to present protest.
Reduces cost to departments of convening a County Review Panel (CRP). Currently, departments are paying for the participation of multiple 120-day employees to review documents and attend CRP meeting.	
Reduces the time that panel members spend reviewing documents, preparing questions, and making preliminary determinations.	
Eliminates the need to involve County Counsel in CRP paper reviews, consulting with CRP members, representing departments at CRP meetings and attending CRP meetings.	
Eliminates the legal fees that vendors are incurring when they seek legal representation at the CRP meetings.	
Retains vendor's opportunity to protest under the same assertions currently available to them.	

**FACT SHEET
PROPOSED MODIFICATIONS TO
COUNTY PROTEST POLICY**

BRIEF HISTORY

Date	Action
06-16-1998	Board Motion by Supervisor Molina instructing Auditor-Controller to work with department heads to develop recommendations for a Countywide Bid Protest Policy.
04-06-2004	Board adopted Board Policy No. 5.055 (Policy)
05-06-2004	Protest Policy became effective
12-02-2008	Board Motion by Supervisor Knabe instructing the CEO in conjunction with ISD, County Counsel and other affected departments to review the Policy and make recommendations for changes to the Policy including consideration to applying the Policy to all service contract solicitations, consideration of allowing the public time to review all proposals, and for filing protests prior to contract recommendations being presented to the BOS.
03-31-2009	Amended Policy effective 07-01-2009 to specify when a recommended proposer's proposal and corresponding evaluation documents in a solicitation are made available to the public.
06-01-2009	Revised Implementation Guidelines became effective.
07-01-2010	ISD assumes responsibility for convening County Review Panels.

CURRENT PROCESS

If a vendor is not satisfied with the outcome of the debriefing with the contracting department, the vendor can request a Proposed Contractor Selection Review (PCSR). Departments conduct PCSRs based on documents submitted by the protesting vendor. The PCSR is a review of documents and the results are provided to the vendors in writing. The department then offers the vendor(s) the option to request a County Review Panel (CRP) if the vendor is not satisfied with the results of the PCSR.

If a vendor requests a CRP, the department forwards the request along with applicable documents to ISD to convene a CRP Panel. ISD sends request to County Counsel who reviews documents to ensure assertions are consistent with the Policy. ISD identifies three panel members, distribute panel materials, secures the meeting location (when ISD is the chair), coordinates recording of meeting, and ensures that the meeting is posted in accordance with the Brown Act. A CRP meeting is held where the vendor and their counsel (if applicable), department and their counsel, and CRP members and their counsel are present. Oral presentations are made for each assertion by the vendor and the department responds as appropriate. Determinations for each assertion is made at the meeting and a formal, written response follows within 10 business days to the

department. The department is responsible for providing the vendor with a copy of the formal report.

PROPOSED MODIFICATIONS

The proposed modifications are:

1. Changing how the Proposed Contractor Selection Review (PCSR) is conducted.
2. Eliminating the tasks associated with the County Review Panel.

The proposed modification includes having a single, independent reviewer conduct the PCSR. The independent reviewer would have contracting experience, and not be an employee of the contracting department. The review would be conducted based on documents submitted by the protesting vendor, similar to the current practice. A written determination would be sent to the department which would provide a copy to the vendor.

The PCSR would be the final step in the protest process. The CRP would be eliminated.

IMPACT OF PROPOSED MODIFICATIONS

The elimination of a meeting subject to the Brown Act would decrease the time associated with the solicitation. Eliminating this a second opportunity for a vendor to protest the same issues. Below is a chart with the positive and negative impact to the proposed modifications.

Pros	Cons
Transfers responsibility of PCSR to ISD, eliminating time associated with PCSR reviews by departments.	Shifts responsibility to ISD resulting in increased workload.
Elimination of Brown Act requirement, reducing the time required to post notices and make notifications.	Eliminates a step currently available to vendors to present protest.
Reduces cost to departments of convening a County Review Panel (CRP). Currently, departments are paying for the participation of multiple 120-day employees to review documents and attend CRP meeting.	
Reduces the time that panel members spend reviewing documents, preparing questions, and making preliminary determinations.	
Eliminates the need to involve County Counsel in CRP paper reviews, consulting with CRP members, representing departments at CRP meetings and attending CRP meetings.	

Eliminates the legal fees that vendors are incurring when they seek legal representation at the CRP meetings.	
Retains vendor's opportunity to protest under the same assertions currently available to them.	



County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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SHERYL L. SPILLER
Director

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

January 8, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE EXECUTION OF AMENDMENT
NUMBER FOURTEEN TO THE LOS ANGELES ELIGIBILITY, AUTOMATION
DETERMINATION, EVALUATION AND REPORTING SYSTEM INFORMATION
TECHNOLOGY AGREEMENT WITH UNISYS CORPORATION
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

This is a joint recommendation by the Department of Public Social Services (DPSS) and the Chief Information Officer (CIO) that the Board approve Amendment Number 14 to the Los Angeles Eligibility, Automation Determination, Evaluation and Reporting (LEADER) System Agreement (County Agreement Number 68587) to increase the Maximum Contract Sum for Application Software Modifications and/or Enhancements (M&E) and correspondingly increase the Total Maximum Contract Sum for the Second Extended Option Term by \$3,675,000 to provide funds for work incorporating Semi-Annual Reporting (SAR) functionality. The costs associated with this work will be fully subvented by State and federal revenue and there is no additional net County cost (NCC).

IT IS RECOMMENDED THAT THE BOARD:

Approve and instruct the Chairman to sign Amendment Number 14 (Attachment I) to County Agreement Number 68587 with Unisys Corporation which will:

- a) Add the obligation to perform work related to SAR functionality to the LEADER Agreement and increase the Maximum Contract Sum for Application Software M&E for the Second Extended Option Term by \$3,675,000, from \$42,319,095 to \$45,994,095 to include costs to incorporate SAR changes; and correspondingly increase the Total Maximum Contract Sum for the Second Extended Option Term from \$109,999,095 to \$113,674,095, and the aggregate total Maximum Contract Sum from \$397,501,732 to \$401,176,732;

- b) Add provisions for Local Small Business Enterprise Preference Program and Contractor Alert Reporting Database to the LEADER Agreement; and
- c) Update the names of the Contractor's Project Manager and County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Semi-Annual Reporting

At present, CalFresh and CalWORKs program participants are required to report their household income and other information on a quarterly basis; All County Letter No. 12-25 changes this requirement to a semi-annual basis, which is referred to as SAR in this letter.

The purpose of this recommended action is to modify the LEADER Agreement to incorporate major application software modifications to conform to State and federal mandates as per All County Letter No. 12-25 from the California Department of Social Services, which will bring the County into compliance with new CalFresh and CalWORKs SAR requirements that are scheduled to be effective on October 1, 2013 for Los Angeles County. The Department has concluded the requirements and specifications review, and anticipates completion of analysis, design, and programming by May 2013. System testing is estimated to be completed by August 2013 to ensure full implementation by October 2013.

Implementation of Strategic Plan Goals

These recommendations are consistent with the principles of the Countywide Strategic Plan, Goal 1: Operational Effectiveness: Maximize the effectiveness of processes, structure and operations to support timely delivery of customer-oriented and efficient public services.

FISCAL IMPACT/FINANCING

Amendment Number 14 increases the aggregate total Maximum Contract Sum from \$397,501,732 to \$401,176,732.

Costs for Fiscal Year 2012-13

The total estimated costs for Amendment Number 14 in Fiscal Year (FY) 2012-13 are \$3,000,060. These costs will be fully subvented by State and federal revenue and there is no additional NCC. Sufficient funding will be included in the FY 2012-13 Mid-Year Budget Adjustment.

Costs for Fiscal Year 2013-14

The total estimated costs for Amendment Number 14 in FY 2013-14 are \$674,940. These costs will be fully subvented by State and federal revenue and there is no additional NCC. Sufficient funding will be included in the Department's FY 2013-14 Budget Request.

FACTS AND PROVISION/LEGAL REQUIREMENTS

This Board Letter and Amendment were reviewed and approved by the Chief Executive Office and as to form by County Counsel. As with the existing LEADER System Agreement and its previous amendments and modification notices, outside counsel, Mitchell, Silberberg & Knupp LLP, also reviewed and commented on the Board Letter and Amendment in accordance with the Board's policy regarding technology contracts.

All terms and conditions, including information technology provisions included in the current Agreement, will continue to apply to the Agreement following execution of the proposed Amendment Number 14.

This is not a Prop A contract and accordingly is exempt from the requirements of the Living Wage Ordinance.

State and Federal Approval

The funding approval for Amendment Number 14 has been received from the requisite State and federal agencies.

CONTRACTING PROCESS

Unisys was selected via a competitive solicitation. On September 12, 1995, the Board awarded a seven years and six months contract (with the option for two additional years) to Unisys to provide an automated welfare system. Amendment Number Three and Amendment Number Four approved by the Board extended the seven years and six months contract term by two years to April 30, 2005, making the Initial Term of the LEADER Agreement nine years and six months.

On March 15, 2005, the Board approved Amendment Number Ten to extend the contract term for the optional two years, from May 1, 2005 through April 30, 2007. Amendment Number 12 approved by the Board on January 30, 2007, extended the LEADER Agreement for four years through April 20, 2011, with four optional one-year extensions that could extend the LEADER Agreement through April 30, 2015.

On March 15, 2011, the Board approved the County's option to exercise the first two-years of County's Second Extended Option Term, from May 1, 2011 to April 30, 2013, under the LEADER Agreement. The LEADER Agreement has two remaining optional one-year extensions through April 30, 2015. Any recommendation to exercise the last

two option years of the County's Second Extended Option Term will be submitted for the Board's approval in a separate Board Letter.

IMPACT ON CURRENT SERVICES

The execution of Amendment Number 14 augments the LEADER System by complying with new State regulations and enhancing services to the participant population.

CONCLUSION

Upon the Board's approval, the Executive Officer, Board of Supervisors is requested to return three (3) original signed copies of the Amendment and one adopted stamped Board letter to the Director of DPSS.

Respectfully submitted,

Sheryl L. Spiller
Director

Richard Sanchez
Chief Information Officer

SLS:RS:ph

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Chair, Information Systems Commission

Attachment

AMENDMENT NUMBER FOURTEEN

TO

INFORMATION TECHNOLOGY AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

UNISYS CORPORATION

FOR A LOS ANGELES

ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION AND

REPORTING SYSTEM (“LEADER SYSTEM”)

(COUNTY OF LOS ANGELES AGREEMENT NUMBER 68587)

January 2013

**AMENDMENT NUMBER FOURTEEN TO
COUNTY OF LOS ANGELES AGREEMENT NUMBER 68587**

TABLE OF CONTENTS

<u>PARAGRAPH</u>	<u>TOPIC</u>	<u>PAGE</u>
Recitals	INTRODUCTION	1
1	INTERPRETATION	1
2	CMIPS II	1
3	SAR	3
4	TOTAL MAXIMUM CONTRACT SUMS	3
5	MAXIMUM CONTRACT SUMS	3
6	ADMINISTRATION OF AGREEMENT	4
7	NOTICES AND COMMUNICATIONS	4
8	LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM	6
9	CONTRACTOR ALERT REPORTING DATABASE (CARD)	7
10	EXHIBIT G	7
11	EXHIBIT P	8
12	INCORPORATION OF “WHEREAS” CLAUSES	8
13	AUTHORIZATION WARRANTY	8
14	EFFECTIVE DATE	8
15	OTHER PROVISIONS OF AGREEMENT	8
ATTESTATION		9

EXHIBITS

Exhibit G (Schedule of Payments)

Exhibit P (All County Letter No. 12-25; Attachment A: Semi-Annual Reporting (SAR) Implementation Instructions)

**AMENDMENT NUMBER FOURTEEN TO
COUNTY OF LOS ANGELES AGREEMENT NUMBER 68587**

This Amendment Number Fourteen is entered into by and between the County of Los Angeles (hereafter "COUNTY") and Unisys Corporation (hereafter "CONTRACTOR"), and amends that certain COUNTY Agreement Number 68587, dated September 12, 1995, including Amendment Number One, dated June 17, 1997, Amendment Number Two, dated July 1, 1997, Amendment Number Three, dated March 22, 1999, Amendment Number Four, dated October 10, 2000, Amendment Number Five, dated August 6, 2002, Amendment Number Six, dated May 20, 2003, Amendment Number Seven, dated November 18, 2003, Amendment Number Eight, dated January 27, 2004, Amendment Number Nine, dated November 16, 2004, Amendment Number Ten, dated March 15, 2005, Amendment Number Eleven, dated April 11, 2006, Amendment Number Twelve, dated January 30, 2007, Amendment Number Thirteen, dated November 17, 2009, Modification Notice Number One, dated February 13, 1996, Modification Notice Number Two, dated February 10, 1998, Modification Notice Number Three, dated April 8, 1999, Modification Notice Number Four, dated September 4, 2001, Modification Notice Number Five, dated April 30, 2002, Modification Notice Number Six, dated December 3, 2002, Modification Notice Number Seven, dated March 29, 2004, and Modification Notice Number Eight, dated January 27, 2012 (hereafter collectively "Agreement").

WHEREAS, in accordance with the terms and conditions of the Agreement, CONTRACTOR has been managing, operating, and performing maintenance, modifications, and enhancements for the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (hereafter "LEADER System");

WHEREAS, implementation of State's Semi-Annual Reporting (SAR) requires additional Application Software Modifications and/or Enhancements hours, for the remainder of the Second Extended Option Term;

WHEREAS, this Amendment Number Fourteen amends the Agreement to increase the Maximum Contract Sum for Application Software Modifications and/or Enhancements, and correspondingly increase the Total Maximum Contract Sums, for the Second Extended Option Term, to undertake and complete certain Federal and/or State required changes to the LEADER System, including the SAR project; and

WHEREAS, the parties desire to amend the Agreement.

NOW, THEREFORE, pursuant to Subparagraph 49.6 of Paragraph 49.0 (Modification Notices and Amendments) of the Agreement, COUNTY and CONTRACTOR agree to amend the Agreement as follows:

1. Subparagraph 2.1 (Interpretation) of Paragraph 2.0 (APPLICABLE DOCUMENTS) of the Base Agreement is amended to read:

"2.1 Interpretation

This document without exhibits is referred to as the “Base Agreement”. The Base Agreement together with Exhibits A, B, C, D, E, F, G, H, I, J, K, L, M, N, O and P constitute the “Agreement”. Exhibits A, C, D, E, F, G, H, I, L, M, O and P are attached to and form a part of this Agreement. Exhibits B, J, K, and N are not attached hereto, are incorporated herein by this reference, and form a part of this Agreement. Any reference throughout the Base Agreement and each of its exhibits to “Agreement” shall, unless the context clearly denotes otherwise, denote the Base Agreement with all exhibits hereby incorporated. In the event of any conflict or inconsistency in meaning or provisions between the Base Agreement and the exhibits, or between exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Base Agreement, and then to the exhibits according to the following priority:

1. Exhibit A Statement of Work
2. Exhibit B LEADER Functional/System Requirements
3. Exhibit C LEADER System Architecture, Technical and Hardware Requirements
4. Exhibit D Conversion Requirements
5. Exhibit E Training Requirements
6. Exhibit F LEADER System Hardware/Software
7. Exhibit G Schedule of Payments
8. Exhibit H CONTRACTOR Employee Acknowledgment and Confidentiality Agreement
9. Exhibit I CONTRACTOR's EEO Certification
10. Exhibit J COUNTY's Request for Proposals
11. Exhibit K CONTRACTOR's Proposal
12. Exhibit L Subcontractor Employee Acknowledgment and Confidentiality Agreement
13. Exhibit M Nondiscrimination and Restrictions on Lobbying Acknowledgment
14. Exhibit N CONTRACTOR's Estimate for LEADER Site Preparation, Phase 3, Site Power and Data Distribution
15. Exhibit O Safely Surrendered Baby Law Fact Sheet
16. Exhibit P All County Letter No. 12-25, dated May 17, 2012; Attachment A: Semi-Annual Reporting (SAR) Implementation Instructions”

2. Subparagraph 3.54 (CMIPS II) of Paragraph 3.0 (Definitions) of the Base Agreement is added to read:

“3.54 CMIPS II

State of California’s Case Management Information and Payrolling System II.”

3. Subparagraph 3.55 (SAR) of Paragraph 3.0 (Definitions) of the Base Agreement is added to read:

“3.55 SAR

State of California’s Semi-Annual Reporting requirements.”

4. Subparagraph 6.8.2.2 of Subparagraph 6.8.2 (Total Maximum Contract Sums During the Second Extended Term and any Second Extended Option Term) of Subparagraph 6.8 (Fixed Price Contract Sums and Charges During the Second Extended Term and any Second Extended Option Term) of Paragraph 6.0 (Contract Sum) of the Base Agreement is amended to read:

“6.8.2.2 Should COUNTY determine to extend this Agreement pursuant to Subparagraph 5.5 (Second Extended Option Term), the Total Maximum Contract Sum (as determined by aggregating the Maximum Contract Sums specified in Subparagraphs 6.8.3.2 and 6.8.5.2) for this Agreement during the Second Extended Option Term shall not exceed One Hundred Thirteen Million Six Hundred Seventy-Four Thousand and Ninety-Five Dollars and No Cents (\$113,674,095.00).”

5. Subparagraph 6.8.5.2 of Subparagraph 6.8.5 (Application Software Modifications and/or Enhancements During the Second Extended Term and any Second Extended Option Term) of Subparagraph 6.8 (Fixed Price Contract Sums and Charges During the Second Extended Term and any Second Extended Option Term) of Paragraph 6.0 (Contract Sum) of the Base Agreement is amended to read:

“6.8.5.2 Should COUNTY determine to extend this Agreement pursuant to Subparagraph 5.5 (Second Extended Option Term), the Maximum Contract Sum for Application Software Modifications and/or Enhancements (as defined in Subparagraph 6.8.5.1) for this Agreement during the Second Extended Option Term shall not exceed Forty-Five Million Nine Hundred Ninety-Four Thousand Ninety-Five Dollars and No Cents (\$45,994,095.00). The maximum sum for Application Software Modifications and/or Enhancements (as defined in Subparagraph 6.8.5.1) for this Agreement during the Second Extended Option Term to develop a LEADER System interface with CMIPS II shall not exceed One Million Nine Hundred Ninety-Nine Thousand Ninety-Five Dollars and No Cents (\$1,999,095). The maximum sum for Application Software Modifications and/or Enhancements (as defined in Subparagraph 6.8.5.1) for this Agreement during the Second Extended Option Term to incorporate SAR functionality into the LEADER System shall not exceed Three Million Six Hundred Seventy-Five Thousand and No Cents (\$3,675,000). SAR functionality will be included into the LEADER System by Contractor in accordance with the most recent requirements set forth in Exhibit P (All

County Letter No. 12-25, dated May 17, 2012; Attachment A: Semi-Annual Reporting (SAR) Implementation Instructions).”

6. Subparagraph 11.6.1 of Paragraph 11.0 (Administration of Agreement) of the Base Agreement is amended to read:

“11.6.1 CONTRACTOR's Project Manager shall be the following person, who shall be a full-time employee of CONTRACTOR:

Timothy Galea
LEADER Project Manager
Unisys Corporation
9320 Telstar Avenue, Suite 132
El Monte, California 91731
Phone: (626) 312-6227
Facsimile: (626) 569-9386
Email: Timothy.Galea@Unisys.com”

7. Paragraph 47.0 (Notices and Communications) of the Base Agreement is amended to read:

“47.0 NOTICES AND COMMUNICATIONS

All notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be: (i) hand-delivered with signed receipt; or (ii) mailed by first-class registered or certified mail, postage prepaid; or (iii) sent by facsimile (receipt of which is verbally confirmed by the recipient); or (iv) by email (receipt of which is electronically confirmed by the recipient). If such notice, demand or other communication be given by personal delivery, or facsimile service, or by email, it shall be conclusively deemed made at the time of such personal service, facsimile transmission, or email transmission. If such notice, demand or other communication is given by mail, such notice shall be conclusively deemed given upon receipt. Notices shall be given as hereinafter set forth:

If to COUNTY:

Michael J. Sylvester II, Project Executive
Department of Public Social Services
Bureau of Contract and Technical Services
12860 Crossroads Parkway South
City of Industry, CA 91746
Telephone: (562) 908-8327
Facsimile: (562) 692-4521
Email: MichaelSylvester@dps.lacounty.gov

with a
copy to: Hayward Gee, Project Director
Department of Public Social Services
Bureau of Contract and Technical Services
Eligibility Systems Division (ESD) – LEADER Project
9320 Telstar Avenue, Suite 132
El Monte, California 91731
Telephone: (626) 312-6002
Facsimile: (626) 927-9650
Email: HaywardGee@dpss.lacounty.gov

with a
copy to: Peggy Heeb, ASM III
County Contract Administrator
Department of Public Social Services
Bureau of Contract and Technical Services
IT Contracts and Financial Management Section
12820 Crossroads Parkway So., 2nd Floor
City of Industry, California 91746
Telephone: (562) 908-6077
Facsimile: (562) 692-2252
Email: PeggyHeeb@dpss.lacounty.gov

with a
copy to: John F. Krattli, County Counsel
Office of the County Counsel
County of Los Angeles
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Telephone: (213) 974-1801
Facsimile: (213) 626-7446

If to CONTRACTOR:

Timothy Galea
LEADER Project Manager
Unisys Corporation
9320 Telstar Avenue, Suite 132
El Monte, California 91731
Phone: (626) 312-6227
Facsimile: (626) 569-9386
Email: Timothy.Galea@Unisys.com

with a
copy to:

Caralyn Brace
Vice President/General Manager
North America TCIS
Unisys Corporation
11720 Plaza America Drive, Tower III
Reston, Virginia 20190
Telephone: (913) 915-8615
Email: Caralyn.Brace@unisys.com

and if a notice or demand is to be sent pursuant to Paragraphs 22.0 (Indemnification Requirements), 32.0 (Termination For Gratuities), 33.0 (Termination For Insolvency), 34.0 (Termination For Default), or 35.0 (Termination For Convenience), then a copy to:

Unisys Corporation
Office of General Counsel
Unisys Way
Blue Bell, Pennsylvania 19424
Telephone (215) 986-4960
Facsimile: (215) 986-5721

Addressees may be changed upon ten (10) Days prior written notice to the other party.

During the term of this Agreement, CONTRACTOR's legal counsel shall only communicate with County Counsel or his/her designee, and shall not, without County Counsel's prior consent, communicate with any member of COUNTY's LEADER Project team."

8. Paragraph 64.0 (Local Small Business Enterprise (SBE) Preference Program) is added to the Base Agreement to read:

"64.0 LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM

- 64.1 The Agreement is subject to the provisions of County's ordinance entitled Local Small Business Enterprise Preference Program, as codified in Chapter 2.204 of the County Code.
- 64.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.

64.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.

64.4 If Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded the Agreement to which it would not otherwise have been entitled, shall:

A. Pay to County any difference between the contract amount and what the County's costs would have been if the Agreement had been properly awarded;

B. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the Agreement; and

C. Be subject to the provisions of Chapter 2.202 of the County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

64.5 The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and County's Office of Affirmative Action Compliance of this information prior to responding to a solicitation or accepting a contract award."

9. Paragraph 65.0 (Contractor Alert Reporting Database (CARD)) is added to the Base Agreement to read:

“65.0 CONTRACTOR ALERT REPORTING DATABASE (CARD)

The COUNTY maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.”

10. Schedule Y (Schedule of Payments During Any Second Extended Option Term) of Exhibit G (Schedule of Payments) is deleted in its entirety and revised Schedule Y (Schedule of Payments During Any Second Extended Option Term), page G-56, dated January 2013, attached hereto and incorporated herein by reference, is substituted in lieu thereof.

11. Exhibit P (All County Letter No. 12-25, dated May 17, 2012; Attachment A: Semi-Annual Reporting (SAR) Implementation Instructions), which is attached hereto and incorporated herein by reference, is added to and shall become a part of the Agreement.
12. CONTRACTOR and COUNTY agree that the “Whereas” clauses in this Amendment Number Fourteen are hereby incorporated into this Amendment Number Fourteen as though fully set forth herein.
13. CONTRACTOR represents and warrants that the person executing this Amendment Number Fourteen for CONTRACTOR is an authorized agent who has actual authority to bind CONTRACTOR to each and every term, condition and obligation of this Amendment Number Fourteen and that all requirements of CONTRACTOR have been fulfilled to provide such actual authority.
14. This Amendment Number Fourteen shall be effective only after COUNTY has received written notice that the Federal and State governments have approved this Amendment Number Fourteen.
15. Other Provisions of Agreement.

Except as provided in this Amendment, all other terms and conditions of Agreement shall remain in full force and effect.

AMENDMENT NUMBER FOURTEEN TO
COUNTY OF LOS ANGELES AGREEMENT NUMBER 68587

IN WITNESS WHEREOF, the County of Los Angeles Board of Supervisors has caused this Amendment Number Fourteen to COUNTY Agreement Number 68587 to be subscribed by its Chair, and the seal of such Board to be affixed and attested by the Executive Officer and Clerk thereof, and CONTRACTOR has caused this Amendment Number Fourteen to be subscribed on its behalf by its duly authorized officer, this ____ day of _____, 2012.

COUNTY OF LOS ANGELES

By: _____

Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI, Executive Officer
Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

UNISYS CORPORATION

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

By: _____
Truc Moore
Senior Deputy County Counsel

**Schedule Y - Schedule of Payments During Second Extended Option Term
(May 1, 2011 - April 30, 2015)**

ITEM #	PRICE ITEM	FIXED HOURLY RATE PRICE	FIXED MONTHLY RATE PRICE	FIXED ONE-TIME PRICE	MAXIMUM ANNUAL PRICE	MAXIMUM TOTAL PRICE
1	Facilities Management/Operations and Telecommunications Fixed Monthly Rate Price and Total		\$1,410,000.00		\$16,920,000.00	\$67,680,000.00
2a	Application Software Modifications and/or Enhancements Fixed Hourly Rate Price and Total	\$105.00			\$10,080,000.00	\$40,320,000.00
2b	Application Software Modifications and/or Enhancements to develop a LEADER System interface with CMIPS II Fixed Hourly Rate Price and Total	\$105.00				\$1,999,095.00
2c	Application Software Modifications and/or Enhancements to incorporate SAR Fixed Hourly Rate Price and Total	\$105.00				\$3,675,000.00
3	Fixed Hourly Rate Price for Local Office Hardware Moves*	\$145.00				
4	Fixed One-Time Price for Installation of Each Additional Local Office Hardware Workstation or Laptop in the LEADER System (includes installation of all related (a) Local Office Software supplied by COUNTY and CONTRACTOR, (b) LEADER Application Software, (c) Application Software Modifications and/or Enhancements, and (d) cables, wiring and connectors, for such equipment)			\$145.00		
5	Fixed Hourly Rate Price for Installation of Each Additional Local Office Hardware Server, Printer, Switch, Router or Hub in the LEADER System* (includes installation of all related (a) Local Office Software supplied by COUNTY and CONTRACTOR, (b) LEADER Application Software, (c) Application Software Modifications and/or Enhancements, and (d) cables, wiring and connectors, for such equipment)	\$145.00				

*Fixed Hourly Rate Price shall commence upon CONTRACTOR's arrival at the Local Office Site; and said Fixed Hourly Rate Price shall cease immediately upon CONTRACTOR's completion of the requested service(s). No travel (mileage) charges shall apply.

Exhibit P

All County Letter No. 12-25; Attachment A: Semi-Annual Reporting (SAR)
Implementation Instructions



CDSS

WILL LIGHTBOURNE
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • www.cdss.ca.gov



EDMUND G. BROWN JR.
GOVERNOR

May 17, 2012

ALL COUNTY LETTER NO. 12-25

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTS
ALL CALFRESH COORDINATORS
ALL COUNTY DISTRICT ATTORNEYS
ALL COUNTY CHILD CARE COORDINATORS
ALL COUNTY REFUGEE COORDINATORS
ALL COUNTY WELFARE TO WORK COORDINATORS
ALL COUNTY WELFARE FRAUD CHIEF INVESTIGATORS
ALL CONSORTIA MANAGERS

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: IMPLEMENTATION OF THE SEMI-ANNUAL REPORTING (SAR) SYSTEM
IN THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO
KIDS (CalWORKs) AND CALFRESH PROGRAMS

REFERENCE: Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011)

The purpose of this letter is to transmit detailed instructions for the implementation of the SAR system in the CalWORKs and CalFresh programs. The California Department of Social Services (CDSS) has developed the attached comprehensive instructions to provide the county welfare departments (CWDs) with the necessary guidance to: 1) properly train and instruct county staff, 2) provide information to applicants and recipients regarding the new reporting and budgeting changes, and 3) identify and program the automation revisions needed for the CWDs to implement the new SAR system.

BACKGROUND

AB 6 (Chapter 501, Statutes of 2011) requires the CDSS to replace the current Quarterly Reporting/Prospective Budgeting (QR/PB) system with a SAR system for the CalWORKs program. This bill also requires the CDSS to adopt the SAR system in CalFresh (previously called the Food Stamp Program) to the extent permitted by federal

law, regulations, waivers, and directives, in a cost-effective manner that promotes compatibility between the two programs, and minimizes the potential for payment errors. SAR is considered a "Simplified Reporting" option in CalFresh.

All counties will be required to implement SAR in both the CalWORKs and CalFresh programs in accordance with the date the CWDs certify to the Director of CDSS that SAR will be implemented in their county. Timeframes for implementation will begin April 1, 2013, and continue in phases until October 1, 2013. Given the magnitude of this change to county automation systems and operations, the CDSS will work closely with counties and their automation consortia to track their preparations for this change, support county planning and implementation efforts, and take any necessary actions to insure timely and effective implementation throughout the state.

AB 6 also directs the CDSS to implement the statute initially through All County Letter (ACL) followed by emergency regulations.

The new and revised SAR forms will be issued under separate cover.

SAR SYSTEM OVERVIEW

The new SAR system will apply to all CalWORKs cases and CalFresh households with the exception of existing change reporting households in CalFresh, outlined in Manual of Policies and Procedures (MPP) Section 63-505.21. These CalFresh households will continue to follow existing change reporting rules and will not be mandated to submit semi-annual reports.

SAR is similar to QR/PB in most of its reporting requirements and budgeting methodology. Under SAR, the CWDs will still budget prospectively, using reasonably anticipated income; **however the treatment of fluctuating income has been simplified.** All of the current voluntary and mandatory mid-period reporting requirements and mid-period county-initiated actions remain essentially the same under SAR as under QR/PB, with the exception that **under SAR, the Income Reporting Threshold (IRT) is a lower amount and grants may be decreased as well as discontinued based on a report of income over the IRT.**

The main differences under SAR from QR/PB are:

- Under SAR, recipients will be required to submit one Semi-Annual Eligibility Report form (SAR 7) once a year (in the sixth month of the first semi-annual period) followed by a redetermination/recertification (RD/RC) form at the time the annual RD/RC is due (in the sixth month of the second semi-annual period).

- There is a new, two-tiered CalWORKs IRT under SAR and grants may be decreased as well as discontinued mid-period based on reports of income over IRT. Under SAR, a CalWORKs recipient must report when their total combined gross monthly income, earned and unearned, exceeds the lesser of the following two amounts:
 - An increase in income of 55 percent of the monthly income of a family of three at the Federal Poverty Level (FPL), plus the amount of income last used to calculate benefit amounts; or
 - The level likely to render them ineligible for CalWORKs benefits (CalWORKs earned income limits).

Most other features of the new SAR system are the same as under QR/PB and include the following:

- Recipients will have limited mandatory reporting requirements during the period between eligibility reports:
 - For the CalFresh program, all recipients will be required to report any change in income that is likely to render them ineligible for CalFresh benefits (130 percent of the FPL), and to report address changes, mid-period.
 - Certain non-assistance CalFresh (NACF) recipients will also be required to report changes in work hours that could affect eligibility.
 - For the CalWORKs program, all recipients must report income that exceeds a specified amount, drug felony convictions, fleeing felon status, parole/probation violations, and address changes.
- Eligibility and benefits for a six-month period will be based on information provided on the SAR 7 or the RD/RC forms and will continue to be determined using prospective budgeting and reasonably anticipated income.
- Benefits will be “frozen” for the six months of the semi-annual period, except under specified circumstances. Circumstances under which benefits may be adjusted during the period include (some of these are contingent upon federal waiver approval in CalFresh):

- Increases based on recipient mid-period reports, including reports of decreased income;
- Decreases or discontinuances based on mandatory recipient mid-period reports, including reports of income over the IRT;
- Decreases or discontinuances based on county-initiated, mid-period actions, as described in this ACL and Attachments; or
- Discontinuances at the individual or household's request.

CASELOAD CONVERSION

Prior to implementation, each CWD will be required to take special steps to convert existing recipient caseloads from QR/PB to SAR. The steps include, but are not limited to: training county staff, providing recipient training about the SAR system, and providing recipients with informing notices prior to implementation that explain the new reporting requirements. CDSS will mail out one mass informing notice explaining the reporting requirements under SAR to all CalWORKs and CalFresh households six months prior to implementation. The CWDs will be responsible for all other informing notices. (See Attachment D1 for more information on converting caseload from QR/PB to SAR.)

CalFresh PROGRAM QUALITY CONTROL

CalFresh quality control review procedures will be issued under separate cover. In addition, the CDSS has requested that the federal Food and Nutrition Service (FNS) grant California a hold harmless period during the initial implementation phase of SAR, with an additional 120 days thereafter. (Waiting for clarification from FNS.)

DATA REPORTING INSTRUCTIONS

Data collection, reporting instructions, and processes remain essentially unchanged for the SAR system. For work participation rate purposes, projection of hours of participation based on current, documented, actual hours reported on the SAR 7 or RD/RC forms will be projected as participation for the six months of the semi-annual period, rather than the three months of the quarter. If the hours worked changes within the projected six month period, the projection of hours would need to be re-calculated and re-projected for the remaining months of the semi-annual period. Detailed instructions regarding this process are in the data reporting instructions: ACL 12-16 – County Temporary Assistance for Needy Families (TANF) Program Work Participation Data Reporting for Federal Fiscal Year (FFY) 2012. Information regarding the process of projecting hours can be found in Attachment 2, Page 6, of ACL 12-16. Listed below is the link to the latest data reporting instructions:

<http://www.dss.cahw.net.gov/lettersnotices/entres/getinfo/acl/2012/12-16.pdf>.

For questions about CalWORKs data reporting you may contact the Data Systems and Survey Design Bureau at (916) 651-8269. For questions about federal data reporting requirements for the calculation of the federal and county work participation rates, you may contact the Federal Data Reporting and Analysis Bureau at (916) 657-3659.

FISCAL CLAIMING

Fiscal claiming instructions and processes remain unchanged for the SAR system. Minor changes will be made to some Program Code descriptions and will be released under separate cover. For fiscal claiming questions, please contact the Fiscal Systems Bureau at fiscal.systems@dss.ca.gov.

REFUGEE CASH ASSISTANCE (RCA), ENTRANT CASH ASSISTANCE (ECA), AND TRAFFICKING AND CRIME VICTIMS ASSISTANCE PROGRAM (TCVAP) CASH ASSISTANCE PROGRAMS

The new SAR system will apply to RCA, ECA, and TCVAP cash assistance cases. For questions about SAR in the RCA, ECA, or TCVAP programs, please call the Refugee Programs Bureau at (916) 654-4356.

For questions about SAR in CalWORKs, please call the CalWORKs Eligibility Bureau at (916) 654-1322. For questions about SAR in CalFresh please call the CalFresh Policy Bureau at (916) 654-1896.

Sincerely,

Original Document Signed By:

TODD R. BLAND
Deputy Director
Welfare to Work Division

Attachments

TABLE OF CONTENTS

<u>ATTACHMENT A: SEMI-ANNUAL REPORTING (SAR) IMPLEMENTATION INSTRUCTIONS</u>	
Subject	Page
I. SAR System Overview	9
a. Semi-Annual Reporting Cycle	10
II. Determining Eligibility and Benefit Amount	11
a. The Semi-Annual Report Form - SAR 7	11
b. Redeterminations/Recertifications	19
c. Determination of Continuing Eligibility	20
d. Income Eligibility and Grant Calculation	24
III. Mid-Period Changes to Benefits and Mandatory Reports	35
a. Mandatory Recipient Mid-Period Reports	36
b. Informing Recipients of Their Income Reporting Threshold	38
IV. CWD Action on Mandatory Recipient Mid-Period Reports	41
a. Report of Income Exceeding the IRT	41
b. Report of Drug Felony Conviction, Fleeing Felon Status, Parole/Probation Violations	44
c. Report of Change in Address	44
d. Report of Reduction in ABAWD Work Hours/CalFresh E&T Participation	46
V. Voluntary Mid-Period Recipient Reporting and CWD Action on Voluntary Reports	48
a. Decreases in Income	49
b. Increases in CalFresh Expenses	52
c. Request for Special Need Payment	53
d. Exempt and Non-Exempt Status	54
e. Changes in Household Composition	55
VI. Voluntary Recipient Request For Discontinuance of Benefits	65
VII. County Initiated Mid-Period Actions	66
VIII. Third Party Information/Known to the County	71
a. Income and Eligibility Verification System Matches	72
IX. Treatment of Multiple Changes Within a SAR Payment Period	73
X. Overpayments/Overissuances and Underpayments/ Underissuances	76
a. Establishment of CalWORKs Overpayments	76
b. Establishment of CalFresh Overissuances	76
c. Income-Related Failure to Report and County Error	78
d. Property-Related Failure to Report and County Error	81
e. Late or Incomplete SAR 7 Reporting	83
f. Underpayments/Underissuances	83
g. When Overpayments/Overissuances Will Not Be Assessed	84
h. Recoupment by Grant/Allotment Adjustment	84
i. Aid Paid Pending	86

XI. New Applications	86
XII. Establishing the Semi-Annual Reporting Cycle	88
XIII. Caseload Conversion	90
a. Converting Caseload from QR/PB to SAR	90
b. Informing Notices to Recipients	91
c. Recipient Training	91
XIV. Program Interface	92
a. Welfare to Work Program (Including SCFP and Grant-Based OJT)	92
b. ABAWDs	93
c. WTW Teen Parent Program and CalLearn	93
d. Supportive Services, Including Child Care	94
e. Tribal TANF Program	94
f. Refugee Cash Assistance (RCA) Program	94
g. Foster Care	94
h. Kinship Guardian Assistance Payment Program (KinGAP)	94
i. Family Reunification	94
j. Cash Assistance Program for Immigrants (CAPI)	95

Attachment B1 – CalWORKs Two-Tiered IRT	96
Attachment B2 – CalFresh IRT	98
Attachment B3 – Comparison of IRT Tiers	99
Attachment C – Semi-Annual Cycles Based on the Beginning Date of Aid (BDA)	101
Attachment D1 – Conversion of Continuing Cases	103
Attachment D2 – Conversion of New Cases Three Months Prior to SAR Implementation	105

ATTACHMENT A:
SEMI-ANNUAL REPORTING (SAR) IMPLEMENTATION INSTRUCTIONS

I. SAR SYSTEM OVERVIEW

Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011) establishes a semi-annual reporting (SAR), prospective budgeting system for the CalWORKs and CalFresh programs, which will replace the current Quarterly Reporting/Prospective Budgeting (QR/PB) system beginning April 1, 2013, and continuing in phases until October 1, 2013. AB 6 provides for implementation of the SAR system via All County Letter (ACL), followed by emergency regulations.

County Welfare Departments (CWDs) will be required to redetermine recipient eligibility and benefit amounts every six months, using prospective budgeting and reasonably anticipated income, as described in this attachment. Most of the major features of the new SAR system are the same as the current QR/PB system, with the exception of an additional, lower Income Reporting Threshold (IRT) and the ability to decrease benefits mid-period based on income over the IRT. The rules about how income is prospectively budgeted have also been simplified. The major features of SAR include the following:

- ***Recipients will be required to submit one semi-annual income/eligibility report (SAR 7) once a year (in the sixth month of the semi-annual period), followed by the annual redetermination/recertification (RD/RC) of eligibility. The RD/RC will take the place of the second eligibility report.***
- Recipients will have limited mandatory reporting requirements during the period between eligibility reports:
 - For the CalFresh program, all recipients except change reporters and households with no gross income test (households with an elderly or disabled member) will be required to report any change in income that is likely to render them ineligible for CalFresh benefits (130 percent of the Federal Poverty Level [FPL]), and to report address changes mid-period. (Reports of address changes contingent upon federal waiver approval.)
 - Certain non-assistance CalFresh (NACF) recipients will also be required to report changes in work hours that could affect eligibility.
 - For the CalWORKs program, all recipients must report income that exceeds a specified amount (as explained fully beginning on page 35), drug felony convictions, fleeing felon status, parole/probation violations, and address changes.
- Eligibility and benefits for a six-month period will be based on information provided either at the application, annual RD/RC, or on the SAR 7 and will be determined using prospective budgeting and reasonably anticipated income.
- Benefits will be “frozen” for the six months of the semi-annual period, except under

specified circumstances. Circumstances under which benefits may be adjusted during the six-month period are limited to:

- Increases based on a recipient mid-period report;
 - **Decreases or discontinuances based on a mandatory recipient mid-period report, including a report of income over the IRT;**
 - Decreases or discontinuances based on a county-initiated, mid-period action, as described in this attachment; or
 - Discontinuances at the individual or household's request.
- Benefits shall not be decreased or discontinued during the semi-annual period except under the limited circumstances specified in this ACL and Attachments.
 - CalFresh households that have been exempt from quarterly reporting requirements pursuant to Manual of Policies and Procedures (MPP) Section 63-505.21(QR) will continue to be exempt from semi-annual reporting, and will retain their change reporting status.

a. **Semi-Annual Reporting Cycle**

The SAR cycle will be comprised of six consecutive months. The six months constitute a SAR Payment Period. The following terminology will be used to describe the months and the period of an individual SAR cycle (the terminology is the same regardless if the SAR cycle follows the submittal of the application, RD/RC forms, or a SAR 7):

- **SAR Data Month** – the month for which the recipient reports all information necessary to determine eligibility. The SAR Data Month is the fifth month of each semi-annual period.
- **SAR Submit Month** – the month in which the SAR 7 or the RD/RC forms are required to be submitted to the CWD. This is the month after the SAR Data Month, and is the sixth month of each semi-annual period.
- **SAR Payment Period** – the period in which benefits are paid/issued. The SAR Payment Period is the six-month period immediately following the SAR submit month. This is the six month period after the beginning date of aid (BDA), RD/RC, or submittal of the SAR 7.

NOTE: SAR cycles will be based on the BDA rather than the date of application. If an applicant is ineligible in the month of application, the first month in which they are eligible will be the first month of the SAR Payment Period. See: "Establishing the SAR Cycle" section on page 88 for more information about establishing the initial SAR cycle for applicants. See Attachment C for an illustration of the SAR Cycles.

CYCLE	1st month of the SAR Payment Period	2nd month of the SAR Payment Period	3rd month of the SAR Payment Period	4th month of the SAR Payment Period	Data Month (5th month of the SAR Payment Period)	Submit Month (6th month of the SAR Payment Period)
1	January/ July	February/ August	March/ September	April/ October	May/ November	June/ December
2	February/ August	March/ September	April/ October	May/ November	June/ December	July/ January
3	March/ September	April/ October	May/ November	June/ December	July/ January	August/ February
4	April/ October	May/ November	June/ December	July/ January	August/ February	September/ March
5	May/ November	June/ December	July/ January	August/ February	September/ March	October/ April
6	June/ December	July/ January	August/ February	September/ March	October/ April	November/ May

The current Quarterly Eligibility Report form, the QR 7, will be replaced with the SAR 7 form. Other forms and notices of action, including the RD/RC forms, will be modified to conform to requirements of the new SAR system. New and modified SAR forms for the CalWORKs and CalFresh programs will be released in subsequent ACLs.

Unless specified, the following instructions for this SAR system will apply to both the CalWORKs and CalFresh programs.

II. DETERMINING ELIGIBILITY AND BENEFIT AMOUNT

Under SAR, CalWORKs and CalFresh recipients will complete a SAR 7 once a year; six months after their application or annual RD/RC, rather than a QR 7 every three months. The SAR 7 replaces the current QR 7 form, and will be a required state form. The SAR 7 will provide eligibility and income information that the CWD will use to determine ongoing eligibility and to calculate the grant or allotment amount for the upcoming SAR Payment Period. The RD/RC forms will also be modified to request all of the same income and eligibility information that is requested on a SAR 7. This is a simplification from QR/PB so that recipients only have to fill out two eligibility reports a year and CWDs do not have to act on mid-period RD/RC information.

a. The Semi-Annual Report Form – SAR 7

CWDs must ensure the household receives the SAR 7 at the end of the SAR Data Month (the fifth month of the semi-annual period in which a RD/RC is not due).

All CalWORKs and CalFresh recipients who currently submit a QR 7 every three months will be required to complete and submit one SAR 7 a year, in addition to their annual RD/RC. CWDs will use the information reported on the SAR 7 or RD/RC forms to determine eligibility and to prospectively budget income to determine the benefit level for the upcoming SAR Payment Period.

Information Required to be Provided on the SAR 7

Recipients who are subject to semi-annual reporting must provide information and answers to all questions and items on the SAR 7 and attest, under penalty of perjury, that they have truthfully reported all required information. The form will seek information on the Data Month, changes since the last report (which will be the application or annual RD/RC), and any reasonably anticipated changes. Additionally, all required verification must also be submitted with the SAR 7. Verification rules currently in effect will continue to apply (see ACIN I-45-11 and ACL 09-01).

The SAR 7 form captures income and eligibility information for the SAR Data Month. It also captures any reasonably anticipated income and expense changes for the next SAR Payment Period that are known during the SAR Data Month. If other information received by the CWD indicates that the reported changes on the SAR 7 were not known to the recipient until after the Data Month, the change shall be treated as a voluntary mid-period report. For example, if the information listed clearly pertains to the Submit Month, and not the Data Month, that information will be treated as a voluntary mid-period report. All other reports received in the Submit Month, outside of the SAR 7 reporting process, shall also be considered voluntary mid-period reports. Furthermore, if a report of decreased income for the Data Month is reported for the first time on the SAR 7, that will also be considered a voluntary mid-period report for the current Payment Period, and the CWD must determine if a supplement is warranted for the sixth month of the current SAR Payment Period (i.e. the SAR Submit Month).

Example 1: An AU/household submits a timely SAR 7 on June 8 (the Submit Month) that includes information about May (the Data Month) and all reasonably anticipated changes for the upcoming SAR Payment Period. On June 15, Mom calls the county and reports that her June income has increased and is higher than she anticipated on her SAR 7 and she anticipates that this income will continue at this amount for the rest of the semi-annual period. The income is not over IRT. Because this information was not known to Mom in the Data Month, the report of increased income will be considered a voluntary mid-period report and will not be acted on unless it results in an increase to her benefits.

Example 2: Same scenario as above, except when Mom makes the second report on June 15, she reports that her income increased in May (the Data Month). Because this information should have been reported on her SAR 7, this would be considered a correction to her previously incomplete SAR 7 report and shall be considered in determining eligibility and benefit amounts for the upcoming Payment Period.

Example 3: An AU/household submits a timely SAR 7 on June 5 (the Submit Month) and reports that their income decreased in May (the Data Month). This

information should be treated as a voluntary mid-period report of decreased income and a supplement should be provided for the month of June (the month the decrease was reported). This decreased income will also be used to calculate the AU/household's benefit amount for the upcoming SAR period.

Completeness Criteria for the SAR 7

The completeness criteria for the SAR 7 form will be the same as for the QR 7. In general, for both CalWORKs and CalFresh, the SAR 7 shall be considered complete if:

1. The form is signed no earlier than the first day of the SAR Submit Month;
2. All questions and items are fully answered and information on the SAR 7 together with attached documentation provides sufficient information to allow for the determination of eligibility and benefit level; and
3. Required verification is provided.

A SAR 7 is not considered complete if the required mandatory verification is not received. If a SAR 7 is received without the required verification, the CWD shall send a discontinuance notice to the recipient, as explained in the "Timely and Late SAR 7 Reports" section on page 14, describing what verification is missing. If the verification is received by the end of the first working day of the following month, the discontinuance shall be rescinded and benefits restored.

If a prior mid-period report was previously verified, it shall be treated as reported and the SAR 7 shall not be considered incomplete if the information is not re-reported on the SAR 7. Rather, the information from the verified mid-period report is part of the case file and together with the information reported on the SAR 7 will be used to determine eligibility and the benefit amount. If a submitted SAR 7 does not contain information from a previous (voluntary) unverified report, the CWD must act to resolve the discrepancy between the two reports before changing benefits for the upcoming semi-annual period. If the discrepancy cannot be resolved, the SAR 7 may be treated as incomplete.

Example: In March, Mom makes a voluntary mid-period report that she was given a car worth \$4,000 and provides verification of the value of the car. This information has no effect on the family's eligibility, but is noted in the case report. On the June SAR 7 Mom does not re-report the car. The SAR 7 will not be considered incomplete because she already reported and verified the new property.

Counties are reminded that if other evidence does not exist, an affidavit may be sufficient except in the areas of verification of U.S. citizenship or non-citizen status and/or medical verification of pregnancy (per MPP Section 40-115.22). Reports of unverifiable information, such as self-employment income stopping, shall be treated as an affidavit. The county's request for verification shall state that the county can assist with obtaining the necessary verification, including payment of fees, if necessary after the county has determined that the applicant has made a good faith effort as defined by MPP Section 40-126.331(a) to obtain the evidence of eligibility and the third party fails or refuses to provide the evidence, and that if other information is not available, an

affidavit is sufficient. Please see the CW 2200, Request for Verification Form, for information that must be included when requesting verification.

NOTE: The SAR 7 signature requirement for both programs is different: If in a two parent AU/household, the SAR 7 is received with only one of the parent's signatures, the report is considered complete for CalFresh, but incomplete for CalWORKs. In CalWORKs, each natural or adoptive parent or aided spouse of a parent or other caretaker relative living in the home must sign the SAR 7 for it to be considered complete.

Timely and Late SAR 7 Reports

The SAR 7 is due on the 5th and considered timely if it is received by the CWD between the 1st and the 11th calendar day of the SAR Submit Month. The SAR 7 is considered late if it is received after the 11th day of the SAR Submit Month. While the SAR 7 is not considered late until after the 11th, recipients are asked to submit their SAR 7s by the 5th of the Submit Month in order to ensure benefits are issued timely and to avoid unnecessary proposed discontinuances being sent from the county when the SAR 7 is received late.

When a SAR 7 is not received by the 11th day of the SAR Submit Month, or is received but determined to be incomplete, the CWD shall send a discontinuance notice to the recipient, effective the end of the Submit Month. If the county initially received an incomplete SAR 7 from the recipient, the CWD must issue a NA 960Y which informs the recipient what specific information and documentation is needed for the SAR 7 to be considered complete and the deadline by which the recipient must submit it to avoid being discontinued. If requested, the CWD must assist the recipient in completing the forms and to help the AU get required verifications, including payment for the documents, if necessary, after the county has determined that the applicant has made a good faith effort as defined by MPP Section 40-126.331(a) to obtain the evidence of eligibility and the third party fails or refuses to provide the evidence. If the recipient asks for help and the CWD is not able to provide this assistance prior to the proposed discontinuance date, the benefits shall not be discontinued, and any resulting overpayment would be administrative error.

For incomplete SAR 7 submissions, the discontinuance notice which states what rendered the form incomplete, informs the recipient that a complete SAR 7 must be received in order to avoid termination of benefits. If a household responds to the notice of an incomplete SAR 7 by submitting another SAR 7 that does not contain all the listed missing information, the CWD may discontinue the AU/household without further notice. If, however, between the two SAR 7s the county has sufficient information to determine eligibility and grant/allotment amount, the county shall not discontinue the case. Furthermore, if the discontinuance notice fails to identify what was incomplete, either in the notice or by attaching the SAR 7 with circled items, the discontinuance notice will not be considered adequate and a new, complete discontinuance notice will need to be sent prior to discontinuing the recipient.

Example 1: An AU/household reports work and a new household member but fails to turn in wage verification. The discontinuance notice states that the

SAR 7 was incomplete for failure to provide wage verification. The AU/household submits a new SAR 7 with the wage verification, but does not report the new household member. Between the two SAR 7s, the reporting would be considered complete.

Example 2: An AU/household submits an incomplete SAR 7. The county sends the discontinuance notice for incomplete SAR 7 on January 20, but fails to identify what was incomplete about the SAR 7. On January 24, a new discontinuance notice is sent identifying the information that was missing from the SAR 7. Because there is no time to discontinue benefits with 10-day notice from the date the second, adequate discontinuance notice was sent, the AU/household will receive their January benefit amount for February. If a complete SAR 7 is received by the end of the first business day of February (the extended filing date), the discontinuance will be rescinded. An administrative error overpayment/overissuance (OP/OI) shall be calculated for any amount of benefits that were overpaid in February. If a complete SAR 7 is not received by the extended filing date, the entire month of February will be an OP/OI.

Balderas Contact (CalWORKs Only)

After sending the discontinuance notice for failure to submit a complete SAR 7 (no later than 10 days before the end of the Submit Month), the CWD shall attempt a Balderas personal contact with the AU, either in person or by phone, and document the attempt in the case record. (The personal contact/reminder provisions are described in detail at MPP Section 40-181.221(b) and will remain the same under SAR, including the timing and content of the reminder.) If the CWD attempts the contact, but cannot reach the AU, then a written reminder shall be sent no later than five days before the end of the month. If a complete SAR 7 is not received by close of business on the first business day of the next SAR Payment Period (the extended filing date), the discontinuance takes effect and the AU must apply for a restoration of benefits, unless good cause is established. (See below for information on good cause and restoration of aid.)

Benefits will be discontinued at the end of the SAR Submit Month if the recipient fails to submit a SAR 7 after the CWD has provided a timely notice of discontinuance and has taken appropriate steps to remind the recipient of his or her failure to submit a complete SAR 7. A CalWORKs termination for incomplete SAR 7 is not valid unless an attempted Balderas personal contact is made and documented in the case file and a Balderas reminder notice is sent if personal contact cannot be made. Because the Balderas personal contact and case documentation of such contact is a legal prerequisite before benefits can be terminated due to a missing or incomplete SAR 7, CWDs cannot discontinue CalWORKs cases absent both the attempted contact and the case documentation.

CWD Actions on Late SAR 7

Both CalWORKs and CalFresh will continue to follow the existing rules for processing a late report. If the recipient provides the CWD with a complete SAR 7 after the 11th day of the SAR Submit Month, but on or before close of business on the first working day of the next month (known as the "extended filing date"), or within the good cause

provisions as described below, the CWD shall rescind the CalWORKs and CalFresh discontinuance and reinstate benefits at the prior level. The recipient's SAR cycle remains unchanged. If the completed SAR 7 is received after the extended filing date, and no good cause exists, the case shall be processed for restoration of aid based on the date that the complete SAR 7 is received (as described on page 19, below).

CWDs are prohibited from decreasing CalWORKs and CalFresh benefits based on information provided in a late eligibility report when the CWD did not have sufficient time to provide a 10-day notice of the decrease. If the complete report is received prior to the end of the extended filing date, benefits must be reinstated at the prior month's level. Under SAR rules, both CalWORKs and CalFresh will continue to establish an OP/OI when the CWD is unable to decrease benefits after a late SAR 7 due to the 10-day noticing provisions. (See the OP/OI section beginning on page 76 for more information about establishing OPs and OIs.)

For both CalWORKs and CalFresh, if the 10-day notice requirement under MPP Section 22-072 prevents the CWD from decreasing benefits at the beginning of the upcoming SAR Payment Period, the CWD shall take action to decrease benefits in the second month of the SAR period or as soon as 10-day notice can be provided. This will result in a mid-period decrease of benefits in the SAR Payment Period based on information reported on the late SAR 7.

If the SAR 7 information results in increased benefits and the CWD cannot increase benefits by the first day of the first month of the next SAR Payment Period, a supplement must be issued for that month as soon as possible, and benefits increased for the remaining months of that semi-annual period. The 10-day noticing requirements do not apply to increases in benefits.

Example 1: A recipient is in the semi-annual period designated as January through June. (The upcoming SAR Payment Period is July through December.) The recipient's grant amount is \$638, the maximum allowed for a non-exempt AU of three living in Region 1. The recipient's CalFresh allotment is \$404. The SAR 7 for the SAR Data Month of May is due on June 5. When the SAR 7 is not received by June 11, the CWD sends a proposed discontinuance notice to the recipient, indicating that benefits will be stopped effective June 30 if the report is not submitted by the end of business on July 1. The recipient submits a complete SAR 7 on June 29, which rescinds her proposed discontinuance. On the SAR 7, the recipient indicates that she started working at a part-time job in May, is earning \$500 a month, and expects the income to continue at the same amount.

Based on the new income of \$500 a month that the AU reasonably expects to receive, the CWD determines that the cash grant should be reduced to \$444 and CalFresh benefits should be reduced to \$317 per month beginning with the next SAR Payment Period. The CWD does not have time to provide the recipient with a 10-day notice of decreased benefits effective July 1; therefore, July benefits must be released to the recipient at the previous period's level of \$638 (cash aid) and \$404 (CalFresh). The CWD shall reduce the recipient's benefits to \$444 (cash aid) and \$317 (CalFresh) effective August 1. An OP and OI will be

established for the amount of July's benefits that the recipient was not entitled to receive.

Example 2: January through June semi-annual period. On the SAR 7 submitted late on June 12, Mom reports that her 17-year-old son returned to the home and has income, but she does not provide the needed income verification. The CWD sends a discontinuance notice, effective July 1, due to an incomplete SAR 7 that explains what verification is needed to make the SAR 7 complete. Mom does not provide the required verification until July 3, two days after her aid has been discontinued. The CWD would determine if she had good cause and if so, would reinstate her benefits, with no break-in-aid. If she did not have good cause, the CWD would process her for a restoration of aid based on the receipt of a complete SAR 7 effective July 3, resulting in a two-day break in aid.

Example 3: January through June semi-annual period. Mom submits her SAR 7 late, on June 25, after she has received a discontinuance notice for not submitting her SAR 7. On the late SAR 7, Mom reports that Dad has moved into the home with income, but she doesn't provide verification. Since Mom did not provide a complete report, the discontinuance remains in effect. If Mom provides the required verification to add Dad to the case by the end of the first business day of the following month, Dad will be added to the case effective July 1. If eligible, a supplement shall be provided for the month of July and a new benefit level will be established for the remaining months of the semi-annual period.

Example 4: Same as above, except adding Dad to the AU will reduce the grant amount. The discontinuance notice is rescinded, but since there is no time to provide 10-day notice of reduced benefits, benefits are issued at the prior level for July. Benefits are decreased effective August 1 (with timely notice) and an OP/OI is assessed for July.

Good Cause for Failure to Submit a SAR 7

Good cause provisions provide for discontinuances to be rescinded when the recipient cannot reasonably be expected to fulfill his or her reporting responsibilities due to factors outside of his or her control. Good cause exists in the following situations:

- The recipient has a mental or physical condition that prevents him or her from submitting a timely report;
- The late report is directly attributable to county error; or
- The CWD finds that other extenuating circumstances might have contributed to the recipient's inability to submit a timely report.

If a recipient reapplies or requests restoration of aid during the calendar month following discontinuance for failure to submit a complete SAR 7, the CWD is required to determine if the recipient had good cause. Good cause must be determined for both CalWORKs and CalFresh using the criteria listed under MPP Sections 40-181.23 and 63-508.64. If the CWD determines that the recipient had good cause for failing to submit the SAR 7, the CWD shall rescind the discontinuance and determine CalWORKs and CalFresh eligibility and benefit amount based on the information in the

SAR 7. The recipient's SAR cycle remains unchanged. If the CWD determines that the recipient did not have good cause, the CWD shall redetermine eligibility in accordance with the Restoration of Aid rules, as described below.

If the recipient requests a restoration of aid after a month has passed, a good cause determination shall be made if specifically requested by the AU. The CWD may choose to independently determine good cause, without the recipient's request when aware that the recipient has a mental or physical condition which impedes timely and complete reporting, the failure to submit a timely and complete report is directly attributable to county error, or the county finds other extenuating circumstances (such as domestic violence). The burden of proof is on the AU/household to prove they had good cause for not submitting a complete and timely SAR 7, based on the above criteria for good cause.

The CWD must review reporting responsibilities, including a review of the SAR 7 form, at application, annually at RD/RC, and any time it appears that the recipient is having problems understanding their responsibilities. This is true regardless of how many times the CWD has previously reviewed the form and how to report. This is important to help minimize reporting errors and resulting overpayments. Additionally, CWDs must ensure that appropriate language services are used and documented, and that reasonable accommodations are provided to those recipients with disabilities requiring assistance. Reasonable accommodation includes both assisting recipients in completing the forms and making a good cause determination without the recipient's request if the CWD is aware of a disability-based reason for not submitting a complete SAR 7.

CDSS anticipates that the initial six months of SAR implementation may prove to be difficult and confusing for both recipients and county staff. CWDs are, therefore, strongly urged to apply the "extenuating circumstances" provision under the good cause regulations liberally during the initial six months of implementation for recipients who initially do not meet their reporting requirements. Eligibility staff can do this by taking into account and documenting in the case file any problems that the recipient may be experiencing in understanding the new SAR reporting rules. It should be noted that CWDs should always take into account a recipient's ability to understand reporting rules when good cause is being considered, but it is particularly important to be lenient during any major changes to reporting requirements.

Determining Benefits Following Determination of Good Cause

If the CWD determines that a recipient had good cause for failing to submit the SAR 7, the CWD shall rescind the discontinuance and restore benefits at the prior level for both CalWORKs and CalFresh. The CWD shall follow the same steps outlined under the section of this letter entitled "CWD Actions on Late SAR 7" on page 16 when rescinding a discontinuance after good cause has been determined. If information reported on the SAR 7 results in a decrease in benefits, the CWD must provide 10-day notice before taking action to decrease benefits. If the 10-day notice requirement prevents the CWD from decreasing benefits the first of the month following receipt of the late SAR 7, the CWD shall make a mid-period change in the SAR Payment Period to decrease benefits based on information reported on the late SAR 7 allowing for 10-day notice. An OP/OI

will be established when benefits are released at a previous higher level as a result of the CWD's inability to decrease benefits with 10-day notice.

If the SAR 7 information results in an increase in benefits, and the CWD cannot increase benefits by the first month of the next SAR Payment Period, a supplement shall be issued for that month and benefits increased for the remaining months of the SAR Payment Period. The 10-day noticing requirements do not apply to increases in benefits.

If the CWD determines that the recipient did not have good cause for failure to submit a complete SAR 7, the CWD shall redetermine eligibility in accordance with the restoration of aid rules, described below.

Restoration of Benefits Following Discontinuance for Failure to Provide a Timely and Complete SAR 7

The Legislature approved and the Governor signed AB 959 (Chapter 506, Statutes of 2011), providing that effective July 1, 2012, all recipients of either CalWORKs, CalFresh, or both, who have been discontinued for failure to submit a SAR 7 can have benefits restored, pro-rated effective the date the completed SAR 7 is received by the county, at any time in the month following the discontinuance. (An ACL will be released in the near future explaining this new policy in more detail.) If a complete SAR 7 is submitted more than a month after the discontinuance, the CWD shall redetermine eligibility and benefit amounts in accordance with the current Restoration of Aid regulations at MPP Section 40-125.9.

CalFresh currently has a waiver from the United States Department of Agriculture, Food and Nutrition Service (FNS) allowing CalFresh-only cases to have benefits restored at any time in the month following discontinuance if the reason for discontinuance is resolved. This includes, but is not limited to, cases in which benefits were discontinued for failure to submit a complete SAR 7 with no good cause. In such cases, pro-rated benefits will be restored effective the date the complete SAR 7 is provided, without a new application or interview, and without the need to prove good cause. (In cases where the recipient did have good cause, their benefits shall be restored effective back to the date of discontinuance, in accordance with the good cause provisions explained above.)

b. Redeterminations/Recertifications

All existing regulations relevant to CalWORKs redeterminations at MPP Section 40-181.2 and CalFresh recertifications at MPP Section 63-504.6 will continue to apply in the SAR system.

However, under SAR CWDs shall use the RD/RC forms in place of the second SAR 7 to determine continuing eligibility and the next SAR Payment Period's benefit amount. The RD/RC forms will be modified to request the same income and eligibility information that is requested on the SAR 7. Because the RD/RC will be used to determine the next SAR Payment Period's benefit amounts, CWDs must schedule the RD/RC early enough in the month to be able to establish the

next SAR Payment Period's benefits, keeping the 10-day noticing requirements in mind.

This also means that CWDs must align CalWORKs redeterminations and CalFresh recertifications with the SAR cycle assigned to each recipient and RD/RCs must take place in the sixth month (Submit Month) of the second semi-annual period. This ensures that recipients only have two mandatory eligibility reports a year and that CWDs do not have to act mid-period on RD/RC information. Please see examples of aligning the RD, RC, and SAR cycles on page 88 (in the "Establishing the Semi-Annual Reporting Cycle" section).

c. Determination of Continuing Eligibility

The CWD will use the information on the SAR 7 or the RD/RC forms to determine continuing eligibility and future benefit amounts based on all eligibility factors. The SAR 7 or RD/RC forms will provide eligibility information for the SAR Data Month, any changes affecting the AU/household's eligibility since the submission of the last report, and any changes in income and expenses the recipient reasonably anticipates will occur in the upcoming SAR Payment Period. Based on the information provided on the SAR 7 or RD/RC forms, the CWD will determine continuing eligibility as it relates to all eligibility factors, including, but not limited to: income, property (CalWORKs only), deprivation (CalWORKs only), and household composition using prospective budgeting rules as described in this section.

If a recipient has made a voluntary or mandatory mid-period report, the information from that report shall be considered part of the case record, regardless of whether it resulted in a mid-period benefit change. If the mid-period report was verified, the CWD shall enter the information into the eligibility system, and either act on the change (if permitted under mid-period changes as described in this letter), or shall hold action on the change until the next semi-annual period, and send the recipient a "no-change Notice of Action (NOA)". This change does not need to be re-verified, unless there has been a subsequent change or it is information that needs to be verified every reporting period, such as income or resources.

If the report was not verified, and does not affect the benefits mid-period, the CWD shall send the recipient a "no-change NOA" reminding the recipient to list the change on the next SAR 7 or annual RD/RC forms as appropriate, and specifying the verification that will be required. At the next reporting/renewal period, CWDs should ensure that information reported on the SAR 7 or RD/RC forms is consistent with what was reported mid-period and should proceed as follows:

- If the information reported on the SAR 7 or RD/RC forms is consistent with information provided in the voluntary or mandatory mid-period report, and the county has the required verification, no further action will be required.
- If the information on the SAR 7 or RD/RC forms is not consistent with unverified information provided in the mid-period report, the CWD shall take action immediately to resolve the discrepancy and determine what the actual current AU/household situation is. The CWD should first attempt to contact the recipient

to resolve the discrepancy. Only if the CWD is unable to contact the recipient or obtain resolution from such contact, shall the CWD consider the SAR 7 or RD/RC forms to be incomplete and take appropriate actions required for incomplete reports.

Example: An AU voluntarily reports mid-period that the AU received an inheritance, but provides no verification. Since property is only evaluated twice a year for CalWORKs, the CWD sends a "no-change NOA" to the AU reminding them to report this information and provide verification on their next SAR 7. However, this information is not included on the next SAR 7. The CWD contacts the AU by phone to resolve the discrepancy and discovers that the AU had been told that there was an inheritance, but they have not yet received any money, as the estate is still in probate. The SAR 7 would be considered complete and the CWD must document in the case file how the discrepancy was resolved. In the case narrative, the CWD should describe what was reported, what happened, and indicate what action was taken or not taken based on these reports. (The property would have no effect on CalFresh eligibility.)

Property Eligibility (CalWORKs Only)

Property eligibility requirements as outlined in MPP Section 42-200 remain unchanged under SAR, except that property eligibility is only determined every six months, instead of every three months. The CWD will use the information reported on the SAR 7 or RD/RC forms to determine continuing property eligibility for the AU for the entire upcoming SAR Payment Period. SAR rules do not require any mid-period reporting of property changes, and the CWD is not authorized to act on a voluntarily reported mid-period change in property that would decrease benefits or result in discontinuance.

If the CWD determines that the AU exceeds the resource limit based on property that is reported on the RD/RC forms or on the SAR 7 for the Data Month, the CWD shall discontinue the CalWORKs case at the end of the SAR Submit Month, with timely and adequate notice, and process the household for Transitional CalFresh benefits. However, if the AU provides verification prior to the effective date of discontinuance that their resources have dropped below the resource limit, the AU will be considered property eligible, and the proposed discontinuance shall be rescinded and benefits reinstated. (For information on the treatment of resources in CalFresh, please see ACLs 09-24 and 11-11.)

Example: On the SAR 7 submitted timely on October 8, the AU reports that they have the same income, but have received an inheritance in the amount of \$4,000 in September (Data Month). The county sends a discontinuance notice to the AU effective October 31 for being over the resource limit. On October 25 the AU reports that they put the inheritance in a restricted account. The county will rescind the discontinuance notice and issue November's benefits at the previous (October) benefit amount. (If November's benefit amount should have been less than the October benefit amount, an OP will be assessed for that amount.)

Deprivation (CalWORKs Only)

The CalWORKs deprivation requirements (outlined in MPP Section 41-400) also remain unchanged under SAR. As with property eligibility, a CalWORKs AU must demonstrate continued eligibility under the deprivation requirement only once every six months based upon information reported on the SAR 7 or RD/RC forms. Deprivation for an AU may change mid-period, but the CWD cannot take any negative action based on changes in deprivation until it processes the AU's SAR 7 or RD/RC forms for the next SAR Payment Period. If, however, a mid-period report indicates that the basis for deprivation change qualifies the AU for an exempt Maximum Aid Payment (MAP), the change from non-exempt to exempt MAP shall occur on the first of the month following the report. CalFresh would recalculate the allotment amount based on the new CalWORKs grant. (CalFresh has no deprivation requirement.)

Example 1: AU of three is aided based on absent parent deprivation. Mom makes a voluntary mid-period report that Dad has moved into the home and is employed full-time. Even though this AU no longer meets the CalWORKs deprivation requirements, action may not be taken to discontinue the AU until the end of the current SAR period.

Example 2: AU of two consisting of timed-out Mom and two kids is aided based on absent parent deprivation. Mom makes a voluntary mid-period report in October that she has been approved for SSI. The county shall change the basis of deprivation for this AU to disabled parent and start giving them the exempt MAP amount effective September 1.

Household Composition

Existing rules regarding who must be included in the CalWORKs AU or CalFresh household, as outlined in MPP Section 82-820.3 and 63-402.1, are unchanged under SAR rules. Reporting requirements and CWD actions based on household composition changes are also unchanged under SAR. Under SAR, an AU/household is only required to demonstrate that it is eligible once each semi-annual period based upon the information reported on the SAR 7 or RD/RC forms. AU/households may voluntarily report changes in household composition during the semi-annual period, but the CWD may only take action to increase benefits mid-period as a result of voluntarily reported household composition changes. A voluntary report of a change in household composition that would result in ineligibility of the household or a decrease in benefits cannot be acted on until the SAR 7 or RD/RC forms have been submitted and processed, unless the recipient requests a discontinuance of benefits (contingent upon federal waiver approval for CalFresh). (See "Voluntary Recipient Request for Discontinuance" section on page 65 for the exception to this rule.)

Under *Lopez v. Wagner*, certain formerly sanctioned household members shall be added back into the household at the expiration of their sanction (see ACL 12-06). If the disqualified household member is still a member of the CalFresh household in which he or she was previously receiving benefits, the county will automatically add the disqualified member back to the household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household. The

household may request the person be added on the SAR 7 or a mid-period report, but it is not required, as the CWD action shall be automatic. If the disqualified household member is now a member of a different CalFresh household, and this has been reported to the CWD, either on the SAR 7 or mid-period, whether or not using form DFA 377.7A1, the CWD will automatically add the individual to the CalFresh household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household.

NOTE: Per MPP Sections 82-832 and 63-508.654(c), when a new person who was mandatorily reported on the SAR 7 or RD/RC forms, and initially determined eligible based on the information provided on the SAR 7 and CW 8 or CW 8A or the RD/RC forms, is subsequently determined ineligible based on a voluntary report in the SAR Submit Month, prior to the authorization of aid, he or she shall be treated as an excluded person for the next SAR Payment Period. This person's income and needs, as reported on the SAR 7, shall be treated in accordance with MPP Section 44-133.5 for the next SAR Payment Period, and the AU shall be discontinued at the end of the semi-annual period in which the individual was treated as an excluded person, if the subsequent RD/RC forms establish that the new person renders the entire AU ineligible.

Example: An AU is aided based on absent parent deprivation. The current SAR Payment Period is January through June. In March, the absent father returns to the home and is reported for the first time on the SAR 7 for the Data Month of May. The father, who was determined to be the principal earner, was receiving UIB in the Data Month and was initially determined eligible as an unemployed parent based on the SAR 7 information. However, when the county completed the interview in the Submit Month of June, it was learned that the father had accepted a full-time job on June 15. Since the principal earner has accepted full-time employment and deprivation due to unemployment was not established prior to the authorization of aid, the county shall deny aid to the father and instruct the AU to report the father's full-time employment on the RD/RC forms due in December. Because ineligibility for the father has occurred after the SAR Data Month but prior to the authorization of aid, he will be treated like an excluded person. His income and needs shall be considered in determining eligibility and grant amount for the upcoming SAR Payment Period. The existing AU's deprivation is not affected until the father's full-time employment is reported on the subsequent RD/RC forms in December. If the RD/RC forms establish that ineligibility exists for the AU, the county shall discontinue cash aid at the end of December with timely and adequate notice.

Transfer of Assets or Income for Less Than Fair Market Value (CalWORKs Only)

Rules regarding the transfer of assets for less than fair market value may be found at MPP Section 42-221 and remain unchanged. On the SAR 7 and RD/RC forms, recipients must report property or income that was sold, traded, or given away since their last report. Once reported, the CWD must determine whether the property or income was transferred for less than fair market value. If a recipient transfers, for less than fair market value, property or income that would have affected the recipient's eligibility or grant amount, the CWD will establish a period of ineligibility (POI) based on

the transfer. Under SAR, the POI will be established at the beginning of the upcoming SAR Payment Period and continue for the determined number of months.

Meeting Conditions of Eligibility

If an AU/household member fails to meet a condition of eligibility, such as applying for potentially available income (CalWORKs) or registering for work (CalFresh), within the semi-annual period and it is not a part of the current SAR 7 or RD/RC reporting requirement, the CWD may not discontinue the recipient until the end of the semi-annual period, with timely and adequate notice. For example, if a CalWORKs recipient loses his or her job mid-period and does not apply for Unemployment Insurance (UI) Benefits when the Employment Development Department (EDD) report indicates potential eligibility, they cannot be discontinued until the end of that semi-annual period. (See ACIN I-50-09.) However, if a recipient fails to provide information required for school attendance, immunization, or child support cooperation, among others, without good cause, the CWD shall take mid-period action to implement a sanction or penalty as appropriate.

d. Income Eligibility and Grant Calculation

All CalWORKs and CalFresh benefits for the upcoming SAR Payment Period will be determined using prospective budgeting and reasonably anticipated income. The amount of monthly income determined for the upcoming semi-annual period will be used to calculate the benefit amount for the next six months. Income eligibility and benefit amounts for each program remain unchanged under SAR. Detailed instructions for the calculation of benefits using prospective budgeting and reasonably anticipated income under SAR are included in the following sections. (See "New Applications" section beginning on page 86 for information about determining eligibility for new applicants.)

Income (Financial) Eligibility

Under SAR, CalWORKs recipients will continue to be income eligible if they are eligible for a grant in accordance with financial eligibility regulations at MPP Section 44-207.2. CalFresh recipients continue to be subject to CalFresh income tests at MPP Section 63-503.321(a)(QR), unless the household is categorically eligible due to its Public Assistance CalFresh (PACF) status (MPP Section 63-301.7) or has an elderly or disabled household member and then is only subject to the net income test per MPP Section 63-503.323.

The determination of continued recipient financial eligibility for CalWORKs and CalFresh occurs under the following two circumstances:

- When the CWD reviews a SAR 7 or the annual RD/RC forms submitted by a recipient, the CWD must determine if the AU/household will continue to be financially eligible in the upcoming SAR Payment Period based on income that the AU/household reasonably anticipates it will receive in the upcoming semi-annual period.

- When an AU/household makes a mandatory mid-period report of income over their IRT, the CWD must determine if the AU/household maintains continued financial eligibility for the current SAR Payment Period. If eligibility is maintained, their benefits must be recalculated for the remainder of the SAR Period based on the income over IRT.

Prospective Budgeting

The SAR system uses the anticipated income/prospective budgeting methodology for determining continuing recipient benefits. These rules have been simplified in order to more closely align with the federal guidance on prospective budgeting. Prospective budgeting requires CWDs to use income that the applicant or recipient anticipates with reasonable certainty will be received in the upcoming semi-annual period. Income from the SAR Data Month, as well as any reasonably anticipated changes in income and expenses, shall be used as an indicator of the income that is and will be available to the AU/household for the upcoming SAR Payment Period. Changes in income reported mid-period will be evaluated using the current (report) month's income and any anticipated changes.

It is critical that CWD staff thoroughly document how income was projected in determining benefit calculations. Case narratives and other documentation will be particularly critical when documenting any changes in income, including, but not limited to: new income, income that is ending, income that is expected to change, income that fluctuates (including anomalies such as overtime or missed work), and income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months. If the CWD has no conflicting information, the income and anticipated changes reported on the SAR 7 or RD/RC forms should be used to determine benefits for the upcoming SAR period. The fact that an AU/household received income in the past and now reports that the income has stopped does not mean there is a conflict. Absent other information known to the county, the SAR 7 or RD/RC information should be accepted, as these forms are signed under penalty of perjury and may be treated as an affidavit. For CalFresh Quality Control purposes, reviewers will rely heavily on case documentation when reviewing case files to determine if benefits have been issued in the correct amounts.

Reasonably Anticipated Income

Income is "reasonably anticipated" when the recipient and CWD determines it is reasonably certain that the recipient will receive a specified amount of monthly income in the SAR Payment Period. If the amount of income that will be received or when it will be received is uncertain, the portion of the AU/household's income that is uncertain shall not be counted. This definition applies to earned and unearned income.

Under SAR, recipients will no longer be required to report an exact amount of anticipated monthly income for each month of the SAR period. Instead, recipients will be required to provide information for the Data Month and any anticipated changes in the six months following the Submit Month. The income received in the Data Month will be considered reasonably anticipated and will be used

in the budget calculation unless the recipient reports that they anticipate a change in the upcoming SAR Period.

If an AU/household anticipates receipt of new income from a new source in the upcoming SAR Payment Period, such as a new job or UI benefits, this income shall only be considered reasonably anticipated if the CWD determines that:

1. The AU/household verifies that the income has been or will be approved or authorized within the upcoming SAR period, or the household is otherwise reasonably certain that the income will be received within the SAR period;
2. The anticipated amount of the income is known and verified, or the AU/household is otherwise reasonably certain of the amount of the income; and
3. The start date of the income is known and verified, or the AU/household is otherwise reasonably certain of the start date of the income.

If an AU/household anticipates receipt of new income in the upcoming SAR Payment Period, but does not have reasonable certainty of the dates and amounts expected to be received, this income cannot be considered reasonably anticipated and therefore shall not be used in determining the benefits for the upcoming SAR Payment Period. If the new income exceeds the IRT mid-period, then the recipient would have to report it and benefits will be recalculated as necessary.

If the AU/household's monthly income fluctuates or they expect the income received in the Data Month to change in the upcoming SAR Payment Period, the CWD must attempt to find out the amount of income the AU/household reasonably expects to receive, in order to determine what income, if any, can be reasonably anticipated and used in the next SAR Payment Period's benefit calculation. Only that portion of income that the AU/household reasonably anticipates it will receive can be used in the benefit calculation. If, for example, a recipient has fluctuating income, but agrees that she usually makes at least a minimum of \$200 a month, the minimum anticipated income can be anticipated. If however, a recipient can't anticipate an amount or if she will get paid in the upcoming semi-annual period, then no income can be reasonably anticipated.

New income cannot be anticipated unless the AU/household is reasonably certain of the amount of income and the start date. If an AU/household reports that they expect their income to change or stop, but are uncertain of when or by how much, the CWD cannot reasonably anticipate this change. However, if the recipient states that the Data Month income is not typical, explains why, and lists an estimate of future income, barring any information to the contrary, the recipient's estimate of future income should be used. Additionally, if the recipient states that their income fluctuates so much that they can't anticipate any income, no income will be counted. If the CWD disagrees that the income is too unpredictable to anticipate, it must explore with the applicant or recipient what amount, if any, can be reasonably anticipated and document the basis for the amount used in the case narrative.

The CWD should explain to the AU/household that if their actual income is less than the anticipated income, the recipient should make a mid-period, voluntary report of

decreased income and provide verification so that the CWD may increase their benefit amount.

Example 1: A recipient reports that he believes that he qualifies for \$400 in UI benefits. There is no finding of eligibility and no statement of when the benefits will start. This income cannot be reasonably anticipated. If however, the recipient provided a copy of the UI check or a statement that benefits would begin on a certain date, the income could be reasonably anticipated.

Example 2: A recipient reports being told at an interview that she got the job. She is aware of a salary range, but has no further information. This income cannot be treated as anticipated. If however, the recipient knows her start date, anticipated wage amount and expected hours, then the CWD should consider this income to be reasonably anticipated as of the date the income will begin and use this income in the benefit calculation for the next SAR Payment Period. The CWD shall document the recipient's statement of start date, expected hours, and wages in the case file to substantiate the recipient's estimate.

Example 3: A recipient is a waitress and doesn't earn the same amount each month because of extra shift opportunities or shift cut-backs, but she states on the SAR 7 that the reported Data Month's income is "typical." The county can count that income as reasonably anticipated for the next semi-annual period. If, however, the recipient never has any regular shifts or hours, and the employer or prior income history substantiates that there is no minimum amount of income expected, or the recipient explains changes that have occurred or why the historical minimum income cannot be reasonably anticipated, then this income cannot be reasonably anticipated and will not be used to determine the benefit amount for the upcoming semi-annual period.

Example 4: A recipient's income varies between \$200 and \$400 a month and the employer can't confirm the earnings or schedule, but the recipient states that earnings are usually at least \$200. The CWD should list \$200 as reasonably anticipated income. If the recipient's income varies dramatically (for example someone who is waiting for an on-call substitute position, who doesn't know whether there will be any work or any minimum hours) there is no income that can be reasonably anticipated and no income will be budgeted.

Example 5: Recipient was paid bi-weekly, but reports that she was laid off. She has applied for UI benefits, but has not heard from EDD. No income will be budgeted as she does not know how much she will receive from EDD or when her payments will start. Her prior pay history cannot be used because the job has ended and she cannot reasonably anticipate any income.

Use of Weekly and Bi-Weekly Conversion Factors

Whenever a full month's income is anticipated but is received on a weekly or bi-weekly basis, the income shall be converted to a monthly amount in the following manner:

- Income received weekly shall be converted to a monthly amount by adding the

four (or five) weekly paychecks together, dividing by four (or five) and multiplying the weekly averaged income by 4.33.

- Income received bi-weekly shall be converted to a monthly amount by adding the two (or three) bi-weekly paychecks together, dividing by two (or three) and multiplying the bi-weekly averaged income by 2.167.

Each paycheck does not need to be the same amount; however, the AU/household must anticipate that their monthly income will continue, in order to convert the income into a monthly average. For example, if a recipient reports receiving four checks in the Data Month and explains that one of the checks was higher or lower than usual, but that the other three checks are representative of their weekly income and they expect that amount to continue, the CWD can use the conversion factor to convert the three representative weekly paychecks into a monthly average. In that situation, the conversion factor would be applied to the reasonably anticipated income, rather than the Data Month income because the Data Month income is not expected to continue.

If the AU/household receives weekly or bi-weekly paychecks, but their income fluctuates month to month and they cannot reasonably anticipate that their Data Month income will continue at the same amount, the conversion multipliers will not be used to convert the Data Month income into a monthly average. In this case, the CWD should accept the AU/household's estimate of reasonably anticipated income or when that estimate is questionable, contact the AU/household to determine what monthly income (if any) can be reasonably anticipated.

Example 1: A recipient reports receiving \$200 every week and reasonably anticipates that this income will continue at the same amount for the upcoming semi-annual period. The \$200 weekly income is multiplied by the weekly multiplier of 4.33 to determine the monthly average income amount of \$866. (If the recipient reports receiving \$400 every two weeks, the \$400 bi-weekly income is multiplied by the bi-weekly multiplier of 2.167 to determine the monthly average income amount of \$866.)

Example 2: A recipient reports that she will work the first three weeks of each month, and be paid \$200 per week worked. In this case, since the recipient does not expect to be paid every week, the conversion multiplier would not be used. Instead, the monthly income of \$600 is used to determine the benefit amount for the semi-annual period.

Example 3: A recipient reports on her SAR 7 that she received four weekly paychecks in the following amounts: \$200, \$450, \$190, and \$225. She explains that she received extra hours in the second week of the month because a co-worker was sick, but the other three weekly paychecks are typical and she expects this income to continue. The CWD should disregard the anomalous check of \$450, and convert the remaining three weekly paychecks into a monthly amount by adding them together, dividing by three, and multiplying the weekly average by 4.33 (i.e.: $\$200 + \$190 + \$225 = \$615 / 3 = \$205$. $\$205 \times 4.33 = \887). The reason for disregarding the anomalous check must be documented in the case narrative.

Example 4: A recipient reports on her SAR 7 that four weekly paychecks were received in the following amounts: \$115, \$100, \$135, and \$95 and indicates on the SAR 7 that her income is not expected to change during the next SAR Payment Period. The worker will add the four weeks of income together, divide by four and then multiply the resulting amount by 4.33 to arrive at the averaged monthly income amount for the next SAR Payment Period (i.e.: $\$115 + \$100 + \$135 + \$95 = \$445 / 4 = \$111.25 \times 4.33 = \$481.71$). (If five pay periods were reported in the Data Month on the SAR 7, the CWD will add each week together, divide by five, and then multiply the resulting amount by 4.33.)

Example 5: A recipient provides two check stubs in the amount of \$115 and \$350 and states that he gets paid bi-weekly. He expects this income amount and frequency to continue. The worker will add the two checks together, divide by two and then multiply the resulting amount by 2.167 to arrive at the average monthly income amount for the next SAR Payment Period (i.e.: $\$115 + \$350 = \$465 / 2 = \$232.5 \times 2.167 = \$503.81$).

Example 6: A recipient regularly works 35 hours per week at \$10 an hour and is paid bi-weekly. She received three checks in the Data Month of \$400, \$500, and \$700. She reports that her normal pay checks are \$700 every two weeks, but that she missed work due to a family emergency, and does not expect she will need to take any additional time off. Since the lower paychecks are not expected to continue, the county worker will apply the bi-weekly conversion factor of 2.167 to the normal anticipated bi-weekly pay of \$700 to determine the monthly anticipated income for the semi-annual period (i.e.: $\$700 \times 2.167 = \$1,516$). The CWD should also remind the recipient to report when her income is less than expected in order to have her benefits supplemented.

Example 7: A recipient works varying hours depending on when his employer needs him. He reports receiving three bi-weekly paychecks in the Data Month in the amounts of \$600, \$900, and \$660 and provides copies of these three pay stubs. He reports that the \$900 check was unusually high because he was covering another shift, but that the other two checks are representative of his normal pay. The county worker determines this to be correct and excludes the \$900 check. The worker calculates an average monthly income by adding the two other checks together, dividing by two, and multiplying the resulting amount by the bi-weekly multiplier of 2.167 (i.e.: $\$600 + \660 (leave out anomalous \$900 check) $= \$1,260 / 2 = \$630 \times 2.167 = \$1,365$). Additionally, if the recipient reports that his Submit Month income has decreased, a supplement shall be provided, as necessary.

Example 8: A recipient reports on her SAR 7 that she started a job in the Data Month and earned \$400. She attaches two weekly check stubs for \$200 and states that her income will continue at this amount. The county worker understands this to mean that her weekly pay of \$200 will continue and this understanding is narrated in the case file. The \$200 is multiplied by 4.33 to determine the recipient's average monthly income for the semi-annual period (i.e.: $\$200 \times 4.33 = \866).

Benefit Determination Based on Stable Income

If a recipient or applicant AU/household has stable monthly income and does not expect any changes in the upcoming SAR Payment Period, the income reported on the application, SAR 7, or RD/RC forms shall be used to determine the benefit amount for the next SAR Payment Period. If the stable income is received weekly or bi-weekly the income shall be converted into a monthly average as described above.

Benefit Determination Based on Fluctuating Income

When the AU/household reports anticipating fluctuations from their Data Month income, the determination of whether income is reasonably anticipated will require additional steps and thorough case documentation. In situations where the recipient expects a change or has fluctuating income, and either cannot or does not provide an estimate of what is reasonably anticipated, the following guidelines can be helpful to the CWD in working with the recipient to determine what income, if any, can be reasonably anticipated for the upcoming semi-annual period:

- Take into account any changes in income from the Data Month that the AU/household reasonably anticipates for the upcoming SAR Payment Period.
- If the AU/household reports that they expect changes from the income received in the Data Month, but do not know how much their income will change or when the changes will take place, Data Month income shall be used until the recipient reports a reasonably anticipated change.
- If the AU/household reports that their income fluctuates significantly month to month that they cannot reasonably anticipate any income, and that in some months they don't receive any income, barring any information to the contrary, the CWD should accept this statement and no income should be budgeted.
- If the AU/household is unable to estimate future income with the CWD's assistance, the CWD, with written authorization from the recipient, may contact the employer or other source of income.
- If unable to obtain additional source information, the CWD may take into account past income received by the AU/household to determine whether or not the Data Month income is representative of the AU/household's typical pay. **NOTE:** Past income shall not be used as an indicator of anticipated income if changes to the income have occurred or are anticipated.
 - For CalWORKs and CalFresh, if income fluctuates to the extent that a 30-day period alone cannot provide an accurate projection of future income, the CWDs may look back to the prior semi-annual period for historical income information. (During initial conversion to SAR, counties may look back at the previous two quarters.)
 - For CalFresh purposes, if the household's income fluctuates seasonally, it may be appropriate to use the most recent season comparable to the certification period, rather than the last semi-annual period. **NOTE:** The CWD must use caution in using income from a past season because income may fluctuate from season to season. The CWD shall not use past income as an indicator of anticipated income for the SAR Payment Period if changes in income have occurred or can be anticipated.

If the CWD and the AU/household cannot determine an amount that can be reasonably anticipated after following the guidelines listed above, no income shall be used.

CalFresh Only: Households which, by contract or self-employment, derive their annual income in a period of time shorter than one year shall have that income averaged over the SAR period (contingent upon federal waiver approval) provided the income from the contract is not received on an hourly or piecework basis. These households may include school employees, sharecroppers, farmers, and other self-employed households. However, these provisions do not apply to migrant or seasonal farm workers. Contract income which is not a household's annual income and is not paid on an hourly or piecework basis shall be prorated over the period the income is intended to cover.

CalWORKs NOTE: CalWORKs does not have special rules for the treatment of income for AU's that derive their annual income in a period of time shorter than one year; however, in order to align with CalFresh, CalWORKs cases that are also receiving CalFresh will follow the budgeting rules explained above. Those recipients that are receiving CalWORKs only shall have their income calculated for the upcoming semi-annual period in accordance with prospective budgeting and reasonably anticipated income, as explained in this section.

CalWORKs/CalFresh Example: A recipient works at a school cafeteria from the middle of September to the middle of June. On her June SAR 7 submitted in July she reports that her job ended in the middle of June. The CWD looks at the case file for prior work information and determines that this recipient always has a break in employment during the summer months. The CWD must clarify with the recipient if she expects her normal job with the school to begin again the following September. If she does expect her job to resume in September the income she receives from September through June must be added together and divided by 12 in order to come up with an averaged monthly income for the SAR Payment Period. (e.g.: She receives \$400 in September and June and \$800 a month in October through May. She receives \$7,200 a year. $\$7,200 \div 12 = \600 . \$600 would be counted as her average monthly income for the semi-annual period.)

If the SAR 7 information is unclear or questionable, and the recipient refuses to assist in providing required information (e.g. refuses to provide available verification or sign an affidavit) or fails to provide information necessary to determine continuing eligibility, the CWD shall discontinue benefits after providing timely and adequate notice. If the recipient is attempting to cooperate to the best of his or her ability, yet is unable to provide information that would assist the CWD in determining future income with reasonable certainty, the recipient shall not be considered "failing to cooperate" and shall not be discontinued for that reason.

Example 1: Recipient provides a SAR 7 with four check stubs of varying amounts (\$50, \$150, \$75 and \$500). There were five weeks in that month, and for one week, he reports no earnings at all. He works on call and has no idea when he will be called in. The worker reviews the case and confirms that the recipient had periods of no income at all in the past. The worker then carefully

documents the basis for being unable to reasonably anticipate *any* income, and budgets no income for the upcoming SAR period. The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary.

Example 2: Using the same employment scenario as above, except that the recipient reports that he expects to earn at least \$150/month. The CWD shall accept this statement, unless there is a reason to find it questionable. The worker must document the basis for using the estimate or document the reason for using a different amount. (For example: Past earning history shows that the recipient has always earned at least that amount, and although there were periods of higher earnings, they were sporadic.) The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary. The recipient can also report mid-period if his income does not reach \$150 and the grant amount shall be supplemented, as necessary.

Example 3: On her SAR 7, a recipient reports that she is working part-time, and her hours of work vary from month to month. She reports having worked 70 hours in the Data Month of May, but she states that she is unable to project with any certainty how many hours she will be working for each month of the next SAR Payment Period. Based on past earnings data, the CWD observes that the recipient has always reported income and questions whether it is reasonable to use zero income in the calculation of benefits for the upcoming SAR Payment Period. The CWD reviews income information from her RD/RC forms (from November) and finds that she reported working 80 hours in that month. The CWD talks with the recipient and learns that she is scheduled to work 70 hours a month, but sometimes picks up extra shifts and during the previous SAR Payment Period, she worked between 70 and 80 hours every month. Because the recipient is scheduled to work at least 70 hours a month, that income can be reasonably anticipated and the CWD may use 70 hours a month to project reasonably anticipated income for the next SAR Payment Period. Because the other 10 hours is unpredictable and cannot be reasonably anticipated, the CWD will not use it in their budget. The worker should review with the recipient how to complete the SAR 7, so the recipient understands how to report anticipated income.

Income That is Starting or Ending Mid-Period

Under SAR, income that is starting or ending mid-period will no longer be averaged over every month of the Payment Period. Income that the recipient anticipates will begin or end in one of the months of the upcoming SAR Payment Period will only be counted in the months that the income is reasonably anticipated to be received. This is a change from QR/PB and will allow an AU/household to receive the maximum benefit amount in the months in which this income is not received. This rule holds true for applicant cases as well; income from the month of application will only be used to determine eligibility and benefit amount in the month in which it was received.

Income that is beginning or ending will be treated differently depending on how certain

the AU/household is that the income will begin or end. For example, if the AU/household's current monthly income is stable, but they heard that they might get laid off soon, the current income should be used to determine the monthly benefit amount and the CWD should instruct the AU/household to report to the county when they know for sure that they will lose their job or report to the county in the month their income decreases. Similarly, if a recipient thinks they will be starting a new job in the next month or so, but are not sure about their start date or hours, this new income cannot be reasonably anticipated and would not be used to determine benefit amounts. In this situation, the recipient should report the new job mid-period if their income is over their IRT or on their next SAR 7 or RD/RC forms if the income is not over their IRT.

If, on the other hand, the AU/household is certain that their income will be ending or new income will be starting in a certain month of the SAR Payment Period, this income will only be used to determine benefit amounts for the months in which it is reasonably anticipated to be received. In these situations, the CWD shall calculate two different benefit levels for the semi-annual period: one benefit amount for the months in which the income will be received and one benefit amount for the months in which the income will not be received. Depending on automation capabilities, CWDs may set a tickler to remind them to recalculate the benefit amounts at a specified time or they can input all the necessary information into the automated eligibility system and have the system automatically recalculate the benefit change.

NOTE: Because the CalWORKs aid payment is considered income in the CalFresh budget, for purposes of calculating PA CalFresh benefits, the actual CalWORKs grant amount for each month of the SAR Payment Period must be used when computing the CalFresh allotment.

Example 1: An AU/household of four is in the June through November SAR period. Mom submits the SAR 7 for October to the CWD timely on November 8. On the SAR 7, she reports that she will start a part-time job in December that will probably only last until the end of January, when the holiday shopping season has ended. She reports that she will get paid \$800 in December and January. The county will calculate her benefits based on \$800 monthly anticipated income for December and January and tell the recipient to report when her job has ended. However, if Mom has verification that the job is only for those two months, the county would put that verified information in the case record and act to increase her benefits based on no income beginning in February. (Alternately, the county could also set a tickler reminding them to recalculate the recipient's benefits based on no income effective February 1.)

Example 2: A recipient reports on his SAR 7 that he made \$800 in the Data Month. He is paid weekly and received four weekly paychecks of \$200 each. He writes on his SAR 7 that he anticipates that his Data Month income will not remain the same and explains that he believes he will be laid off in the next month or two. The county will convert his weekly pay into a monthly average by multiplying the \$200 weekly pay by 4.33 (i.e.: $\$200 \times 4.33 = \866) and will tell the recipient to report when he gets laid off or his income goes down. (If the recipient had proof of a date his job would end, the county would only count his income in the months it will be received.)

Example 3: A recipient reports on his SAR 7 that he will be employed in the next SAR Payment Period. He states that he was told that he will be paid bi-weekly at \$8.50 an hour, and thinks it will be for approximately 30 hours a week. Recipient is uncertain about the start date. The worker then contacts the recipient and attempts to verify details regarding the new employment (start date, first pay date, pay schedule). If the worker is unable to verify, the worker will not include this income in the budget because the recipient cannot yet reasonably anticipate the income. The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary.

Example 4: An AU of two is in the June through November SAR period. Mom reports on her October SAR 7, which was submitted to the CWD timely on November 8, that her current job will end December 15, and she will start her new job on January 2. Her monthly salary will increase from \$500 to \$800. Both jobs are paid twice a month (on the 15th and 30th). She expects to receive her last pay check from her old job in the amount of \$250 on December 30 and doesn't expect to receive her first \$400 paycheck from her new job until January 30. Her December benefits will be calculated based on her reasonably anticipated December income of \$500, her January benefits will be calculated based on her reasonably anticipated January income of \$400, and her February through May benefits will be calculated based on her \$800 monthly anticipated income.

Reasonably Anticipated Medical, Child Support, and Child Care Expenses (CalFresh Only):

For medical and child care expense deductions and legally-obligated child support income exclusions, the CWD will determine what the household reasonably anticipates over the SAR Payment Period. Medical expenses are currently averaged over the certification period, over the remaining months of the certification period, over the billing period, or allowed as a one-time deduction. Under SAR rules, a medical, child support, or child care expense must be determined for the SAR Payment Period (contingent upon federal waiver approval).

If the expense is reported mid-period, the expense will be determined for the current and remaining months in the current SAR Payment Period. As with income, the CWD must carefully document the rationale for how it determined what expenses are reasonably anticipated for the CalFresh household.

Shelter and Utility Costs (CalFresh Only)

Shelter costs will be determined at application and recertification and shall remain fixed at the determined amount unless the household reports a change. Refer to page 52 for additional instructions on CWD Action on Voluntary Mid-Period Recipient Reports – Increased Shelter Costs. As stated on page 9, CalFresh households are required to report mid-period changes of address, but the accompanying shelter cost changes are

considered voluntary and only used if they result in an increase in benefits (contingent upon federal waiver approval).

Fluctuating Medical, Dependent Care, and Child Support Expenses (CalFresh Only)

Some recipients may have expenses, such as child care or medical expenses that vary from month to month. Current CalFresh rules allow households to elect to have:

- Fluctuating expenses averaged over the semi-annual period;
- Expenses which are billed less often than monthly averaged over the interval between scheduled billings;
- Expenses averaged over the period the expense is intended to cover, if there is no scheduled interval; or
- Expenses averaged over the remaining months of the certification period.
- Households reporting a one-time only medical expense during the semi-annual period may elect to have a one-time deduction or to have the expense averaged over the remaining months of their SAR Payment Period (contingent upon federal waiver approval).

Example 1: On the SAR 7, the recipient reports child care expenses in the amount of \$175 and reports that she expects this expense to continue. The CWD will allow a child care deduction of \$175 for the upcoming SAR Period based on the amount paid in the Data Month because the expense is reasonably anticipated to continue at the reported amount.

Example 2: A household in the January through June SAR Period reports a one-time medical expense of \$300 in March. She requests that the expense be averaged over the remaining months of the SAR Period. The CWD averages this expense and allows a \$100 deduction for the months of April, May, and June.

Example 3: Same scenario as above, but the recipient requests that the medical cost be taken as a one-time deduction. The CWD will recalculate the current month's allotment and issue a supplemental payment for that month.

NOTE: Expenses paid on a weekly or bi-weekly basis shall be converted to a monthly deductible expense by multiplying the weekly or bi-weekly expense by 4.33 or 2.167 as appropriate if income is also multiplied by these conversion factors. Document the rationale of the determination of the anticipated expense deduction in the case file.

III. MID-PERIOD CHANGES TO BENEFITS AND MANDATORY REPORTS

Under SAR, CWDs are required to take action on specified changes that occur mid-period or outside of the application, SAR 7, or RD/RC reporting process. Mid-period changes to benefits under SAR include changes that result from recipient mandatory reports, certain recipient voluntary reports, and county-initiated actions. Except for the IRT rule changes under SAR, all of these remain the same under SAR as under QR/PB.

For both CalWORKs and CalFresh, recipients may report mid-period changes in writing, online, verbally, or in person to the CWD. The Mid-Quarter Report Form (QR 3) will be revised and renamed the SAR Mid-Period Report Form (SAR 3). CWDs may provide the SAR 3 to recipients who wish to report a mid-period change in writing. If a recipient chooses not to report a mid-period change in writing at the time of the change, the CWD shall document the report in the case file.

a. Mandatory Recipient Mid-Period Reports

Under SAR, recipients are mandated to report specified changes to the CWD within 10 calendar days of the date the change becomes known to the household. The CWD shall document the substance of the report, as well as the date of the report, in the case file. The specified changes that recipients are required to report during the semi-annual period are listed in the next sections.

Some mid-period changes are required to be reported in the CalWORKs program that are not required to be reported in CalFresh. When there is a combined CalWORKs/ CalFresh case, if the AU reports a change that is required to be reported for CalWORKs, the CWD must also review the CalFresh case to determine if the CalFresh benefits must also be adjusted. Appropriate CWD actions for each type of mid-period change are described in the following sections.

CalFresh Only: Both PACF and NACF recipients must report the following changes during the semi-annual period:

- Address changes (contingent upon federal waiver approval).
- The amount likely to render the recipient ineligible for CalFresh benefits (i.e., 130 percent of the FPL) for those households subject to the IRT.

NACF Only: NACF recipients who are required to meet the ABAWD work rule must report the following change during the semi-annual period:

- Any reduction in the number of hours worked to less than 20 hours per week or 80 hours per month.

CalWORKs Only: All CalWORKs recipients must report the following changes during the semi-annual period:

- When income exceeds the IRT;
- Drug felony convictions;
- Fleeing felon status;
- Violation of conditions of probation or parole; and
- Address changes.

Defining the CalWORKs IRT

The IRT under SAR is different than under QR/PB: the level of income is lower and grants may be decreased as well as discontinued mid-period based on a report of income over the IRT. The IRT is an income threshold that informs the AU/household when they are mandated to make a mid-period report of an increase in

income. Under QR/PB, the IRT is one set amount (130 percent of FPL) for a given family size, is the same in CalWORKs and CalFresh, and income over the IRT generally results in the AU/household's case being discontinued. ***Under SAR, the IRT still mandates when the AU is required to make a mid-period report of an increase in income, but the result of such a report is not necessarily discontinuance. The level of the IRT threshold under SAR is lower than under QR/PB, so depending on how much income is reported, a report of income over the IRT could result either in a decrease in aid or discontinuance. The IRT under SAR is also no longer a set amount for a given family size; there are two tiers of the CalWORKs IRT, as described below, and is subject to change when the AU's income changes.*** (See below for the CalFresh IRT requirements under SAR.)

If any member of the AU or any member of the Family MAP has earned income, the CalWORKs AU is required to report when: The total combined gross monthly income, earned and unearned, of all persons included in the family MAP (MPP 44-133.5) exceeds the lesser of the following two amounts:

- 1) Income that increases by 55 percent of the monthly income of a family of three at the FPL over the last amount of income used to calculate their grant; or
- 2) The level likely to render them ineligible for CalWORKs benefits (recipient earned income limits).

This IRT requirement means that if anyone in the AU or anyone in the Family MAP has earned income or begins receiving earned income, the AU must report to the CWD when the household's total combined income, earned and unearned, exceeds the IRT at any time during the semi-annual period. Income that must be reported for IRT purposes includes income that is required to be reported for penalized, excluded, and timed-out individuals, as well as the income of persons not in the AU who were included in the determination of income eligibility and grant amounts.

CalWORKs NOTE: Because each family will have different amounts of earned versus unearned income, the exact amount of income that will make each family ineligible for CalWORKs will vary; however, for ease of administration, tier two of the IRT will be based on the CalWORKs recipient earned income limits for all families. In the situations where an AU reports income over tier two of the CalWORKs IRT and remains eligible, their IRT will become the CalFresh IRT of 130 percent FPL. (See example 5 on page 43.)

The rule applies as follows:

- AUs that have earnings only or a combination of earned and unearned income will be required to report within 10 days when the household's total income exceeds the IRT.
- AUs that have no income or have unearned income only will be required to report within 10 days if they receive new earnings that, once combined with other household income, exceeds the IRT.
- AUs with unearned income only (including disability-based unearned income) are not required to report when that income by itself exceeds the IRT mid-period.

NOTE: Recipients may report nonrecurring lump sum income when it exceeds the IRT by itself or in combination with other AU income; however, recipients are not required to report nonrecurring lump sum income mid-period, as nonrecurring lump sum income is to be treated as property in the month received and any subsequent months. (See MPP Section 42-209.2 for the treatment of lump sum income in CalWORKs.)

CalFresh IRT Reporting Requirements

Under SAR, all CalFresh recipients subject to the IRT requirements are required to report mid-period when their income exceeds 130 percent of the FPL for their household size. While the two tiers of the CalWORKs IRT are not mandatory reports in CalFresh, when a report of income over the CalWORKs IRT is made that results in a change in the CalWORKs case, the allotment will also be recalculated in the companion CalFresh case.

NOTE: AB 6 lists 130 percent of FPL as the third tier of the CalWORKs IRT; however, since CalWORKs recipients are required to report when their income reaches the CalWORKs income limit, at which point they will be discontinued from cash aid, they will income out of CalWORKs before they ever reach the 130 percent of FPL. Therefore, effectively, there are only two tiers of the CalWORKs IRT and NACF cases are the only households that will have an IRT of 130 percent of the FPL. (See CalWORKs Note above and example 5 on page 43, for the exception to this rule.)

b. Informing Recipients of their IRT (CalWORKs and CalFresh)

The informing notice that spells out the IRT limit must be individualized for each CalWORKs case. There are two tiers of the CalWORKs IRT, the lowest of which will be the AU's current IRT:

Tier 1:

An increase in income of 55 percent of the FPL for a family of three. Though the amount of the increase is a fixed number based on the current FPL for a family of three, this tier of the IRT is an increase in family income by that amount, requiring that the current income be added to the figure representing 55 percent of the FPL. This means that this IRT level will be different for each AU/household depending on their current income. The only AU/households that will have 55 percent of the FPL as their current IRT are households with no current income. For all other families, the CWD will have to add the 55 percent of FPL figure to the amount of income last used to calculate the family's grant to determine the IRT level; or

Tier 2:

The amount that is likely to make a family ineligible for CalWORKs. This tier is a set amount for each family size based on the MAP levels (exempt or non-exempt, Region 1 or 2) and the earned income disregards. This tier is based on the earned income limits for each family size, regardless of whether or not the individual AU has a combination of earned and unearned income. This figure is determined by multiplying the MAP amount by two and adding \$112 (i.e. $\$638 \times 2 + \$112 = \$1,388$). If the income disregards change, this equation will also change.

CalFresh IRT (Tier 3):

The CalFresh IRT is the amount likely to make a family ineligible for CalFresh (130 percent of the FPL) for each household size. (This tier will be the IRT for a CalWORKs AU only in those rare situations where the AU reports income over tier two of the IRT, but remains eligible for aid.)

CalFresh NOTE: Although the only IRT for CalFresh is 130 percent of the FPL, for PACF households, counties are required to act on changes resulting from any reported IRT changes affecting the CalWORKs case, whether the result is an increase, decrease, or termination of benefits mid-period. See "Report of Income Exceeding the IRT" section beginning on page 41 for more information about what actions will be taken in the CalFresh program when income over the CalWORKs IRT is reported.

The CWD shall inform each household at least once per semi-annual period of:

- 1) The requirement for families that have earnings to report the receipt of gross monthly income that exceeds the IRT;
- 2) The consequences for failing to report; and
- 3) The dollar amount of gross monthly income that exceeds the IRT.

Informing shall also occur when the CalWORKs Family MAP size changes, whenever the amount of income used to calculate the grant changes, at redetermination/recertification, when the FPL figures are updated, upon recipient request, and any other time the AU/household's IRT changes.

NOTE: Under QR/PB, the IRT is based on 130 percent of the FPL and is updated every October using the FPL that was published the previous January. For example, in October of 2011, the IRT was updated with the FPL that was published in January of 2011. In order to maintain compatibility with CalFresh and reduce the number of times the IRT figures are updated every year, the figure representing 55 percent of the FPL (for tier one of the CalWORKs IRT) and the figure representing 130 percent of the FPL (for the CalFresh IRT) will both be updated every October.

Because the first tier of the IRT is based on the amount of income that was last used to calculate the grant, whenever the AU has reported a change in income that results in the CWD recalculating their grant amount, the CWD shall recalculate the AU's IRT and re-send this information to them within 10 days of the reported change.

Example 1: A non-exempt AU/household of two in Region 1 is in the January through June SAR period and has no income. Their IRT is \$850 (55 percent of \$1,545 – the current FPL for a family of three). On the SAR 7 submitted in June, Mom reports that she got a new part-time job in May that pays \$500 a month. Her CalWORKs and CalFresh benefits for the July through December SAR period are recalculated using the \$500 monthly anticipated income. The county must also recalculate the AU's IRT based on this new income. \$500 plus \$850 is \$1,350, which is higher than the amount likely to render a non-exempt AU of two ineligible for CalWORKs benefits. Because the IRT is the lower of the two tiers, the AU's new IRT is \$1,144 (the CalWORKs recipient earned income limit for a non-exempt AU of two in Region 1).

On November 15, Mom reports to the county that her job just ended, she anticipates receiving \$300 in November and she anticipates no income for the rest of the SAR period. The \$300 is used to recalculate her November benefits and a supplement shall be provided. Her December benefits are calculated based on no income. The AU's new IRT will be \$850 (55 percent of FPL [\$850] plus the income of \$0 last used to calculate the family's grant [i.e. $\$850 + \$0 = \$850$]).

If the AU still anticipates no income for the SAR period of January through June when the December RD/RC forms are submitted, the AU's IRT for the upcoming SAR period will remain \$850.

Example 2: A non-exempt AU/household of three in Region 1 is in the January through June SAR period and has no income. The family's CalWORKs IRT is \$850 (55 percent of the current FPL for a family of three). In February, Mom reports to the county that she has started receiving unemployment benefits in the amount of \$900 a month. However, since income over the IRT only has to be reported if the family has earnings, and this family has unearned income only, this report of income over the IRT will be considered a voluntary mid-period report, no action will be taken, and the AU's IRT will remain \$850.

Example 3: A non-exempt AU/household of three in Region 1 is in the January through June SAR period and has no income. The family's CalWORKs IRT is \$850 (55 percent of the current FPL for a family of three). In March, Mom reports that she has started a part-time job and is earning \$500 a month and that each child has started receiving \$200 a month in disability insurance based on absent Dad. The total combined earned and unearned income is \$900 (i.e.: $\$500 + \$200 + \$200 = \900), which is over the family's IRT of \$850. The county recalculates the CalWORKs and CalFresh benefit amount for the remaining three months (April through June) of the SAR period and recalculates the family's IRT based on the new income of \$900 a month. This family's tier one IRT would now be \$1,750 ($\$900 + \850) so their new IRT will be \$1,388 (tier two, the CalWORKs recipient earned income limit for a non-exempt AU of three in Region 1), the smaller of the two tiers. In April, Mom reports that her earnings have increased to \$1,000 a month, so the total household income is \$1,400. The county determines that this income makes the family ineligible for CalWORKs and discontinues the family effective the end of April, with timely and adequate notice. Transitional CalFresh benefits would begin effective May 1.

In CalWORKs, failure to report income that exceeds either of the two tiers of the IRT can result in an overpayment to the AU, and if knowingly and intentional, fraud prosecution, and fraud penalties, including disqualification from the program. In CalFresh, failure to report when income exceeds 130 percent of the FPL can result in an overissuance to the household, fraud prosecution, and fraud penalties. (Fraud penalties are listed in MPP Sections 20-300 for CalFresh and 20-351 through 20-355 for CalWORKs.)

CWDs must meet the minimum IRT informing requirements as noted above; however, due to differences in automation and other county practices, CWDs are authorized to determine the manner in which the information will be sent to the recipient in that county/consortia, as long as the recipients receive timely notice of any new IRT and have been informed of how they will get their current IRT information. CWDs may inform recipients of the IRT requirements:

- 1) On the SAR 7;
- 2) On the Notice of Action used to add a new household member; or
- 3) On a separate informing notice to the AU/household.

IRT charts will be issued under separate cover and will be updated yearly thereafter. CDSS will release an annual IRT ACL that will include the following:

- 1) The current figure representing 55 percent of the FPL for a family of three, based on the current FPL;
- 2) A chart with the income amount that is likely to make an AU ineligible for CalWORKs, for each AU size (both exempt and non-exempt) in each region; and
- 3) A chart with the income amount that is likely to make a household ineligible for CalFresh, for each household size (130 percent of the FPL).

Please see Attachments B1, B2, and B3 for the CalWORKs and CalFresh IRT charts.

IV. CWD ACTION ON MANDATORY RECIPIENT MID-PERIOD REPORTS

a. Report of Income Exceeding the IRT

The mid-period requirement to report income in excess of the CalWORKs IRT applies to the CalWORKs program only. CalFresh cases only need to report mid-period when their income exceeds 130 percent of the FPL. However, if CalWORKs benefits are decreased or discontinued due to the CalWORKs IRT, CWDs must also act to determine the impact on the household's CalFresh benefits (if the AU has a companion PACF case.) When income in excess of the CalWORKs IRT is reported, the CWD must determine if the AU remains financially eligible for CalWORKs benefits and if so, recalculate the grant amount for the remainder of the semi-annual period using the new amount of reasonably anticipated income.

If a recipient reports receipt of income that exceeds the IRT, the CWD must determine if income will continue at that level. If the income is only expected to last for one month and will not continue at that level, the CWD shall not take action to discontinue or decrease benefits. Furthermore, if an AU/household makes a mid-period report of increased income that is not over the IRT, that report shall be treated as voluntary, and shall not result in any decrease in benefits.

Example: AU/household of three is in the October through March SAR Payment Period with no income. The AU's IRT is \$850. Mom gets a holiday job for December only that will pay \$1,000. Mom reports in December when her income

exceeds her IRT. She informs the county that this job will end in December and she expects no income beginning in January. Because this income is not expected to continue, it will not be used to redetermine eligibility or grant amount.

If the income over the IRT will continue, but is not at a level that will result in ineligibility for benefits, the CWD must use the new reasonably anticipated income to recalculate the grant amount for the remaining months of the semi-annual period. Income over the first tier of the CalWORKs IRT will generally not result in the family losing eligibility for aid, but will instead only result in a decrease to benefit amounts.

If the income over the IRT will continue at that level, the CWD must determine if the AU/household is eligible for continued benefits. If the recipient is determined to be financially ineligible based on the new income that the AU/household will continue to receive, the CWD shall discontinue the recipient at the end of the month in which timely and adequate notice can be provided. The recipient will not be eligible unless the anticipated income changes prior to the date of discontinuance. If the AU/household reports that the anticipated income will no longer continue at the reported level prior to the effective date of the discontinuance, and the CWD determines this is a reasonable estimate, the CWD must rescind the discontinuance. In order to avoid creating an OP/OI, the CWD shall take action to terminate benefits based on the reported change prior to receiving verification of the increased income.

If the AU/household requests restoration of benefits or reapplies in the month following discontinuance, for CalWORKs, financial eligibility is determined as if the request was a new application in accordance with CalWORKs Restorations/ Reapplications regulations at MPP Sections 40-125.91 and .92. However, in CalFresh, benefits shall be prorated and restored as described in the section entitled, "Restoration of Benefits Following Discontinuance for Failure to Provide a Timely and Complete SAR 7" on page 19.

Example 1: Mom in a non-exempt AU/household of three in Region 1 has gross earned income of \$1,200 per month. The SAR Payment Period is January through June, and benefits for that period have been determined using \$1,200 as the income amount for each month. On February 15, Mom reports that her monthly earnings increased to \$1,800, which is greater than her CalWORKs IRT of \$1,388 (the CalWORKs earned income limit for a non-exempt AU of three in Region 1), and that she anticipates this income will continue at that level.

After applying the appropriate income disregards, the CWD determines that the AU is financially ineligible for continuing cash aid, and must take action (without waiting for verification of the new income) to discontinue benefits effective February 28.

In CalFresh, this family would no longer be categorically eligible once cash aid is discontinued due to financial ineligibility. The CWD would discontinue the CalFresh benefits effective February 28. The five-month transitional period would begin March 1, as a matter of course. The allotment amount would be the same as the amount received in the last month of CalWORKs eligibility, adjusted for the loss of the CalWORKs grant in accordance with MPP 63-504.132(a).

Example 2: Non-exempt AU of two in Region 1 consists of Mom, one cash-aided child, and one SSI child in the July through December semi-annual period. Benefits are based on Mom's monthly income of \$200. The IRT for this family is \$1,050 (i.e.: \$850 [55 percent of the FPL for a family of three] + \$200 income). On August 31 Mom calls her worker and reports that she believes her income increased in July to a level where she is mandated to report. Mom reports she received two paychecks from her job totaling \$898 and the child receiving SSI got one SSI check for \$643. Because SSI income is excluded, Mom did not need to report this income. The CWD would send a "no-change NOA" to the AU reminding them to report this new income on their next SAR 7 or RD/RC forms. The family's IRT would remain \$1,050 until the grant amount is recalculated based on the new income.

Example 3: A non-exempt AU of three in Region 1 with no income is in the July through December semi-annual period. Their grant amount is \$638 and their IRT is \$850. On September 25 Mom reports that she got a new job in August and will be paid twice a month. She received her first two paychecks of \$475 on August 15 and 31. The AU's grant and allotment amount shall be recalculated based on this new income. Because the AU exceeded their IRT on August 31 and Mom did not report the income over IRT timely (by September 10, within 10 days of receipt) and there is no time to decrease the grant amount for October, her grant will be recalculated effective November 1, but she will have an OP in CalWORKs for the months of September and October. The CalFresh allotment amount will also be recalculated effective November 1; however, an OI will not be assessed because report of income over the CalWORKs IRT is not a mandatory report for CalFresh.

Example 4: A non-exempt AU of three in Region 1 with no income is in the July through December semi-annual period. Their grant amount is \$638 and their IRT is \$850. On July 25 Mom reports that she got a part time job and will receive \$900 in July. Mom expects this income to continue. The CWD recalculates the AU's grant and allotment amount using the new reasonably anticipated monthly income of \$900 and determines that the grant amount should be changed from \$638 to \$244 effective August 1. However there is no time to issue 10-day notice to decrease the grant effective August 1, so the change will be effective September 1. The August grant will be issued at \$638, and an OP will be assessed for \$394 for August. (There would be no OI in CalFresh for the month of August because a report of income over the tier one or two of the IRT is not a mandatory report in CalFresh.)

Example 5: A non-exempt AU/household of three in Region 1 is in the January through June semi-annual period. Mom is working part-time earning \$600 a month and each child is receiving \$100 a month in disability insurance based on absent Dad. The total combined earned and unearned income is \$800. The family's tier one IRT would be \$1,650 (\$800 + \$850) so their current IRT is \$1,388 (tier two, the CalWORKs recipient earned income limit for a non-exempt AU of three in Region 1), the smaller of the two tiers. In April, mom reports that her hours increased and she is now earning \$1,200 a month, so the total

household income is \$1,400, which is over the IRT. Due to the disability income disregard of \$225, the county determines that this family is still eligible for a \$51 monthly grant. Their CalFresh benefits will also be recalculated. This family's IRT will now be \$2,008 (CalFresh IRT, 130 percent of FPL).

b. Report of Drug Felony Conviction, Fleeing Felon Status, Parole/ Probation Violations

CalWORKs: CalWORKs AUs are required to report when an AU member is convicted of a drug felony, becomes a fleeing felon, or violates a condition of probation or parole within 10 days after this change is known to the recipient. Since these individuals are ineligible for benefits under the CalWORKs program, the individual must be discontinued. The CWD shall take mid-period action to reduce or discontinue benefits, as appropriate, at the end of the month after 10-day notice can be provided.

CalFresh: CalFresh recipients are not required to report a change in drug or fleeing felon status or probation/parole violations mid-period. If an individual in a NACF household had a change in drug or fleeing felon status or probation/parole violations during the semi-annual period, it would be reported on the next SAR 7 or recertification and the CWD would discontinue the individual at the end of the report month after 10-day notice can be provided. However, for PACF households, if a change in drug or fleeing felon status or a parole/probation violation is reported and confirmed for the CalWORKs case, CWDs will be required to act on the reported information in the CalFresh case. The CWD must discontinue the individual from CalFresh at the same time as the CalWORKs action, at the end of the month after 10-day notice can be provided.

Example: An AU/household is in the semi-annual period of January through June. On March 20, the AU reports timely that Mom was convicted of a drug felony on March 10. Mom is removed from the AU/household effective April 1 with timely and adequate notice. If however, the AU didn't report the felony conviction until April, Mom would be removed from the AU/household effective May 1 with timely and adequate notice and an OP will be assessed for her portion of the grant for April. An OI will not be assessed because this is not a mandatory mid-period report for CalFresh.

c. Report of Change in Address

Recipients are required to report changes in AU/household residence address to the CWD within 10 days (contingent upon federal waiver approval for the CalFresh program). This reporting requirement is necessary in order to provide CWDs with the most up-to-date address so that recipients can receive benefits and NOAs in a timely manner. See ACL 10-01 for more information about what actions may be taken when an AU does not report an address change.

Move Out of State

If a recipient reports moving out of state, the CWD will terminate benefits for the individual or the entire AU/household mid-period at the end of the month after 10-day

notice can be provided. If an individual member of the AU/household moves out of state, that individual would be discontinued and the remaining members of the AU/household would continue to receive benefits if otherwise eligible. If the entire AU/household moves out of state the entire AU/household would be discontinued mid-period with 10-day notice.

CalWORKs: If the CWD determines that the recipient had moved out of state and was not entitled to receive cash aid in California, the CWD shall establish an OP for those months in which aid was continued due to inability to provide 10-day notice.

CalFresh: A household must be living in the county in which it files an application for participation (see MPP Section 63-401). Additionally, if the CWD determines that the household is no longer or will not be residing in the state, a timely notice shall be provided to the household prior to terminating benefits within the certification period (MPP Section 63-504.261), except as specified in MPP Sections 63-504.264, .266, and .267. An OI may be established if the recipient was residing out of state and continued to receive benefits from California. If a hearing officer determines there is an OI claim, the household must be re-notified of the claim, and delinquency is based upon the due date of the subsequent notice and not the initial pre-hearing demand letter sent to the household.

Transitional CalFresh: When TANF grants or Supplemental Nutrition Assistance Program (SNAP) benefits are received out-of-state while transitional benefits are received in California, Transitional CalFresh is discontinued, and there would be an OI if SNAP benefits were concurrently issued in another state (ACIN I-41-10). Section 11(e)(20) of the Food and Nutrition Act of 2008 prohibits duplicate participation. However, if public benefits are not received out-of-state while transitional benefits are received in California then the transitional benefits would continue for the full duration of the transitional benefit period.

Move Out of County

CalWORKs: When a recipient reports moving to another county, CWDs are instructed to continue following CalWORKs Inter-County Transfer (ICT) regulations as outlined in MPP Sections 40-187 through 40-197. The sending county shall discontinue cash aid mid-period, after the receiving county notifies the sending county that the case has been successfully transferred. The receiving county will use the most recent SAR 7 and SAWS 2 along with information provided by the recipient to determine ongoing eligibility and grant amount. If the redetermination of eligibility in the new county of residence results in a decrease to the AU's grant due to a change in circumstances or a move from a Region 1 to a Region 2 county, the receiving CWD will initiate a county-initiated mid-period action to reduce the AU's grant at the end of the transfer period with timely notice. If the redetermination results in an increase to the AU's grant, the receiving CWD will increase the grant the first of the month following the end of the transfer period.

During the conversion from QR to SAR, if a recipient moves from a QR county to a SAR county, the receiving county will adjust the AU/household's reporting cycle to align with the next RD/RC. This may result in the AU/household's first reporting cycle to be

shorter or longer in order to align the RD/RC with the Submit Month. Conversely, if a recipient moves from a SAR county to a county still under QR, the AU/household's reporting period will need to be adjusted according to the date that county implements SAR. Under either scenario, counties must always align reporting periods to coincide with the annual RD/RC. During conversion, counties have the flexibility to require a new QR 7 or SAR 7 in order to determine benefits and establish the recipient's cycle appropriately in the receiving county. (See "Caseload Conversion" section on page 90.)

Example 1: Fresno County implements SAR on July 1, 2013. On August 21, 2013, an AU/household moves from a county still under QR to Fresno County. The AU/household was in the July/August/September QR cycle and their next RD/RC is due in December. Fresno County establishes eligibility and assumes responsibility for the case beginning October 1, 2013. Because the AU/household's next RD/RC is due in December, the county will reasonably anticipate their income and determine their benefit amount through December, when their RD/RC is due based on the last QR 7 submitted in September. Their SAR reporting cycles going forward will be January through June and July through December.

Example 2: Same scenario as above except on August 21 the AU/household moves from Fresno County to a QR county that will be implementing SAR in October 2013. The AU/household's SAR cycle was August through January and their next RD/RC is due in January. In this case, the AU/household's reporting cycle would be established through January (October-January) when their next RD/RC is due. Fresno County will provide the receiving county with the SAR 7 submitted in July to establish continuing eligibility through January.

CalFresh: Per ACL 11-22, effective April 1, 2011, CWDs were to begin using the existing CalWORKs ICT process for those CalFresh cases with a CalWORKs component and the existing Medi-Cal ICT process for those CalFresh cases with a Medi-Cal component. When at least one member of the CalFresh household also receives CalWORKs, the CalWORKs ICT process shall be followed. When at least one member of the CalFresh household receives Medi-Cal, but no household member receives CalWORKs, the Medi-Cal ICT process shall be followed. Further, per ACL 11-22, effective July 1, 2011, CWDs were to begin using the ICT process as described in the ACL for CalFresh recipients who are not receiving CalWORKs or Medi-Cal.

Example: A CalWORKs/CalFresh recipient is currently living in County A. On May 15, the recipient informs County A that she now lives in County B. The existing certification period expires September 30. Consistent with the CalWORKs transfer period, County B would assume responsibility of the CalFresh case effective July 1, (without a new application or interview for CalFresh) and will recertify the household in September, retaining the existing certification period.

d. **NACF Only**

Report of Reduction in ABAWD Work Hours or CalFresh Employment and Training (E&T) Participation

ABAWDs will be required to report all changes that would affect CalFresh eligibility on a semi-annual basis on the SAR 7 or RD/RC forms, and CWDs will determine ABAWD status prospectively on a semi-annual basis. In addition, ABAWDs who are meeting the work requirement through employment will be required to report within 10 days when hours of work drop to below 20 hours per week or 80 hours per month. This mandatory recipient mid-period reporting requirement only applies to ABAWDs in counties that do not have an approved waiver from the ABAWD work requirement or who are not otherwise exempt from ABAWD work requirements. A reduction in the number of hours in unpaid county-supervised work activities, such as workfare, will not be subject to mandatory recipient mid-period reporting since the county has access to this information.

All non-waiver counties will need to act on reported reductions in an ABAWD's hours of work and/or CalFresh E&T participation mid-period. Upon receipt of a report, the CWD will first determine whether the individual qualifies for an ABAWD/CalFresh E&T exemption, a deferral from CalFresh E&T, or meets good cause criteria. If none of these conditions are met, then the CWD will determine whether the reduction in work or CalFresh E&T participation hours will result in discontinuance due to exhaustion of the "3-out-of-36-month" time limit or a sanction due to CalFresh E&T noncompliance. If a discontinuance or sanction is appropriate, the CWD shall take action to reduce or discontinue benefits at the end of the month in which a 10-day notice can be provided. Existing practices used to determine an individual's ABAWD/ CalFresh E&T exemption and deferral status remain the same under SAR except for the new SAR provision allowing retrospective application of exemption status as stated below.

15 Percent ABAWD Exemptions

A county may choose to establish a 15 percent ABAWD exemption criterion that will allow the county to retroactively exempt ABAWDs who submit a mandatory mid-period, RD/RC, or SAR 7 report of a reduction in work hours to below 20 hours per week or 80 hours per month. If a county chooses this option, affected recipients would still be required to submit a mandatory mid-period report in order for the CWD to determine whether the 15 percent exemption should be retroactively applied. Otherwise, a county would not know when to apply the exemption and would be unable to accurately account for their allocation of exemptions. The federal government provides these exemptions specifically for ABAWDs who are at risk of losing CalFresh benefits due to not meeting the ABAWD work requirement. Failure to document the individual's case file when a 15 percent exemption is applied could result in a Quality Control error.

Since CalFresh OIs are determined based on timely reporting by the recipient, if a 10-day notice cannot be given to the recipient, and the recipient reported the change in hours in a timely manner, no OI shall be established. However, if the household failed to report this change in a timely manner, an OI would be established.

NOTE: Refer to the section on the Establishment of CalWORKs and CalFresh Overpayments/Overissuances beginning on page 76 for additional details regarding the establishment of OPs and OIs under these mid-period reporting circumstances.

V. VOLUNTARY MID-PERIOD RECIPIENT REPORTING AND CWD ACTION ON VOLUNTARY REPORTS

For both programs, recipients may voluntarily report changes in income and circumstances that may increase benefits any time during the semi-annual period. These reports may be made in writing, online, verbally, or in person to the CWD. The CWD will only take mid-period action on those voluntary reports that result in an increase to benefits (contingent upon federal waiver approval for the CalFresh program). Examples of changes that when reported, might increase benefits include, but are not limited to the following:

- When the household's income decreases;
- When someone moves into or out of the home;
- When a CalWORKs AU member becomes pregnant or gives birth; or
- When allowable CalFresh deductions increase (CalFresh only).

In some cases, voluntarily reported changes may result in an increase in benefits for one program, while decreasing benefits for the other program. For example, an increase in CalWORKs could result in a decrease in CalFresh benefits.

CWD action to increase the grant and/or allotment based on voluntary reports shall be based on when the change was reported, not when the change actually occurred. The effective date of the increase in benefits is determined differently for increases due to decreased income than for increases due to adding household members and are as follows:

- Increases due to decreased income are effective the first of the month in which the change occurs or is reported, whichever is later.
- Increases due to the addition of new household members are effective the first of the month following the report of the change.

The recipient must provide verification of the change within the 10 day period listed on the request for verification. If verification is not received within 10 days, the CWD shall send a "no-change NOA" to the AU/household which states that no action to increase benefits was taken because verification was not received. If verification is provided after 10 days, the date the verification is provided shall be considered the date of the voluntary report.

Anytime a voluntary mid-period report does not result in a change to the grant amount, the CWD shall send a "no-change NOA" informing the AU/household that the voluntarily reported information did not increase their benefits. This is true whether the voluntary report is regarding a change of income, household composition, property, deprivation, or any other voluntary mid-period report. For changes regarding income and household composition, the budget computation must be completed on these notices so that recipients can see how the counties determined that the change would not result in an increase to their benefits. The budget computation does not need to be included on a "no-change NOA" regarding a report of property or deprivation, because these are changes that would affect the AU's eligibility, not their grant amount.

If the voluntary report was not verified, the “no-change NOA” must also remind the recipient of their reporting and verification responsibilities for their next semi-annual report. In other words, if the circumstances of the original voluntary report of information are still applicable in the SAR Data Month, the recipient must report this information on the SAR 7 or RD/RC forms and provide the required verification. (If the voluntary report was already verified, no further reporting is necessary, beyond what is already solicited on the SAR 7 and RD/RC forms.) Counties may also choose to include information regarding spend-down rules on “no-change NOAs” regarding mid-period reports of property over the limit.

If information on the SAR 7 or RD/RC forms is inconsistent with what was previously voluntarily reported, and not clarified in the report itself (such as reporting the person who moved in had moved out or that the new vehicle was sold), the CWD shall take action to resolve the discrepancy and determine what the actual current AU/household situation is. The CWD should first attempt to contact the recipient to resolve the discrepancy. Only if the CWD is unable to contact the recipient or obtain resolution from such contact, shall the SAR 7 or RD/RC forms be considered incomplete.

NOTE: The requirement to report changes within 10 days of the occurrence only applies to mandatory reports. A voluntary report can never be late. However, the information that could have been voluntarily reported mid-period must be reported on the next SAR 7 or RD/RC forms if it is still current in the Data Month and required for the determination of eligibility or benefit amount.

a. Decreases in Income

When a recipient voluntarily reports a change in income, the CWD shall act on the report only if it increases benefits (contingent upon federal waiver approval for the CalFresh program). (All mid-period reports of income, except for income over IRT, are considered voluntary reports.) The CWD must request verification of the change in income immediately in writing and shall not act to increase benefits until required verification is received. The CWD shall inform the recipient in writing that there are 10 days to timely provide necessary verification. If the requested verification is not received by that date, the CWD shall document the report of decreased income in the case file and send a “no-change NOA” to the recipient. If verification is received within 10 days of the notice date, even if the verification is provided in the following calendar month, then a supplemental payment shall be calculated for the month of the report or the month of the change, whichever is later. If verification is received after the 10 days, the date of verification will be considered the new report date.

Example 1: January through June semi-annual period. Mom reports a decrease in income on March 25. The county mails a request for verification on March 28, requesting verification by April 7. Mom provides timely verification of the decreased income on April 3. The CWD shall recalculate the grant amount for March through June and issue a supplemental payment for March by April 13.

Example 2: Same as above, but verification is not received until April 10, more than the 10 day period listed in the request for verification form. April 10 shall be considered the new report date so no supplemental payment shall be calculated

for March. The grant shall be recalculated for April through June and a supplemental payment for April shall be issued no later than April 20.

Acceptable verification includes (but is not limited to): paycheck and benefits stubs (i.e., unemployment or disability benefits stubs), or a letter from the employer. If the recipient provides such verification, the CWD should accept the verification unless there is a documented reason to doubt its validity. If verification is not accepted, the reason must be documented in the case file. If the recipient is attempting to obtain the verification, but is having trouble, the CWD must offer to help. With the recipient's written permission, the CWD may contact the employer to verify the recipient's statement. If verification does not exist or is not available, an affidavit or sworn statement is acceptable verification of earnings in both CalWORKs and CalFresh. The CWD shall accept the SAR 7 as an affidavit since it is signed under penalty or perjury, if it contains the necessary information. Otherwise, the CWD shall inform the individual in writing what information must be listed on the affidavit and provide 10 days to submit it. Collateral contacts may also be used for CalFresh households.

NOTE: If the AU/household voluntarily reports a decrease in earnings that resulted from a job loss or reduction in hours of employment, and the CWD determines that the recipient did not have good cause for the job quit/reduction in hours, the CWD must impose a sanction. The CWD shall not wait to increase benefits due to decreased income while determining if good cause exists. In other words, the CWD shall process the report for an increase in benefits, while soliciting information needed to determine whether the quit/reduction was for good cause, unless the initial report provided sufficient information to make the determination. (The timing of imposing a sanction is described in the section regarding County Initiated Actions on page 66.)

To determine whether the change results in increased benefits mid-period, the CWD must recalculate benefits for the current and remaining months of the semi-annual period using the new income that the AU/household reasonably expects to receive. If the newly reported income results in an increase in benefits when benefits have been recalculated, the CWD shall act to increase benefits within 10 days of receiving the required verification and provide adequate notice of the increase to the recipient. If the benefit recalculation based on new income results in an increase, the increased benefits shall be effective for the entire month in which the change was reported. The CWD shall supplement benefits in the month the change was reported as appropriate, and shall change the benefit amount for any remaining months in the semi-annual period.

Example 1: January through June semi-annual period. Mom submits a timely SAR 7 on June 4 stating that her actual income for the month of June will be lower than previously anticipated and budgeted for and that this decrease in income will continue through the upcoming SAR Payment Period. She provides written verification of her decreased income on June 7. The county shall refigure the AU/household's CalWORKs and CalFresh benefits for the month of June and make any necessary supplemental payments to the AU/household. The county shall also use this new reasonably anticipated income to figure the AU/household's benefits for the upcoming SAR Payment Period since it is anticipated to continue.

Example 2: Using the same scenario as above, on the May SAR 7 submitted in June, Mom reported the decreased income for the upcoming SAR Payment Period, but didn't report that the current Submit Month's income would also be decreased. If on June 25, she reports that her June income will also be at the lower amount and provides timely verification on July 2, her June benefits would be redetermined and a supplemental grant must be issued for the difference. If however, she doesn't provide verification of the decreased income until July 8 (after the 10 day period listed on the request for verification form) the date of the verification (July 8) will be considered the new report date and so the June grant would not be supplemented. CalFresh does not count supplemental or retroactive payments as income, since they are non-recurring lump sums, so the July CalFresh benefits will not be recalculated, and no OI established. For the remainder of the SAR payment period, the CalFresh benefits shall list the actual CalWORKs grant paid.

Example 3: Using the same scenario as above, if Mom reports on her June SAR 7 (and verifies timely) that her May (Data Month) income had decreased and that the decreased income would continue through the upcoming SAR Payment Period, the decreased income would be used to calculate the upcoming period's grant and her June grant would be supplemented; however, she would not get a supplement for May since she didn't report the decreased income until June.

Example 4: January through June semi-annual period. Benefits are based on \$1,000 monthly income. On March 25, Mom reports to the county that she missed two weeks of work due to an illness and only anticipates receiving \$500 in March. Her normal monthly income of \$1,000 will resume in April. The county would issue a supplemental payment for the month of March only and keep her benefits at the previous level for the months of April, May, and June. Because this decrease was only temporary, her IRT would also not need to be recalculated.

NOTE – CalFresh Only: When the CalWORKs grant is recalculated the new CalWORKs grant amount shall be used in the CalFresh budget for the remainder of the SAR Payment Period.

NOTE: If a recipient has reported a mid-period decrease in income or increase in CalFresh expenses, and the CWD has taken appropriate action to increase the cash aid and/or CalFresh benefits, no further action is required if the recipient reports the same change later in the semi-annual period.

Example: An AU/household of three is receiving \$1,200/month gross earnings. On June 5 of an April through September semi-annual period, Mom reports that she lost her job and expects to receive one last paycheck in June for \$600 and no income for the months of July, August, or September. The CWD recalculates benefits for June based on \$600 and July through September using no income. A cash aid and CalFresh supplement will be issued to the AU/household for June and the July through September grant and allotment will be increased. In

August, Mom calls her worker and reports that she will not receive any income in August. Since the zero income has already been taken into consideration when calculating the current grant and allotment amounts, the CWD would not act on Mom's report of "decreased" income in August.

If the voluntarily reported decrease in income does not result in increased benefits, the CWD must send a "no-change NOA" to the household informing them that the voluntary report of the decreased income did not increase benefits. The NOA will also remind the recipient that the income level must be reported on the next SAR 7 or RD/RC forms that the household submits to the county.

b. Increases in CalFresh Expenses

Increased Medical, Dependent Care, and Child Support Expenses (CalFresh Only)

If the household voluntarily reports an increase in medical, dependent care and/or child support expenses mid-period, the new deduction amount must be determined for the current and remaining months in the SAR period. A supplement shall be issued for the month in which the increased expense was reported once verification has been submitted, and benefits increased for the remaining months of the period. If verification is required and not submitted with the voluntary report, the county shall send a request for verification, allowing 10 days.

Example: The household is in the January through June SAR period. In February, the recipient reports and verifies a one-time medical expense of \$500. The recipient chooses to average the expense over the current and remaining months of the SAR Payment Period (February, March, April, May, and June). This would allow for an additional \$100 in medical deductions to be used in the CalFresh budgets for February through June. If the increased deduction results in increased benefits, benefits for February would be supplemented and March through June benefits would also be increased.

Increased Shelter Costs (CalFresh Only)

Shelter costs will be determined at application and at recertification and shall remain at the same fixed amount during the certification period unless a recipient reports a change. A mid-period report of increased shelter costs is a voluntary mid-period report. CWDs must calculate whether the change in shelter costs would result in an increase in benefits, and if so, provide a supplemental payment if applicable and recalculate the benefits for the remaining months in the semi-annual period. The new shelter deduction amount is a fixed deduction that will remain the same until another change is reported or until the next recertification occurs. If the shelter increase results in increased benefits, the increase need not be reported on the next SAR 7 or RC forms submitted, as the CWD would have already acted on the change. If the shelter cost would result in a decrease in benefits, the CWD must notify the recipient that benefits will not change (via a "no change NOA"). The recipient is not required to re-report the change on the next SAR 7 or RC forms submitted unless the shelter costs are questionable because it has already been verified. If the county requires additional verification, they shall issue a written request for verification.

Increased Utility Costs (CalFresh Only)

Whether or not the household incurs utility expenses and qualifies for the Standard Utility Allowance (SUA), Limited Utility Allowance (LUA), or Telephone Utility Allowance (TUA) will be determined at application and at recertification and shall remain constant during the certification period, unless the household reports a change in circumstances. If the household moves to a new address or reports a change (i.e., paying for utilities or acquiring a phone) the same process is used as for the shelter costs.

c. Request for Special Need Payment (CalWORKs Only)

A recipient may voluntarily report having a special need, as described in MPP Section 44-211 at any time during the semi-annual period. If the recipient is eligible for a special need payment, the CWD shall treat this report as a voluntary recipient mid-period report that results in increased benefits and shall adjust benefits effective the month that the request was made, once required verification has been provided and substantiates that the special need exists in that month. The special need payment will be issued for that month and the remainder of the semi-annual period and terminated at the end of the semi-annual period in which verification for the special need expires, except as provided below with regard to Pregnancy Special Needs.

CWDs shall request verification of recurring special needs (e.g., therapeutic diet) in accordance with existing regulations. The CWD shall provide written notice of the request for verification and allow the recipient 10 days to provide necessary verification. If the need is permanent, verification is only required once per year, during the eligibility redetermination process. If the recipient does not know how long the special need will be required, the CWD shall request that it be verified once per semi-annual period and provided with the SAR 7 and RD/RC forms. If the special need is time limited, the special need payment will be provided until the end of the semi-annual period in which the special need is expected to end, based upon verification provided by the recipient.

Example: A recipient is in the SAR Payment Period of April through September. The recipient has been approved for therapeutic diet from February to May. The CWD will continue the special need payment until September 30. The CWD shall notify the AU of the termination and provide a written 10-day notice of the request for new verification. If the AU provided verification of continuing need, the therapeutic diet would be authorized for the next semi-annual period (October through March).

Pregnancy Special Needs

Once verified by the CWD, pregnancy special needs (PSN) payments will begin to be paid to the recipient according to existing effective date rules for PSN and will continue to be paid through the end of the semi-annual period in which the child is expected to be born (verified by expected date of confinement [EDC]).

However, if a recipient voluntarily reports the birth of the child mid-period, the CWD shall take action to discontinue the PSN at the end of the month prior to the month in

which the newborn child is added to the AU. The child is added to the AU the first month following the month the change is reported. (See pages 55-65 for additional details regarding adding new members to the AU.)

Example: An AU is in the June through November semi-annual period. Mom is pregnant and has a due date of July 10. The CWD approved PSN payments through November 30, the end of the semi-annual period in which the baby was due. On July 28, Mom reports baby was born July 19. The CWD terminates the PSN payment July 31 and adds the newborn to the CalWORKs AU effective August 1. (10-day notice is not required because this action results in an increase in benefits.)

If the recipient voluntarily reports the birth of the child mid-period, but adding the child would not result in an increase to the cash grant due to the application of Maximum Family Grant (MFG) rules (MPP Section 44-314), the PSN shall continue through the end of the semi-annual period in which the birth was expected. The MFG child is added to the AU the first of the upcoming SAR Payment Period. The PSN is discontinued at the end of the current SAR Payment Period.

The recipient is only required to verify pregnancy initially (when the pregnancy is reported) and when the pregnancy continues beyond the EDC. If pregnancy is verified beyond the EDC, the PSN shall continue through the end of the semi-annual period in which the birth was expected.

Example: An AU is in the June through November semi-annual period. Mom is pregnant and has a due date of November 25. The CWD approved PSN payments through November 30, the end of the semi-annual period in which the baby was due. On December 2, Mom verifies that she is still pregnant. The CWD authorizes the PSN payment through May 31, the end of the semi-annual period in which the baby is now expected.

Non-recurring Special Needs

Non-recurring special need payments, identified at MPP Section 44-211.2, which include, but are not limited to, payments for temporary and permanent homelessness, remain unchanged under SAR.

CalFresh NOTE: There are no provisions for special need payments in CalFresh. CWDs should note, however, that an increase to cash aid based on the additional special need payment is likely to result in a decrease to CalFresh benefits. CWDs may not decrease benefits in the middle of a semi-annual period as a result of the corresponding increase to the cash grant that results from the approval of the special need payment.

d. Exempt and Non-Exempt Status (CalWORKs Only)

The CWD shall review AU exemption status at application, when a parent or caretaker relative is added to the AU, and when the SAR 7 or annual redetermination is processed. An AU may also voluntarily request that the CWD review their exemption

status any time during the semi-annual period. The CWD would act mid-period to change the AU's exempt status only if it results in an increase to the grant. However, if the change in status is due to the AU's receipt of disability-based income as specified in regulation, the CWD must consider this income at the same time that it determines the AU's eligibility for Exempt MAP. If the Exempt MAP status, together with the disability income, would result in a decrease to benefits, the CWD would not make the change mid-period and would send the AU a "no-change NOA".

e. Changes in Household Composition

For both CalWORKs and CalFresh, recipients may voluntarily report changes in AU/household composition at any time during the semi-annual period. During the semi-annual period, the CWD will only act on those changes that result in an increase to the household's benefits (contingent upon federal waiver approval for the CalFresh program). If the change results in increased benefits, the CWD shall take action to add the person effective the first of the month following the month in which the change was reported, after all verification has been provided. If it does not result in an increase, the CWD shall not take action to change the AU/household's benefits mid-period.

NOTE: When re-adding an individual to the AU who is in the home, but not aided (i.e., drug/fleeing felon, sanctioned) they can be added based on the SAR 7 or RD/RC report if there is enough documentation in the case file to determine continuing eligibility for the AU. When adding a new person to the AU who is not a current or former member of the AU, a completed CW 8 or CW 8A and all required verifications must be provided to add the new person.

If the change is reported, but not verified, the CWD shall send a request for verification notice asking for the required verification within 10 days. This notice shall advise the recipient that a delay in verification may result in a delay in increased benefits. If verification is not received within the 10 days specified in the notice, the CWD shall send a "no-change NOA" to the AU/household reminding them to report and provide the needed verification regarding the new household member on the next SAR 7 or RD/RC forms. If the AU/household brings in the verification more than 10 days after the voluntary report, the date the verification is provided is considered the new report date. Other than denying the request to add the new person, no negative action may be taken if verification is not provided, since mid-period reports of household composition changes are voluntary.

Following is a detailed description of steps that CWDs will be required to take when a new person is reported in the home.

- The CWD shall review eligibility for the new person in accordance with CalWORKs and CalFresh regulations as an initial step to determine if the new household member is required to be included as part of the AU/household under the mandatory AU/household composition regulations.
- If the new household member should be mandatorily included in the AU, for CalWORKs, the CWD must determine if deprivation would continue.
- If deprivation would cease as a result of the new AU member, the CWD would not take action mid-period. (Refer to the section titled "New Household Member

Results in Ineligibility Due to Other Eligibility Factors” on page 63 for appropriate action in this situation.)

- If the new household member should be mandatorily included in the AU/household, and the AU/household meets all non-financial eligibility criteria, the CWD must determine if the person has income that would be considered in the benefit calculation.
- The CWD shall run a test benefit calculation to determine if adding the person and his or her income would result in an increase or decrease to the household’s benefits.
- When running the test benefit calculation to determine if benefits would increase or decrease, add the new person’s income for the months in which the person would be included in the AU/household to the AU/household’s current income.
- When actually taking action to add the new person into the AU/household, if the person has income that will be used to determine benefit levels, the CWD will include the new person’s income along with the AU/household’s income to recalculate benefits for the current and remaining months of the current semi-annual period.
- If adding the new person and his or her income would increase benefit amounts, the CWD shall add the new person and his or her income to the AU/household effective the first of the month following the month when the new member was reported. If benefits will decrease, the CWD shall send a “no-change NOA” and add the person and his or her income effective the first month of the next semi-annual period.

An exception to the above rule regarding discontinuing individual AU/household members mid-period is if, mid-period, information becomes known to the CWD that an AU/household member is deceased. In this case, the CWD shall treat the report as a voluntary request for discontinuance and shall remove the deceased person from the AU/household at the end of the month with adequate notice. Timely (10-day) notice is not required if the report was written. (See also the section regarding voluntary recipient request for discontinuance on page 65.)

Another exception to the above rule is if an AU/household application or request to add a new member includes a child already aided in another AU/household. In these situations, after determining that the applicant AU/household has care and control of the child in question, the CWD shall send a timely (10-day) and adequate notice of discontinuance for that child in the former AU/household. (See ACIN I-21-12.)

Mid-period changes in household composition are not required to be reported within 10 days. However, the change (person moving in or out of the home) must be reported on the SAR 7 or RD/RC forms that follows the change. In order for a report of a new household member to be considered reported timely, the household must report the new person in the home no later than on the SAR 7 or RD/RC that is submitted following the change.

Example: AU/household of three (Mom and two kids) is in the January through June semi-annual period with no income. In February, Mom voluntarily reports that Dad has moved into the home and has income. The county determines that adding Dad to the AU/household would result in a decrease to the benefit

amount, so a “no-change NOA” is sent to the AU/household reminding them to report Dad and his income on their next SAR 7. However, when Mom submits her May SAR 7 in June, there is no mention of Dad or his income. The county calls Mom to resolve the discrepancy and she explains that Dad left the home in April. Benefits for the upcoming SAR payment period of July through December will continue to be calculated based on an AU/household of three with no income. Dad’s three months in the home will not have an effect on the benefit level for this AU/household.

Combining AUs Mid-Period (CalWORKs Only)

If a voluntary report is made that would combine separate AUs mid-period, the CWD shall determine if the mid-period action of combining the AUs would result in an overall increase or decrease in aid for the separate AUs. The county shall compare the monthly grant for the combined AUs to the total combined monthly grants of the separate AUs. If the combined AUs monthly grant would be higher than the total combined monthly grant of the two separate AUs, the CWD shall take mid-period action to combine the AUs the first of the month following the voluntary report. If the combined AUs monthly grant does not result in an increase to the total combined monthly grant of the separate AUs, the county shall not take mid-period action to combine the AUs, and the combining of the separate AUs shall be effective the beginning of the next SAR Payment Period, after the change is reported on the SAR 7 or RD/RC.

Example: Mom reports mid-period that Dad has moved into her house with his separate child. Mom and Dad both have their own AUs of two and each is receiving the MAP amount of \$516. Since combining these AUs will result in an overall decrease in benefit amount (\$762 [the MAP for an AU of four] is less than their two separate grant amounts of \$1,032 [\$516 + \$516]), their AUs will not be combined until the beginning of the next SAR period. If the two AU’s have different SAR periods, the AUs will be combined at the beginning of whichever SAR Payment Period comes first. (For example, if the report is made in July and Mom’s AU is in the March through August SAR Period and Dad’s AU is in the May through October SAR Period, the two AUs will be combined beginning in September.)

CalWORKs/Medi-Cal Eligibility

Under SAR, a new member will only be added to an existing CalWORKs AU as of the first of the month following the reported change or at the beginning of a semi-annual period, depending on the circumstances. **However, the timing of Medi-Cal eligibility for the new AU member will be established for the entire month the new person joined the AU provided they were reported in the home and eligibility has been established and verified.** This is a change from under QR/PB rules. As further discussed below, if adding the new member to the AU would not make the household ineligible for cash benefits, Medi-Cal eligibility **only** shall be established as of the month the CWD receives the report of the person in the home. The date they are reported in the home is considered the date of application, for Medi-Cal purposes. (See ACL 04-22

for information on the 3D aid code that shall be used for Medi-Cal eligible pending CalWORKs authorization.)

NOTE: Federal law (Title 42, Code of Federal Regulations, Section 435.914) allows Medi-Cal eligibility to be granted no more than three months prior to the date of application if the individual received Medi-Cal services and would have been eligible for Medi-Cal at the time they received the services if they had applied.

These BDA rules for Medi-Cal also apply when adding newborn children to an AU. Medi-Cal for newborns begins in the month in which the mother gives birth provided the mother has Medi-Cal eligibility in that month. (Refer to the Department of Health Care Services (DHCS) All County Welfare Directors Letter (ACWDL) 11-33 for more information on Deemed Eligibility. **NOTE:** Once the infant loses California residency, deeming stops, and is not transferrable from state to state.) When the mother, guardian, or family member reports the birth, the eligibility worker grants eligibility from the month of birth. The infant has eligibility for Medi-Cal as “deemed” eligible up until the child reaches age one without verification.

The CalWORKs worker is responsible for obtaining and verifying the necessary documentation for the month that Medi-Cal eligibility is established. However, when an infant's mother has active Medi-Cal eligibility, the items listed below are not necessary to enroll the newborns:

1. Birth Certificates;
2. SSNs;
3. Income Documentation;
4. Immigration Status Form (MC 13); and
5. Medical Support Questionnaires

See each section below for examples of when Medi-Cal will be established in different circumstances.

New Household Member Results in Increased Benefits

If after all verification has been received, all eligibility factors are met, and the reported change in AU/household composition results in an increase to the AU/household's benefits, the CWD shall add the new household member to the AU/household and increase benefits to the AU/household, as a mid-period change, effective the first of the month following the month in which the change was reported.

CalWORKs/Medi-Cal:

- Although the cash BDA is not effective until the first of the month following the month in which the change was reported, Medi-Cal shall be approved for the new household member effective the month in which the change was reported, provided the client has met all cash eligibility conditions, and up to three months prior to that date, as appropriate.
- The CWD shall make appropriate aid code changes to the case when the person is added to the cash grant.

- Welfare-to-Work (WTW) requirements will not apply to the new person until he or she is added to the cash grant, regardless of when Medi-Cal is granted.
- The new person's TANF and CalWORKs time clock shall not begin until the person has been added to the cash grant, regardless of when Medi-Cal is granted.

Newborn (CalWORKs/Medi-Cal)

- When adding a newborn to the AU, the newborn must be added effective the first of the month after the birth was reported after all verification has been provided.
- If the mother has been receiving a PSN payment, the CWD shall take action to discontinue the PSN at the end of the month the birth is reported, unless the child is subject to the MFG rule. The child is added to the AU the first month after the PSN has ended.
- If adding the child would not result in an increase to the cash grant due to the application of MFG rules, the PSN shall continue through the end of the semi-annual period in which the birth was expected.
- If the mother is under 19 years of age, the CWD shall take action to enroll the teen mother into the WTW Teen Parent Program if she was not enrolled prior.
- The newborn is entitled to receive Medi-Cal effective the month of birth, regardless of when the birth is reported during the infant's first year as long as there was not a break in California residency.
- If the newborn has income that would render the AU ineligible or would result in decreased benefits, the CWD shall not take action to change the benefits. In this case, the PSN payment would continue to be paid through the end of the semi-annual period.
- Benefits may not be reduced or terminated until the end of the semi-annual period.
- If the recipient reports the birth for the first time on the SAR 7 or RD/RC forms, the CWD shall end the PSN payment at the end of the semi-annual period and add the child into the AU the first of the upcoming SAR Payment Period.

Example 1: The CWD is currently aiding a two-person AU/household consisting of a mother and child. The semi-annual period is January through June. Mom voluntarily reports in February that Dad moved into the home in February and has no income. After establishing eligibility for Dad, the CWD adds him to the AU/household effective March 1, because this results in an increase in benefits.

Medi-Cal: The CWD establishes eligibility for Medi-Cal for Dad effective February 1, the month he moved into the home.

Example 2: Same scenario as above, but Mom does not voluntarily report that Dad moved into the home in February until March 10. The CWD adds Dad to the AU/household effective April 1.

Medi-Cal: The CWD established eligibility for Medi-Cal for Dad effective March 1, the month he was reported as having moved into the home, or retroactively back

to February, as appropriate.

Example 3: Same scenario as above, but Mom does not voluntarily report Dad as moving into the home mid-period. She waits until she submits the SAR 7 in June to report that he moved in during February. Even though she did not report the change during February, reporting him in the home on the June SAR 7 is considered a timely report. The CWD would add Dad to the AU/household effective the first of July for cash aid and CalFresh.

Medi-Cal: The CWD would establish Medi-Cal eligibility for Dad for the month of June, the month he was reported in the home, or retroactively back to March, as appropriate. (Medi-Cal coverage can only be established back to March in this case because he wasn't reported in the home until June and Medi-Cal eligibility can only be established retroactively up to three months prior to the report of the individual in the home.)

Example 4: Same scenario as above, but Mom voluntarily reports on February 15 that Dad moved into the home with no income in February. The CWD requests verification of his income and assets by February 25, but no verification is received. The CWD sends a "no-change NOA" to the AU/household indicating that their reported change did not result in an increase to their benefits for failure to verify. On March 15 the CWD receives all required verification from Dad. He is added to the AU/household effective April 1 and benefits are increased for the remainder of the semi-annual period.

Medi-Cal: His Medi-Cal would begin the month of February, the month reported, if otherwise eligible, or retroactively back to November, as appropriate.

Example 5: An AU/household of two consists of a mother and child. The semi-annual period is January through June. Mom voluntarily reports in February that she gave birth in January. The infant is not MFG. The infant will be added to the AU/household effective March 1, pending verification.

Medi-Cal: Because the infant is born to a mother on Medi-Cal, the child is deemed eligible for Medi-Cal; therefore, Medi-Cal will be established for the infant effective January, the month of the birth, even if the mother does not provide the verification required to add the infant to the CalWORKs and CalFresh case until a later date.

New Household Member Does Not Result in Increased Benefits

For CalWORKs, CalFresh, and Medi-Cal:

- If the person moving into the home has income that, once considered, would result in a decrease to the AU/household's benefits, the county shall not take action to decrease benefits mid-period. The CWD shall send a "no-change NOA" with a budget to the household informing them that the voluntary report of the new household member did not increase benefits. If the required documentation to add a person has been provided, it does not need to be

provided again; however, the new household member's income from the Data Month must be reported on the next SAR 7 or RD/RC forms, and required verification provided.

- Once reported on the SAR 7 or RD/RC forms, the CWD shall add the person to the AU/household and include his or her income in the benefit calculation effective the first month of the next semi-annual period.
- Medi-Cal: The reported person is to be accepted as a request for Medi-Cal and a separate notice should be sent regarding their eligibility for Medi-Cal.

CalWORKs/Medi-Cal Only:

- The above rules apply equally to mandatorily included and optional AU members.
- WTW requirements will not apply to the new person until he or she is added to the cash grant. If added retroactively, the WTW requirements will only be prospective.
- The new person's TANF and CalWORKs time clock does not begin until they have been added to the cash grant.
- The CWD shall make appropriate aid code changes when the person is added to the cash grant.
- The CWD shall notify the local child support agency within two working days if the non-custodial parent returns to the home, even if they cannot be added to the AU until the beginning of the next SAR Payment Period.
- Medi-Cal: The CWD shall approve Medi-Cal for the new person in the home effective the month in which the change was reported, provided the client met all cash eligibility conditions at that time. The CWD must notify the AU of the approval of Medi-Cal for the new AU member.

Example: A mother and child are receiving CalWORKs and CalFresh in the semi-annual period of January through June. Mom voluntarily reports in February that the child's father moved into the home in February. Dad has income sufficient to cause benefits to decrease, but not sufficient to result in financial ineligibility if he were to be added to the AU/household. The CWD would take no action concerning eligibility or benefit amount in the current semi-annual period. The action to add Dad and his income must be "held over" until review of information reported on the next semi-annual report. The earliest opportunity to decrease benefits to the AU/household based on Dad's income would be at the first of the upcoming SAR Payment Period on July 1, with appropriate 10-day notice. The CWD must review information reported on the next SAR 7 or RD/RC forms to ensure that it is consistent with the information that was previously provided in the recipient's voluntary report and resolve the discrepancy if it is not. However, since Dad would otherwise be considered eligible for CalWORKs, but cannot be added to the AU/household until the upcoming SAR Payment Period because his income would reduce benefits to the AU/household, the CWD would establish Medi-Cal eligibility for his as of the month of February.

MFG Rules for Adding Newborns (CalWORKs Only)

There is no change to the MFG rules under SAR (see MPP Section 44-314). If the addition of a newborn child does not result in an increase to cash aid due to the application of MFG rules, the CWD shall add the child to the AU as follows:

- Add the child effective the first of the month following the month in which the birth was reported after all verification has been provided if the mother is not receiving PSN payments. If the mother is receiving PSN payments, the MFG child shall not be added to the AU until the beginning of the next semi-annual period, after the PSN payments have ended.

SAR does not change the treatment of income for MFG children. The income of MFG children is not counted against the aided AU members.

Example 1: AU/household of three is in the SAR period of January through June. Mom is pregnant with an MFG child. Mom reports on March 20 that her baby was born on March 3. The newborn is added to the CalFresh case effective April 1, but since adding the child to the CalWORKs AU will result in a decrease to the grant (due to the discontinuance of the PSN payments) the infant will not be added to the CalWORKs AU until the beginning of the next SAR Payment Period (July 1). Mom's PSN payments will continue through the end of the current SAR period (June 30).

Example 2: Same scenario as above, except that Mom doesn't report the birth until she submits her SAR 7 on June 10. The infant will be added to the CalWORKs and CalFresh cases effective the beginning of the next SAR payment period (July 1).

Medi-Cal: In both examples above, eligibility for Medi-Cal will be granted back to March 1, the month of the birth, without requiring any verification.

New Household Member Results in Financial Ineligibility

- For both the CalWORKs and CalFresh programs, if the person moving into the home has income that, once considered, would result in the AU/household being financially ineligible for cash aid and CalFresh, the county shall not take any action to change the AU/household's benefits in the current semi-annual period.
- Once the CWD determines that benefits will not increase, the CWD shall send a "no-change NOA" with a budget to the AU/household informing them that the voluntary report of the new household member did not increase benefits. However, the NOA will remind the recipient that if the needed verification was not already provided, the new household member, if still present in the household during the SAR Data Month, must be reported on the SAR 7 or RD/RC forms, along with the income that he or she brings to the AU/household, and any required verification.
- If information presented on the SAR 7 or RD/RC forms remains consistent with the original voluntary report of the new household member, benefits for the AU/household must be discontinued at the end of the semi-annual period due to

financial ineligibility.

- If information presented on the SAR 7 or RD/RC forms is not consistent with the original voluntary report, the CWD must follow-up with the AU/household to determine what the current circumstances are. If the discrepancy cannot be resolved, the CWD would then determine the SAR 7 or RD/RC forms to be incomplete.
- After receiving the SAR 7 or RD/RC forms with the report of the new AU/household member, the CWD must also send a notice to the AU/household denying cash aid, CalFresh, and Medi-Cal for the new person.

Medi-Cal NOTE: The new person would not be entitled to receive cash-linked Medi-Cal, because he or she was never eligible for cash aid; however, the CWD must process the individual for a Medi-Cal only eligibility determination. (See ACIN I-32-01 and ACWDL 01-36.)

Example: A mother and child are receiving CalWORKs and CalFresh in the semi-annual period of January through June. Mom voluntarily reports in February that the child's father moved into the home in February. Dad's income would make the family ineligible for CalWORKs and CalFresh. The CWD would take no action concerning eligibility or benefit amount for the existing AU/household in the current semi-annual period. Any action to terminate benefits as a result of Dad's income must be "held over" until review of information reported on the June SAR 7 or RD/RC forms. The CWD should send a "no-change NOA" with a budget to the AU/household stating that there is no change to the grant/allotment amount due to the voluntary report of the father in the home and reminding them to report his presence on the next semi-annual report. This NOA should also explain that because Dad is not CalWORKs eligible, he is being evaluated for Medi-Cal only. After submitting their semi-annual report in June, the entire AU/household would be discontinued from CalWORKs and CalFresh at the end of the SAR Payment Period (June 30), and the discontinued members reviewed for eligibility for Medi-Cal only. Transitional CalFresh would be established beginning on July 1 for five months.

NOTE: An AU is not mandatorily required to report mid-period when a new AU/household member has income in excess of the IRT if that person was not included in the current AU or Family MAP for the current SAR Payment Period. Even if the AU/household inadvertently makes a voluntary report to add the new person and his/her income exceeds the IRT for the current AU, the CWD shall not decrease the grant amount or discontinue the AU/household mid-period based on this income, since the income that rendered the family over the IRT was based on the new person and a voluntary report.

New Household Member Results in Ineligibility Due to Other Eligibility Factors

If adding the new person would result in increased benefits, but he or she does not meet other eligibility factors, the CWD shall not take action to add the person, nor shall the CWD take action to discontinue benefits to the existing members of the household mid-period. For example, for CalWORKs, if deprivation ceases or the new person's resources cause the AU's resources to exceed the CalWORKs resource limit, benefits

must continue unchanged for the remainder of the current semi-annual period for the aided AU members. The CWD would follow the same steps that were outlined in the above section regarding required actions when a new household member results in financial ineligibility, after ensuring that the circumstances are the same at the time of the next semi-annual report. If eligibility for CalWORKs is never established, they would never be eligible for cash-linked Medi-Cal and shall be evaluated for Medi-Cal only.

Pregnant Woman Only (PWO) – Adding Newborn and Father (CalWORKs only)

In PWO cases, the CWD shall add the father of the unborn child (who is living in the home, but is excluded from the AU until the child is born, [pursuant to MPP 82-832.1(c) and 44-318.16]) and the child, when born, as follows:

- The CWD shall add the father and the newborn into the AU the first of the month following the report of the birth, after all verification has been provided, unless adding them would result in a decrease to benefits.
- The CWD shall end the PSN payment at the end of the month the birth was reported and add the child into the AU the first of the month following the report of the birth (as long as this action will result in an increase to the grant amount).
- The BDA for Medi-Cal for a newborn is the month of the birth, regardless of when the birth was reported during the infant's first year. The BDA for Medi-Cal for the father in a PWO case is the month of the birth, provided the birth was reported in that month and eligibility for cash aid is established and verified, and up to three months prior, as appropriate.

If the father of the child was not previously living in the home or included on the Statement of Facts, he will need to complete the CW 8, attend a face to face interview, comply with SFIS requirements, and provide all required verification necessary for the CWD to determine his and his family's continued eligibility when added to the AU.

Example 1: PWO case (with excluded father of the unborn) is receiving CalWORKs in the January through June SAR Payment Period. On March 15 the mother reports that her baby was born on March 3. The infant and father are added to the CalWORKs case effective April 1. Medi-Cal is established for the father and the infant as of March 1, the month of the birth and the month the birth was reported.

Example 2: Same scenario as above except the mother does not report the birth until April 2. The infant and father are added to the CalWORKs case effective May 1. Medi-Cal is established for the infant effective in March (the month of the birth) and for the father effective in April (the month the birth was reported).

If the household does not report a new person in the home on the SAR 7 or RD/RC forms, and the addition of that person would have resulted in reduced benefits due to the person's income, an OP/OI would be established as of the date the change would have been made had the household timely reported the change on the SAR 7 or RD/RC forms.

Example: January through June is the semi-annual period. Dad moved back into the home on January 15 and continued to remain in the home. The household was required to report dad moving into the home on the May SAR 7, which was due in June, but failed to do so. A year later, the CWD learned about the change in household composition through an anonymous tip. Upon investigating the circumstances of the change, the CWD found that Dad had income that would have decreased benefits for the family. The CWD would have acted to decrease benefits effective July 1 based on Dad's income had the change been reported on the May SAR 7, due in June. The OP/OI would be established as of July 1.

CalFresh Only: CalFresh rules regarding adding a household member are the same as CalWORKs under SAR, and follow existing CalFresh regulations. In addition, the amounts allowed for shelter deductions, utility allowances and deductible Medical Expenses remain unchanged. CalFresh will use the recalculated CalWORKs grant to redetermine the CalFresh allotment.

VI. VOLUNTARY RECIPIENT REQUEST FOR DISCONTINUANCE OF BENEFITS

A recipient may voluntarily request mid-period that:

1. The entire AU/household be discontinued; or
2. Any individual member of the AU/household who is no longer in the home or is an optional member be discontinued.

CWDs will make mid-period benefit adjustments based on these requests for discontinuances. If the AU/household or the individual's request is made verbally, CalWORKs requires the CWD to provide a timely (10-day) and adequate notice before discontinuing or decreasing benefits at the end of the month. CalFresh MPP Section 63-504.267(f) states a letter must be sent to confirm the verbal voluntary withdrawal and then an adequate (but not timely) notice of action reflecting the discontinuance of benefits. A 10-day notice is not required if the request for discontinuance is provided by an AU/household or an individual in writing and the CWD shall discontinue or decrease benefits at the end of the month with only adequate notice.

CWDs shall not assume that a voluntary mid-period report of someone leaving the home equates to a voluntary request for discontinuance of that household member. The CWD must determine whether the voluntary mid-period report of someone leaving the home is truly a request for discontinuance for that household member, since the AU/household is not required to report this change in household composition mid-period. The CWD shall ask the AU/household if they are requesting that the member be discontinued and shall inform the AU/household if the discontinuance will result in decreased benefits to the remaining AU/household members. The law provides for an individual to request his or her own benefits to be discontinued so that the individual can ensure that his or her CalWORKs time clock is stopped as a non-recipient of cash aid. As indicated above, if the individual provides a written request for discontinuance, the CWD is not required to provide a 10-day notice that decreases benefits to the

remaining AU/household members. The person requesting discontinuance must either be out of the home or an optional AU member who no longer wishes to receive cash aid.

If the remaining AU/household decides not to voluntarily report that a household member has left the home mid-period, but the individual who has left the home requests discontinuance, that individual's request for discontinuance shall take precedence over the AU/household's decision to not voluntarily report the change in household composition. Benefits to the remaining AU/household members shall be reduced mid-period (as described earlier in this section) to reflect the individual's discontinuance and to ensure that his or her time clock does not continue to run.

If the CWD is notified mid-period that a recipient has died, the CWD shall treat this information as a voluntary recipient request for discontinuance of benefits for the deceased individual. If the information was received verbally, the CWD shall discontinue benefits at the end of the month in which timely (10-day) and adequate notice can be provided. If the information was received in writing, the CWD shall discontinue benefits for the deceased individual at the end of the month with only adequate notice. This is the case even if the deceased individual was the only aided member of the AU/household.

NOTE: Because there are no requirements to report household composition changes mid-period, if the AU/household does not report that an AU member dies until the next SAR 7 or RD/RC, an OP/OI would not be assessed, and no fraud referral shall be made.

VII. COUNTY-INITIATED MID-PERIOD ACTIONS

In addition to making mid-period adjustments to benefits as a result of mandatory and voluntary recipient reports, the CWD shall also act on certain changes in eligibility status at the end of the month in which timely and adequate notice can be provided, even if it results in a decrease in benefits. The changes in eligibility status listed below are considered county-initiated and these actions may occur at any time during the semi-annual period. They include, but are not limited to:

CalWORKs:

- Adult reaches the CalWORKs 48-month time limit;
- CWD imposes or removes a sanction/financial penalty on individual members of the AU;
- WTW Teen Parent Program participant earns a bonus or sanction;
- Child reaches age limit;
- Child is placed in Foster Care;
- A Non-Minor Dependent is transferred into his or her own AU;
- Aid has been approved for a child or other individual who is currently being aided in another household;
- State hearing decision results in mandatory changes mid-period;

- When an AU becomes a family reunification case;
- A Refugee Cash Assistance (RCA) recipient reaches the eight-month RCA time limit;
- An AU member is no longer a California resident;
- CWD acts on redetermination information;
- Adjustments to correct erroneous payments (see note below);
- When it becomes known to the CWD that an AU member is deceased;
- An AU is transferred to a Tribal TANF program;
- Cost-of-living adjustments; and
- When it becomes known to the CWD that an individual is confined in a correctional facility on the first of a month and is expected to remain for a full calendar month or more.

CalFresh (contingent upon federal waiver approval):

- Sanctions or financial penalties;
- Failure of a member of the household to comply with a Quality Control Review;
- Discontinuances due to the termination of a CalWORKs inter-county transfer as described in MPP Section 63-503.7;
- Benefits are applied for and approved for a household member in another household or for the household;
- Change from state funding California Food Assistance Program (CFAP) to federal SNAP which shall be seamless to the client;
- Cost of Living adjustments (COLAs) for the CalFresh, CalWORKs, General Assistance and for those COLAs administered by the Social Security Administration;
- Adjustments due to erroneous or incomplete recipient SAR 7 or mid-period reports of information or lack of action by the county on the SAR 7 or mid-period recipient reports;
- The three-month limit for an ABAWD ends or an ABAWD who is not exempt and doesn't reside in an area with an ABAWD waiver who has regained eligibility and subsequently stops meeting the work requirements;
- Discontinuance due to an ineligibility determination when recertification falls outside the Submit Month;
- The CWD discovers Transitional CalFresh recipients have moved out-of-state and are receiving public benefits (TANF and/or SNAP) in another state (ACIN I-41-10); and
- A member of the household receives SSI/SSP benefits.

In addition to the above circumstances, as noted on page 16, the CWD will also initiate a mid-period benefit adjustment if such an adjustment is necessary as a result of a late SAR 7 or RD/RC forms being submitted by the recipient. Submission of a late semi-annual report may require that benefits be reduced for the next SAR Payment Period. However, if the CWD cannot decrease benefits due to an inability to provide 10-day notice, benefits for the first month of the SAR Payment Period must be released at the prior level and an OP/OI assessed for that month. The CWD must take action to reduce benefits effective the first day of the next month in the SAR Payment Period when 10-day notice of decrease in benefits can be provided.

NOTE: In both the CalWORKs and CalFresh programs, when a CWD discovers that an AU/household is receiving an erroneous payment, it must correct the error mid-period, even if it results in a decrease to the grant and allotment amount. However, recouping an OP/OI is not a county-initiated mid-period action, so the CWD may only initiate benefit adjustment/reduction in order to begin recoupment of an OP or OI at the beginning of a semi-annual period, unless it will not result in a decrease to benefits. For example, if recoupment of one OP/OI is completed mid-period, the CWD may begin recoupment on a second OP/OI in the following month, as long as the amount of the second recoupment is equal to or less than the first, so there is not a reduction to the benefit amount mid-period.

CalWORKs: In cases where the decrease or discontinuance is due to a recipient reaching the CalWORKs 48-month time limit, where the county imposes a sanction or financial penalty, including Intentional Program Violations (IPVs) or where the child reaches the age limit, the CWD shall take action at the end of the month in which timely notice can be provided. If there is insufficient time to provide a 10-day notice to reduce benefits, benefits must be released at the prior, higher level. For actions relating to a child reaching the age limit or an adult reaching the 48-month time limit, this will result in an OP for the month in which benefits were not appropriately reduced. (Fraud penalties are listed in MPP Sections 20-300 for CalFresh and 20-351 through 20-355 for CalWORKs.)

The CWD shall impose a sanction on a mandatory participant who is noncompliant with the WTW program participation requirement as early as 30 days following notification when the recipient lacks good cause and after conciliation efforts fail. (Under SAR, CWDs must still issue a written NOA of the finding of no good cause.) The curing of a sanction occurs when an individual contacts the CWD and tells of his or her intention to cure the sanction. When the individual completes the curing activity (see ACL 03-59, page 10), aid is restored the first day of the following month. If the original activity (or an appropriate alternative activity) that cures the sanction is not completed until the following month, the individual's aid is restored back to the first of the month following the date of the request to end the sanction (ACIN I-30-09; MPP Section 42-721.481). If the CWD determines that the necessary supportive services or cure activity cannot be provided, the sanction is cured effective the first of the month following the date the sanctioned individual contacted the county to request the cure.

Example 1: Jane contacts the county on January 2 to cure her WTW sanction and signs the cure plan January 5. She missed an orientation appointment, which she completes January 23, thereby successfully curing her sanction. Jane is restored to aid February 1.

Example 2: Same as above, except that Jane's cure plan is for a longer activity, and she completes her cure February 5. She is restored to aid February 1.

Example 3: Same as above, except that the county determines on January 5, in preparing the cure plan, that there is no available child care in the next 30 days. Jane's aid is restored effective February 1.

Under *Lopez v. Wagner*, counties are required to automatically remove IPV sanctions at the end of the sanction period, if the person is in the same household or reported as being in a currently aided household.

Providing WTW Teen Parent program's school bonuses are also considered county-initiated actions and shall be taken mid-period. Imposition of a WTW Teen Parent program sanction, like all other WTW sanctions, shall be initiated mid-period only after timely and adequate notice can be provided.

Note regarding Sanctions: All sanctioned persons listed under MPP Section 82-832.2 must be discontinued mid-period, as these are county-initiated actions. Sanctions may continue until cured or may start or end in the middle of a semi-annual period. The following sanctions and penalties shall be initiated mid-period:

- WTW sanction;
- Sanction for failure to cooperate in verifying citizenship/non-citizen status (this sanction only affects the individuals who fail to cooperate);
- Sanction for refusal/failure to furnish an SSN, or provide proof of completed application for SSN;
- Sanction for strikers who are not caretaker relatives;
- WTW Teen Parent program sanction;
- Penalty for failure to comply with immunization requirements without good cause;
- Penalty for failure to comply with school attendance requirements;
- 25 percent penalty for failure to provide information required by the child support cooperation requirements without good cause; and
- Penalty for IPV's.

CalFresh Note: Mid-period action can also be taken to reduce CalFresh benefits in order to impose a sanction or penalty as a result of failure to comply with work requirements or as a result of an IPV conviction.

CalWORKs Example – 48-month time limit: Mom and her two children are receiving CalWORKs and are in the April through September semi-annual period. Mom will have received 48 months of CalWORKs as of May 31, and must be removed from the AU. Since the CWD is tracking the Mom's time-on-aid, the CWD initiates action to discontinue Mom with timely and adequate notice, effective May 31, after determining she does not qualify for a time-on-aid extension. This results in a county-initiated mid-period decrease in cash aid to the remaining AU members, which is allowable under SAR rules. Any month in which Mom incorrectly receives aid after her 48 months will be an OP, even if she received the extra month of aid due to the inability of the CWD to provide 10-day notice.

CalWORKs Example – WTW sanction: On July 10, after completing the noncompliance process, which included a 30-day NOA and a good cause determination for the noncompliant WTW participant, the CWD imposes a sanction effective July 31 (if good cause is not found). Imposing a sanction is considered a county-initiated action; therefore, the result is a mid-period

decrease in cash aid to the AU effective August 1.

CalWORKs Example – WTW Teen Parent Program School Bonus: Mom, her minor daughter, and the minor's child receive CalWORKs benefits. Minor daughter had not yet finished high school, so she is a mandatory WTW Teen Parent program participant. They have a January through June semi-annual period. Minor daughter turns in a January report card showing satisfactory progress and becomes eligible for a \$100 bonus. The CWD initiates a school bonus for the month of February. The March CalWORKs benefit will return to the previous grant level calculated for the semi-annual period, less the school bonus.

CalWORKs and CalFresh Example – Correct Erroneous Payment: AU/household correctly reports income of \$400 a month on their SAR 7. In the second month of the semi-annual period the CWD realizes that they incorrectly entered the income as \$200 a month and the AU/household's grant and allotment amounts are incorrect. The CWD must take action immediately to correct the error and recalculate the benefit amount with timely and adequate notice. The CWD must always correct an erroneous payment as soon as it is discovered, whether or not it is a client or administrative-caused error. The grant and allotment must be corrected mid-period; however, recoupment of the resulting OP/OI may not begin mid-period if it would result in a decrease to the benefits.

CalWORKs Example – Duplicate Aid: The CWD must discontinue CalWORKs benefits to children at the end of the month that they are placed in Foster Care to avoid receiving duplicate aid. The CWD may not, however, discontinue an AU member who begins receiving SSI mid-period until the end of the semi-annual period. It is not considered duplicate aid if a recipient receives CalWORKs and SSI at the same time, because the Social Security Administration will use the recipient's portion of the grant as income to the SSI payment. When the recipient is discontinued from CalWORKs, the SSI payment will increase.

CWDs must establish an OP/OI for any mid-period county-initiated action that was not acted upon timely and such action resulted in an incorrect payment. The CWD must take action to reduce benefits effective the first day of the next month in the current SAR Payment Period, with 10-day notice or as soon as 10-day notice can be provided.

CalWORKs and CalFresh: In cases where an individual has applied for aid in another AU/household, aid cannot be approved until the individual has been discontinued from the first AU/household with timely and adequate notice. This provision is intended to prevent duplicate aid from being issued. For CalWORKs cases, if the individual is a child, the CWD will need to determine which caretaker relative has care and control of the child in order to take action in either case. However, once the CWD determines that a different AU has care, custody, and control of the child, then this becomes a county-initiated action, and the prior AU shall receive timely and adequate notice of the discontinuance of aid for the child/children. Once the child has been removed from the prior AU, the new AU can begin receiving aid for the child. If the child being removed from the AU/household is the only eligible child in the AU, CalWORKs shall be

discontinued to the entire AU with timely and adequate notice. The CWD will take the child out of the CalFresh household at the same time the child is discontinued from the CalWORKs AU. CalFresh benefits would continue for the remaining members of the first household at least until the end of the semi-annual period. If CalWORKs was terminated in the first AU for no eligible children, the CWD would provide Transitional CalFresh benefits to the remaining adults for five months. (See ACIN I-21-12.)

CalWORKs: For cases in which a child has been removed from the home and placed in Foster Care, timely notice is not required prior to discontinuing the child from the first AU. MPP Section 22-072.2(f) provides for an exception to the timely notice requirements when a CalWORKs child is removed from the home as a result of a judicial determination, or voluntarily placed in foster care by his/her parent or legal guardian. If CalWORKs is paid for the child beyond the end of the month in which they were placed in Foster Care, a CalWORKs administrative OP would be assessed.

VIII. THIRD PARTY INFORMATION/KNOWN TO THE COUNTY

Under certain circumstances, information will be “known to the county” or will be provided to the CWD through a third-party. Such information should be used by the CWD to:

- Calculate an OP/OI when the information received was a mandatory report and is obtained after benefits have been issued in the wrong amount, such as in the case of Income and Eligibility Systems (IEVS) matches; and
- Take prospective action to change benefits mid-period or at the beginning of a semi-annual period if the CWD learns that the recipient failed to accurately report changes on a mandatory mid-period report or on the SAR 7 or RD/RC forms.

In the case of third party reports that provide information that conflicts with what the AU/household reported, the CWD shall follow current regulations regarding how to handle discrepant case file information. The CWD shall contact the recipient to indicate that eligibility information is in question, and the recipient must be given the opportunity to verify the correct circumstances before the CWD can take action to reduce benefits.

All third party information that is received by or known to the county must be acted upon in accordance with SAR rules. If a change is required to be reported by the recipient under SAR rules, the CWD must take action to verify the information and take action based on the information once it has been verified. If a change is not required to be reported, such as a change of income not over IRT that occurs mid-period, the CWD may use the third party information as ancillary information to ensure that the next semi-annual report submitted by the recipient is consistent with other information known to the county. If the information on the SAR 7 or RD/RC forms is not consistent with what has already been reported or is being reported through a third party, the CWD must seek to resolve the discrepancy. If the CWD cannot resolve the discrepancy, the SAR 7 or RD/RC forms may be considered incomplete.

It is important to note that while third party information may be useful to the CWD, under some circumstances such information will not result in any action by the CWD.

For example, **the CWD shall not take mid-period action based on third party information regarding changes that an AU/household is not required to report during the semi-annual period.** (The exception is if the situation turns into a county-initiated action, such as approving aid in another AU/household or a Foster Care removal.) If the CWD receives information about changes in household composition or the acquisition of new resources (CalWORKs only) for an AU/household mid-period, the CWD shall not take any case action based on this third party information. However, if the CWD receives or knows about information that the AU/household is required to report, such as income in excess of the IRT or changes in drug conviction/fleeing felon status, and the AU/household has not reported such information, the CWD must act to resolve the discrepancy and take appropriate action once the information has been verified.

Examples of when the CWD might have information from a third party include, but are not limited to the following situations:

1. A WTW worker has been notified that the recipient has started a job;
2. An anonymous source reports information about the AU/household to the county;
3. IEVS matches show that there are earnings in a case;
4. An asset match shows interest income for a bank account that has never been reported by a CalWORKs AU;
5. A WTW Teen Parent's case worker notifies the CWD of a minor who becomes pregnant or gives birth; or
6. An E&T provider reports that a mandatory E&T participant did not comply with the E&T participation requirements.

The examples provided above are examples that would not necessarily warrant any action by the CWD. The CWD should act on the known information only when the information provided conflicts with what the recipient should already have reported (mandatory report). In item number 1 above, if the recipient started a job in the first month of the semi-annual period, but income from the job does not exceed their IRT, the recipient has no obligation to report the new job until the sixth month of the semi-annual period, when their next semi-annual report is due. The CWD should not take any action until the next SAR 7 or RD/RC forms are submitted. At that time, the CWD should compare information that is known to the county with what the recipient reported and ensure that it is consistent.

In item number 2, if the anonymous report is that the absent parent moved back into the home mid-period, this is not a mandatory report. If however, the second parent is not reported as in the home on the following SAR 7 or RD/RC forms, the CWD must resolve the discrepancy by contacting the AU/household to verify the circumstances of the Data Month.

Income and Eligibility Verification System (IEVS) Matches

Current processes for IEVS matching remain in place. Information from the matches needs to be evaluated to determine if the information was *required* to be reported by the recipient on the SAR 7 or the RD/RC forms, or as a mandatory mid-period report. If

the information, after being confirmed under IEVS regulations, was required to be reported, but was not, then appropriate action may be taken. If the information was not required to be reported (voluntary report) then no action may be taken. When reconciling IEVS matches with reported income from the SAR Data Month or RD/RC, the CWD must take prospective budgeting rules into consideration. This includes taking into account information that was available at the time the determination of reasonably anticipated income would have been made, if reported timely. In other words, CWDs may not rely on actual income, if, at the time the mandatory report was due, the income could not have been reasonably anticipated. (All "reasonably anticipated" rules apply, even when retroactively considering the case for unreported information.) The 45-day IEVS processing rule will continue to apply to the appropriate matches, so that any follow-up on required reporting must occur within this time frame.

The processes described in ACL 03-18 for the Payment Verification System (PVS), Integrated Fraud Detection/Earnings Clearance System (IFD), Franchise Tax Board (FTB) Asset Match/ Internal Revenue Service (IRS) Match (for CalWORKs), Beneficiary Earnings Exchange Record (BEER), New Hire Registry (NHR), and Special Investigative Unit (SIU) Matches remain the same, but in the semi-annual environment. For all matches, if the data does not affect eligibility or grant amount, based on semi-annual prospective budgeting rules, a notation must be made on either the abstract or in the case record.

CDSS is also researching the current IEVS match processing to evaluate how the implementation of SAR may impact IEVS match processing in order to assist counties with this change. Additional information will be released once the research has been completed. (See the "Overpayments/Overissuances" section beginning on page 76 for more information and examples about when an OP/OI will and will not be assessed.)

IX. TREATMENT OF MULTIPLE CHANGES WITHIN A SAR PAYMENT PERIOD

If a recipient experiences multiple changes during a SAR Payment Period, the CWD will be required to act on those changes in accordance with the SAR rules outlined in the previous sections regarding CWD actions on mandatory and voluntary recipient reports and on county-initiated actions. The CWD must act on each change separately and sequentially, using the rule that is unique to that type of change and may not combine the different circumstances to effect a change in benefits resulting from the combined changes.

When multiple changes are voluntarily reported mid-period, the CWD must first determine if the changes are independent of each other or if they are different events that are part of one change. If the two events are separate changes, the CWD must evaluate each change independently of the other and only act on those changes that result in an increase. The CWD shall not determine the net result of two changes, even if the net result is an increase; each change must only be acted on if that change, by itself, would result in a mid-period increase in benefits. If the two events are part of one change, then the CWD must treat this voluntary report as one change and determine if acting on this change would result in an increase to the grant amount. In cases where one change would increase the grant and the other would decrease the grant, the CWD

must act on the change that increases the grant and send a “no-change NOA” (with a budget, as appropriate) to the AU/household about the other change reminding them, if the change has not been verified, to report that change on their next semi-annual report and provide necessary verification.

Example 1: The AU/household is in the January through June semi-annual period. On January 15, the AU/household reports that Dad moved back into the home and has a part-time job. In reviewing whether the AU/household would be entitled to an increase as a result of new household member, the CWD determines that earnings from Dad’s job would result in a decrease to the AU/household’s benefits. The CWD is unable to add Dad to the AU/household the first of February because SAR rules do not allow for benefits to be decreased as a result of a voluntarily reported mid-period change.

On February 17, the AU/household reports that Mom violated conditions of her parole. The CWD must take action to remove Mom from the AU/household effective February 28, because she is ineligible. The CWD decreases benefits to the remaining AU/household members effective March 1. When decreasing March benefits, the CWD may not take action to add Dad and his earned income at the same time as discontinuing Mom, as these are two different changes and they must be treated separately and sequentially. The CWD may only take action to decrease the grant based on Dad and his income at the beginning of the next SAR Payment Period when the AU/household has submitted the SAR 7 or RD/RC forms for May, reporting that Dad is still in the home and still has income.

Example 2: January through June semi-annual period. Dad moves into the home February 4 without income. The AU/household voluntarily reports Dad in the home that day. The add-on application is still pending as of February 20 (within the 30-day processing time). The AU/household reports that Dad began getting income on February 10. Since the request for add-on has not been finalized or approved, the CWD must use Dad’s income and treat it as part of the voluntary report to add him. If his income and adding him would result in decreased benefits to the AU, the CWD should not act to add him to the AU until the first of the next SAR Payment Period. If adding Dad and his income would result in financial ineligibility, the CWD cannot add him to the AU, but must discontinue the AU/household at the end of the current semi-annual period, after the AU reports his income on the SAR 7 or RD/RC forms for May, submitted in June. If Dad had already been added to the AU before he began getting income, then the report of his income would have been a separate voluntary report and would not have been acted on until the next SAR Payment Period.

Example 3: Dad moves into the home and has income. Mom has a decrease in earnings. Mom reports both changes on the same day. The CWD must not evaluate the net result of the two changes, even if the net result would be an increase to the grant because adding Dad and his income would reduce the level of increased benefits Mom would have gotten based solely on her decreased income. Instead, the CWD must determine what the sequence of events was and act on each change separately and according to the sequence in which they

occurred. The CWD should not act to add Dad to the AU if his income would result in decreased benefits for the AU. The CWD should act to increase the grant due to Mom's decreased income. If adding Dad would result in a decrease in aid, he should not be added to the AU/household until the next SAR period, after the AU/household reports him being in the home on the next SAR 7 or RD/RC forms.

Example 4 (CalFresh only): The child care expense for a CalFresh household decreases from \$200 to \$175. At the same time, Mom's income also decreases. The CWD would not evaluate the net result of the two changes. The CWD must act to increase CalFresh benefits based on Mom's decreased income; however, the CWD cannot act to decrease benefits resulting from the decrease in child care expenses because that would result in decreased benefits. No action to decrease benefits should be taken based on the decrease in child care expenses because this is not a mandatory mid-period report.

Example 5: An AU/household voluntarily reports an increase in income that is under the IRT. The CWD does not act to change benefits based on the reported change, because it would result in decreased benefits. Later in the same semi-annual period, the AU makes a mandatory report of another AU/household member being convicted of a drug felony. When the AU/household reports the drug felony conviction, the benefits must be decreased to reflect the removal of that individual from the AU/household, without reconsideration of the previous voluntary report of increased income. The CWD would not act on the increased income until the following semi-annual period.

Example 6: January through June semi-annual period, PWO case. The baby is born in February. The fully-employed absent father moves into the home in March. The birth of the baby and the father moving in are reported in March. In this example, the baby's eligibility must be considered first and all circumstances relative to the baby's eligibility must be considered before the baby can be added. Here, the report is the first application for the baby, and all eligibility factors need to be evaluated. If ineligibility occurs any time before action is taken to grant aid, the application must be denied. In this situation, the application must be denied because the baby has no deprivation, since the father is in the home and employed full-time. If however, the baby's birth was reported in February and the baby was added to the AU before the father moved into the home, the AU would remain eligible until the end of the semi-annual period, when the father's presence would make the AU ineligible based on no deprivation.

Example 7: January through June semi-annual period. AU consists of Mom and her child. Mom is working part-time. Unemployed Dad moves into the home on February 5 and Mom loses her job on February 8. Both changes are reported to the CWD on February 9. The CWD must evaluate each change separately and sequentially, keeping in mind the timing of when benefits can be increased based on decreased income and new household members in the SAR system. In the scenario described above, the CWD would act to increase benefits for the

month of February based on Mom's decreased income and the CWD would add Dad to the AU effective March 1.

X. OVERPAYMENTS/OVERISSUANCES AND UNDERPAYMENTS/ UNDERISSUANCES

This section is intended to provide general rules for the establishment of overpayments (OPs) and underpayments (UPs) in the CalWORKs program and overissuances (OIs) and underissuances (UIs) in CalFresh as they are impacted by SAR under varying circumstances. Rules governing the establishment of OP/UPs and OI/UIs vary depending on the eligibility factor in question and the timing of recipient reports and required CWD actions.

a. Establishment of CalWORKs OPs

For CalWORKs, OPs will be established as applicable based on:

- 1) Recipient failure to report accurately and completely;
- 2) County error;
- 3) Recipient late reporting; and
- 4) CWD inability to issue the correct grant amount due to the 10-day notice requirement when the recipient reported timely, completely and accurately.

In the CalWORKs program, "late reporting" applies to the timing of mandatory recipient mid-period reports, as well as the timing of the submission of the SAR 7 or RD/RC forms. An OP cannot be assessed based on an AU/household failing to make a voluntary mid-period report. The CWD will establish an OP in the CalWORKs program based on mandatory reports of information impacting eligibility when the recipient received a grant amount to which they were not entitled, regardless of whether or not the recipient reported timely.

NOTE: Under SAR rules, CalWORKs will continue to allow recipients the opportunity to waive the 10-day notice requirement in order to avoid incurring an OP in their case. If the recipient waives their right to a 10-day notice of adverse action in writing, the CWD may decrease the grant amount or discontinue the AU without having to provide timely (10-day) notice to the AU. (There is no provision in the CalFresh program to allow the household to waive their right to a timely notice.)

b. Establishment of CalFresh OIs

For CalFresh, OIs will be established as applicable based on (contingent upon federal waiver approval):

- 1) Recipient failure to report accurately and completely; and
- 2) County error.

In CalFresh, when assessing whether an OI should be established based on mid-period changes that are required to be reported, the CWD must determine if the recipient

reported the change in a timely manner (i.e., within 10 days). If a recipient reports a mandatory mid-period change timely, completely, and accurately, the CWD shall *not* establish an OI when the CWD is unable to issue the correct allotment due to the 10-day notice requirement.

- OIs *will not* be assessed based on a timely, accurate and complete report where the 10-day notice alone delayed issuance of the correct allotment.
- OIs *will* be assessed when late reporting alone or together with the 10-day notice requirement delayed issuance of the correct allotment.

NOTE: Due to CalWORKs and CalFresh having different mid-period reporting requirements, there will be times when failure to report something (such as income over the CalWORKs IRT) will result in an OP in CalWORKs, but will not result in an OI in CalFresh. This is the case even though CalFresh would have taken mid-period action to decrease the allotment amount based on the report, had it been made timely.

CalWORKs and CalFresh Examples:

Late Mandatory Mid-Period Reporting: The AU/household of three is in the January through June semi-annual period. Mom is convicted of a drug felony that results in ineligibility on April 25 and reports the conviction on April 26. The report is considered timely, because it was made within 10 days. The CWD is unable to decrease cash aid and CalFresh benefits for May to reflect discontinuance of the ineligible AU/household member, because there is insufficient time to provide 10-day notice. Benefits must be issued for May in the same amount that was issued in April, and the CWD must take action to decrease benefits effective June 1. The CWD must establish an OP for Mom's portion of the May grant; however, the CWD may not establish an OI for the May CalFresh allotment, because the recipient reported the change timely.

Using the same scenario above, if the mother did not report the drug felony conviction until May 15, the CWD would still only be able to establish an OP in CalWORKs and would not be able to establish an OI in CalFresh for the month of May. Even though the recipient failed to make a timely report in this case, the CWD must also consider whether a timely report could have resulted in decreased benefits. In this situation, even if the recipient had reported the change within 10 days, the CWD could not have decreased benefits for May due to the 10-day notice requirement. Therefore, no OI can be established in CalFresh under these circumstances.

Late SAR 7: In the July through December semi-annual period, a recipient turns in her SAR 7 late, on December 23. She reports starting a new job in November and indicates that she will receive \$800 earnings each month. The CWD is unable to reduce cash aid and CalFresh benefits for the January through June semi-annual period effective January 1 due to the inability to provide 10-day notice of the decrease resulting from increased income. The CWD is required to make the change effective February 1, and shall establish an OP for cash aid and an OI for CalFresh benefits that were issued in the higher amount in

January. The CalFresh OI is permitted because the late reporting caused the inability to decrease benefits in January.

c. Income Related Failure to Report and County Error OPs/OIs (CalWORKs and CalFresh)

Income related failure to report and county error OPs/OIs will be determined based on the mandatory recipient reporting requirements under SAR rules. Mandatory recipient income reporting includes reporting on the SAR 7, the RD/RC forms, and income over the IRT.

If a recipient fails to report income any time he or she is required to report, or if the CWD fails to act correctly on a mandatory recipient report, the CWD shall redetermine the benefits the recipient would have received based on an accurate report and correct county action. If the CWD recalculation results in an OP/OI, the date that the OP/OI begins is the first date that the change would have been made had timely and correct action been taken based on a timely and accurate recipient report. If a recipient receives income under IRT that they did not reasonably anticipate at the time of their last mandatory report, this is NOT considered a failure to report and no OP/OI shall be assessed.

Example: A recipient works through a temporary employment agency. He reports on his SAR 7 that his job ended in the Data Month. He reports that he is on-call, but that he can't anticipate whether or not he will get another job or make any money in the upcoming six months. The county agrees that he can't reasonably anticipate any income, issues a supplement for the Submit Month and budgets no income for the upcoming SAR Payment Period, without any further contact with the recipient. The county later learns that the temp agency found him a new job that started in the Submit Month. Unless he failed to report income over IRT or the county has evidence that the temp agency had confirmed the job offer with him in the Data Month, including start date and amount of income, there would be no OP/OI.

If an AU/household reports increased income that exceeds the IRT, which either results in ineligibility or a decrease to the grant amount, but it is too late to provide 10-day notice of adverse action, the county must release benefits for the next month at the previous (higher) level. The CWD would determine whether an OP/OI exists as follows:

- **CalWORKs:** CWDs must establish an OP for benefits that were released at a higher level when 10-day notice could not be provided, regardless of whether the AU reported the change timely or not. This is true for all mandatory mid-period reports.
- **CalFresh:** If income exceeding the IRT is reported timely and causes CalWORKs and CalFresh benefits to be discontinued or decreased, but it is too late to provide a 10-day notice of adverse action, the county must release CalFresh benefits for the next month at the previous higher level. There is no OI as long as the change was reported timely. Additionally, there is no OI in CalFresh if a PACF case fails to report income over the first or second tiers of

the IRT because reporting income over those levels is only required in the CalWORKs program.

Example 1: A recipient assigned to the January through June semi-annual period reports receiving income over the IRT within 10 days of receipt, on March 28. After ensuring that the income will continue at the same level, the CWD determines that the recipient is financially ineligible for both CalWORKs and CalFresh based on the new income amount and should be discontinued. The report was timely, but was received too late in the month for the CWD to discontinue the recipient effective March 31 due to 10-day noticing requirements. The CWD must issue a 10-day notice of discontinuance effective April 30. The cash grant for April is an OP. April CalFresh benefits are not considered to be an OI, because the recipient timely reported. Due to the April 30 discontinuance, Transitional CalFresh benefits would begin on May 1. **(NOTE:** CalWORKs recipients may choose to waive the 10-day noticing requirement in order to avoid an OP. If the AU chooses to have their grant discontinued on March 31, Transitional CalFresh would begin on April 1.)

Example 2: Same as above, but the continuing income over the IRT only results in a decrease to the grant amount and does not make the recipient ineligible for either CalWORKs or CalFresh. The CWD must issue a 10-day notice of decreased benefits effective April 30. An OP would be assessed in CalWORKs for April for the amount of the grant that was released at the higher amount. There would be no OI in CalFresh because the recipient timely reported.

When recomputing benefits results in an OP/OI, the CWD shall recreate case circumstances, including the determination of what income was reasonably anticipated at the time (not based on actual income determined after the fact), using the correct county processing timeframes based on what and when the recipient should have reported.

Failure to Report Income OP/OI Example: In the semi-annual period designated as July through December, the CWD determines through an IEVS match (on October 15) that an AU/household had income that exceeded their CalWORKs IRT beginning on January 5 in the previous semi-annual period. The AU/household is still receiving the same level of income in the current semi-annual period, but never reported the income in a mid-period report or on their June SAR 7. The CWD determines that the AU should have reported this change for CalWORKs by January 15, and their cash grant should have been decreased based on this increased income effective February 1. The CWD shall send timely and adequate notice of decreased benefits to the AU/household effective November 1. An OP would be established in CalWORKs from February through October, for the amount of benefits they were not entitled to receive. The only mandatory report of income over IRT in CalFresh is income over 130 percent of the FPL; therefore, as long as the income did not exceed 130 percent of the FPL, an OI would only be established in CalFresh for July through October, because the household was not required to report this change in income until their next semi-annual report was submitted. Although the household would have been required to report income exceeding the CalWORKs

IRT, unless the income exceeded the CalFresh IRT, there would be no requirement for the household to report the increase in income mid-period for CalFresh.

CalFresh Failure to Report Income OI Example: In the semi-annual period designated as July through December, the CWD determines through an IEVS match (on October 15) that a household had income that exceeded their CalFresh IRT in the previous semi-annual period beginning on January 5. The household is still receiving the same level of income in the current SAR period but never reported the income mid-period or on their June SAR 7. The CWD determines that the household should have reported this change for CalFresh by January 15, and their CalFresh allotment should have been discontinued based on this increased income effective February 1. An OI would be established in CalFresh because the household was required to report this increase in income mid-period.

CWD Failure to Act OP/OI Example: An AU/household reports on their SAR 7 submitted on March 5 (for the April through September semi-annual period) that Dad started a job on February 10. The income is expected to continue at the same level in the next SAR Payment Period. The income did not exceed the IRT. The CWD fails to use the newly reported income to determine benefits for the next SAR Payment Period of April through September. If the CWD had used the new income to compute the cash aid and CalFresh benefits, the family would have received a lower grant and allotment, so as soon as the CWD discovers their error they must establish an administrative error OP/OI for the amount the AU/household was not entitled to receive beginning on April 1.

Changes that are not required to be reported, but that may be voluntarily reported, should not be considered when determining OPs/OIs. Unverified voluntary mid-period changes need only be reported on the SAR 7 or RD/RC forms that follows the change. Verified mid-period reports are considered part of the case record and shall be entered into the eligibility automation system at the time they were verified. (Failure to include information from verified mid-period reports would thus be an agency error OP, and no OI would be established, as the recipient timely and accurately reported.) If a mid-period change (that has already been reported but was not verified) is not reported when the SAR 7 or RD/RC forms are submitted, that is when the household would be considered to have failed to report and the CWD must act to resolve the discrepancy. If the discrepancy could not be resolved, and the change should have been reported on the SAR 7, the form would be incomplete. In this case, the CWD was required to notify the AU/household of an incomplete SAR 7, and issue the appropriate warning and discontinuance NOAs. If the CWD failed to do this, any resulting OP/OI would be listed as agency error, with the OP/OI established for the amount the AU/household was not entitled to receive, beginning the SAR Payment Period after the incomplete SAR 7 or RD/RC forms were due.

CalWORKs Example 1: An AU is in the January through June semi-annual period. Dad moves back into the home on January 16. Dad is full-time employed. The AU does not report him as being in the home. In December of that year, the CWD finds out that Dad is still in the home and that he's been

there since January 16. Because there is no deprivation (for CalWORKs purposes), the AU is not eligible for cash aid. The AU was not required to report Dad in the home until June, when the May RD/RC forms were due. The first opportunity for an OP to be established in this case would be July 1, because that is the first date that eligibility would have been affected based on a mandatory report.

CalWORKs Example 2: A recipient is assigned to the January through June semi-annual period. In February, the recipient wins a car in a contest, but sells the car for fair market value in early March and uses the money to pay past-due medical bills. The recipient correctly reports these facts on the SAR 7 due in June. The CWD determines that the recipient is property eligible for CalWORKs during the July through December period based on the SAR 7 submitted in June. The CWD does not establish an excess property OP for any months of the January through June period, because the recipient was not required to report any property changes as a mid-period report. Property eligibility was correctly established for the January through June semi-annual period and the recipient met all of her reporting requirements.

CalWORKs and CalFresh Example 3: A mother and child are aided as an AU/household of two based on absent parent deprivation (for CalWORKs) and are assigned to the January through June semi-annual period. On the RD/RC forms due in June, Mom correctly reports that no one had moved in or out of the home since the last SAR 7 was submitted. In July, Dad moves into the home and is full-time employed. Mom correctly reports that Dad moved into the home on the SAR 7 due in the following December.

Based on the SAR 7 submitted in December, the CWD determines no deprivation exists and discontinues CalWORKs effective the end of December. The CWD does not establish an OP for any months of the July through December period because the recipient was not required to report the addition to the home until the SAR 7 submitted in December. Deprivation was established based on the RD/RC forms due in June for the July through December period. Dad moving in had no effect on the eligibility for the July through December semi-annual period because eligibility for that period was correctly established based on the June RD/RC forms. Mom was not required to report the addition to the home until the following SAR 7 due in December. There would be no OI in CalFresh, since Dad moving in was not a mandatory mid-period report. His income would not be counted until the January through June payment period, following the mandatory report of Dad in the home.

d. Property Related Failure to Report and County Error (CalWORKs only)

The only time a CalWORKs AU is required to report property changes is on the SAR 7 or RD forms. Property related OPs will be determined based on information that should have been reported on the SAR 7 or RD forms. AUs are only required to report when property exceeds the limit in the SAR Data Month on their SAR 7 or RD forms. No OP shall be assessed for any months the AU was over the property limit but not required to report property (i.e., the first four months of the SAR Payment Period), including

property that first exceeded the resource limit in the Submit Month.

If a CalWORKs AU owned property that exceeded the resource limit in the fifth month (Data Month) of the semi-annual period and failed to report it on the appropriate SAR 7 or RD forms, the CWD shall redetermine the benefits the AU should have received based on an accurate report and correct county action, including a determination of whether the excess property (and failure to report) was in good faith. If however, the CWD failed to act correctly on a report of property that was determined to exceed the limit, the assumption will be made that the recipient would have spent-down the resources prior to the discontinuance, and have remained eligible. In this case, no OP would be established.

NOTE: Property is not evaluated when determining CalFresh eligibility or benefit amounts.

Example 1: In the January through June payment period, an AU/household is receiving both CalWORKs and CalFresh. In April, the AU receives an inheritance of \$3,000. In May the AU still has \$2,800 of the inheritance. They do not report the \$2,800 on the May SAR 7 which they turned in on June 10. The CWD finds out about the resource from an Asset Match in December. The CWD contacts the AU and learns that they still have \$2,800 in a bank account. The AU should have reported on the May SAR 7 that they received the inheritance and that they still had \$2,800 left in May. Had the CWD known about the resource, the CWD would have discontinued cash aid effective June 30.

The CWD must determine if the AU exceeded the resource limit in each month after June 30 to determine if the month should be considered an OP. Only months in which the AU was over the resource limit will be considered an OP. Unless the AU spends down the money or puts it into a restricted account, the CWD will discontinue the case, effective December 31. The property has no effect on CalFresh eligibility, but if the AU/household's CalWORKs is discontinued transitional CalFresh will be established for five months.

Example 2: Using the same scenario as above, except in this example, the AU spends all of the \$3,000 inheritance before May 1. In this case, even if the AU fails to report on the May SAR 7 that they received the \$3,000 inheritance, there would still be no OP because in May (the SAR Data Month) the family was below the resource limit and they would have remained eligible for continuing benefits.

Example 3: Using the same scenario as above of a family receiving an inheritance of \$3,000 in April, except the AU retains the resource, they never report it, and they remain over the resource limit in the SAR Data Month of May. The household remains over the resource limit until November of that year. The family continues to receive cash aid and CalFresh. The CWD learns about the property in March of the following year and recreates the situation as it should have happened. The CWD would establish an OP in CalWORKs beginning July 1, and it would continue until the family's resources were reduced to below the limit (November 30). The OP would run from July through November, and the family would be considered eligible again effective December 1. No OP

would be established from December forward. No OI would be established in CalFresh.

The current CalWORKs good faith property OP rule at MPP Section 44-352.11 continues to apply in the SAR system. If excess property was held in good faith, the amount of the excess property OP will be the lesser of:

- 1) The amount by which the excess property exceeded the property limit in the one month the property had the highest value; or
- 2) The total amount of aid the household received while they were over the property limit.

e. Late or Incomplete SAR 7 Reporting (CalWORKs and CalFresh)

Both CalWORKs and CalFresh will continue to assess OPs and OIs caused by late submission of a SAR 7, which would have resulted in reduced benefits for the next SAR Payment Period. Incomplete SAR 7s may also result in an OP or OI. If the AU/household voluntarily reported an unverified change mid-period and that change is not included on their next SAR 7, the CWD must attempt to resolve the discrepancy. If the CWD cannot resolve the discrepancy, it must consider the SAR 7 incomplete. If the discrepancy is resolved late in the submit month, and the CWD does not have time to issue 10-day notice of decreased benefits, benefits must be released at the higher level and an OP/OI assessed.

Example: In the January through June semi-annual period, a recipient submits her SAR 7 late on June 28. After redetermining benefits based on information reported on the SAR 7, the CWD determines that the July through December benefits should be reduced due to income reported on the SAR 7. The SAR 7 was submitted too late in the month for the CWD to provide 10-day notice and decrease benefits for July. The CWD issues a 10-day notice of decreased benefits effective August 1, pays July benefits at the June level, and adjusts benefits to the correct amount for August through December. The CWD calculates an OP/OI for the month of July. The OP/OI amount is the difference between the July and August benefit amounts.

f. Underpayments/Underissuances

In the CalWORKs program, an UP occurs when the AU receives fewer benefits than it was entitled to receive. In CalFresh, if a household receives fewer benefits than it was entitled to receive, they are considered to have lost benefits, which the CWD is required to provide (restore) to the household (an underissuance). If the CWD determines that an UI or an UP has occurred due to an administrative error, and the recipient is entitled to restoration of those benefits, the CWD must immediately take action to restore any benefits that were lost. Restoration of benefits under these circumstances would be based on SAR rules, and actual verified income shall not be used to reconcile against prospectively budgeted income that was used in the benefit calculation. Only income that was "reasonably anticipated" at the time benefits were initially calculated can be used.

g. When OPs/OIs or UPs/UIs will not be assessed

As explained above, OPs and OIs may not be assessed based on changes that were not required to be reported or when the required report does not impact eligibility. Because changes in property (for CalWORKs) and household composition are only required to be reported on the SAR 7 or RD/RC forms, no mid-period changes to property or household composition will result in an OP or OI. Furthermore, because CalFresh no longer evaluates property in their determination of eligibility, OIs will never be assessed in CalFresh based on property limits. CalWORKs recipients are also only required to report circumstances related to deprivation on the SAR 7 and RD/RC forms; therefore, no OP shall be assessed based on any deprivation changes that occurred mid-period, unless the change is not reported on the following SAR 7 or RD/RC forms.

Income: No OP/OI or UP/UI shall be assessed when actual income received during the semi-annual period differs from the amount of income reasonably anticipated, as long as the recipient meets his or her mandatory reporting obligations completely and accurately. In other words, no reconciling based on actual income is ever done so long as the requirement to report completely and accurately is met and CWDs determined and issued the benefits correctly based on the CWD's determination of reasonably anticipated income. For example, if a CWD receives an IEVS match that shows a discrepancy between the actual and reported earnings of an AU/household, the CWD must determine if the AU was mandated to report that income mid-period. An OP/OI would only be assessed if the income was over the IRT and the AU failed to make the mandatory report of income over the IRT within 10 days of receipt. Any mid-period income discrepancies will not result in an OP/OI unless the AU failed to meet their mandatory reporting requirements under SAR rules.

NOTE: As explained earlier, due to CalWORKs and CalFresh having different IRT reporting requirements, there will be times when failure to report income over the IRT will result in an OP in CalWORKs, but will not result in an OI in CalFresh. This is the case even though CalFresh would have taken mid-period action to decrease the allotment amount based on the report of income over the CalWORKs IRT if it had been reported mid-period.

h. Recoupment by Grant/Allotment Adjustment

For CalWORKs: OP recoupment levels will remain the same under SAR: five percent of the MAP level for administrative-caused errors, and ten percent of MAP for all other types of errors. In addition, SAR rules do not change a CWD's ability to compromise claims. (See MPP Section 42-751.4(d) and ACIN I-68-11.)

For CalFresh: OI recoupment levels will remain the same under SAR: five percent of the household's monthly allotment or \$10, whichever is greater, for administrative-caused errors; ten percent of the household's monthly allotment or \$10, whichever is greater, for client-caused errors; and 20 percent of the household's monthly allotment or \$20, whichever is greater, for IPVs.

Under SAR, recoupment by grant/allotment adjustment will only be initiated at the beginning of a semi-annual period, unless it does not result in a decrease to the

grant/allotment amount. Grant/allotment adjustment to recover OPs/OIs is not a mid-period change. Grant/allotment adjustment will be discontinued mid-period as appropriate when the debt is recouped.

If the CWD completes recoupment of one OP/OI mid-period and wishes to initiate recoupment of another OP/OI in the following month (i.e., before the next SAR Payment Period), the county may begin recoupment of the next OP/OI mid-period as long as the amount being adjusted doesn't result in the benefits being decreased mid-period.

Example 1: In the January through June semi-annual period, the CWD is recouping an administrative-caused OP via grant adjustment at the rate of five percent. The OP is fully recouped after an adjustment is deducted from the February grant. The CWD begins adjusting the March grant at the five percent rate to initiate recoupment of a second administrative-error OP. Grant adjustment is allowed in this situation, because there would be no mid-period change to the benefits for the AU.

Example 2: Same scenario as above, except when the first OP is fully recouped, in February the CWD wishes to begin collection on a second OP, which was due to client error. Since collection for the second OP would be at the ten percent collection rate, the CWD may not initiate mid-period collection of the second OP, because this would result in a mid-period decrease to the AU's benefits.

Example 3: Same scenario as above, except the CWD is recouping a client-caused OP via grant adjustment at the rate of ten percent. The OP is fully recouped after an adjustment is deducted from the February grant. The CWD begins adjusting the March grant at the five percent rate to initiate recoupment of an administrative-caused OP. Grant adjustment is allowed in this situation, because it would result in increased benefits to the AU.

Rules regarding offsetting of OPs with UPs will not change under SAR. The CalWORKs program may continue to offset, as long as it doesn't result in a mid-period decrease to an AU's benefits. Per the *Lopez v. Glickman* lawsuit, CWDs are prohibited from offsetting administrative error claims against any underissuances for CalFresh. However, the CWDs will offset a CalFresh OI against an UI for all inadvertent household error and IPV claims. (See MPP 63-801.313, handbook.)

CalWORKs Note: Supplemental payments resulting from reports of decreased income or other household changes are not considered "corrective underpayments" and may not be used to offset overpayments. This is true whether or not the supplement is provided in the month of the report or in the following month.

NOTE: Counties must collect child care OPs if the county determines it is administratively cost effective. Counties cannot offset the OP against the grant unless the recipient agrees or volunteers to the offset. Counties have the option to defer collection of the OP if it would disrupt child care arrangements, preclude participation in county-approved activities, or prevent employment. For other supportive services, counties must defer collection in these circumstances.

i. **Aid Paid Pending**

CalWORKs: Aid paid pending (APP) rules remain unchanged under SAR. If a recipient has received APP at a higher amount, and then loses the hearing mid-period, their APP must end and aid shall be decreased mid-period. Any amount of APP that the recipient received but was not eligible for will be considered an OP.

CalFresh: When APP is granted for a CalWORKs case, the PACF allotment shall be determined by using the actual grant paid to the recipient, which will be the higher APP level. Since this would result in decreased CalFresh benefits, the CWD must give the household 10-day notice prior to decreasing their benefits. If there is no time to issue 10-day notice, CalFresh benefits will not be reduced until the month for which timely notice can be given. The APP amount can be included in the computation of the CalFresh allotment because the APP is known to the county and can be reasonably anticipated. However, once the APP stops, the CalFresh benefits would be recalculated ("known to county") mid-period, if it would result in an increase in benefits.

Example: An AU/household is in the January through June SAR Payment Period. On February 15, the AU/household is notified that its CalWORKs grant is being reduced effective March 1, resulting in an increase in CalFresh. The recipient files a timely request for a fair hearing and begins receiving APP on April 25. The CalFresh allotment cannot be reduced for May because there is no time for the CWD to issue a timely notice. The increased CalWORKs grant (including the APP) will be used in the computation of the CalFresh allotment beginning in June, after giving the AU/household timely notice of the decrease in benefits.

XI. NEW APPLICATIONS

MPP Section 40-126 (CalWORKs) and MPP Sections 63-300.1 and 63-301.1 (CalFresh) regarding application processing and applicant reporting responsibilities will continue to apply in the SAR system. BDA rules also remain unchanged under SAR. For new applications the BDA will start on the date of the application for aid, presuming they were eligible on that date. If they are not eligible in the month of application, their BDA will be the first month for which they are determined eligible (and their SAR cycle would be based on the beginning date of eligibility). Benefits will be prorated for the initial month of aid. If a new household member is reported after the date of application, but before aid has been granted, the BDA for the new household member will be the date they were reported in the home.

When adding new people to current cases, the BDA for the new AU member will depend on when they are reported in the home. If they are reported on the SAR 7, they will be added to the case effective the first of the following SAR Payment Period. If they are reported mid-period, their BDA will be the first of the month after they are reported in the home if it results in an increase to the grant amount, or the beginning of the following SAR Payment Period, if adding them would result in a decrease to the grant amount. Once a sanction is cured, an individual's beginning date for the restoration of

aid is the first day of the month following the date the individual contacted the county to indicate his or her desire to cure their sanction.

Example: An individual contacts the county on July 14 and indicates she wishes to cure her sanction. The individual signs her curing plan on July 17, which specifies she must complete two weeks of job search/job club beginning on July 23. She successfully completes her job search/job club on August 5, and cures her sanction. The individual's cash aid is restored back to August 1.

Per regulations, CalWORKs applicants are required to report within five days, any changes that they believe are material to their eligibility or which the county has identified as affecting their eligibility. This includes changes in income, property, household composition, or any other factors that may affect their eligibility. If any changes are reported after the application is submitted, but before aid is granted, the changes shall be taken into account when determining eligibility and grant amount. However, once eligibility has been determined, they are no longer considered applicants and these reports shall be treated as mid-period reports, and acted on as described in the sections on Mandatory and Voluntary Mid-Period Reporting on pages 41 through 65.

Example: Mom applies for CalWORKs on March 1, reporting no income. At her interview on March 25, she provides all required verification and confirms that she still has no income. Aid is authorized on March 25 with a beginning date of aid of March 1. Mom gets a job offer on April 1, of a job starting April 15, and knows the hours and wage amount. She reports the income information on April 5. However, since her eligibility was authorized on March 25, the report of a new job will be treated as a voluntary mid-period report and will not negatively affect her eligibility or benefit amount.

Under SAR, the budget is based on reasonably anticipated income and is never reconciled with actual income. It is therefore critical for the CWD to have made every effort to obtain necessary verification and to document their determination of reasonably anticipated income, if any, as part of the application approval process.

CalWORKs only: At the initial application the applicant test would be applied using actual income for the initial (application) month only. If the AU passes the applicant test based on the first month's actual income level, the CWD would go on to determine the monthly grant amount for each month of the semi-annual period, based on the reasonably anticipated income for the upcoming semi-annual period. If the family is financially ineligible for the first month, but the CWD determines that the family will become financially eligible within 60 days of the application date, the CWD must do another applicant test using the second month's reasonably anticipated income. If eligible, the CWD would pend the application and approve aid effective the first of the second month.

Example: A family of three in Region 1 applies for CalWORKs and CalFresh on July 25. Mom has just been laid off and received her last paycheck on July 20. Her total earnings for July are \$2,000. Each child also receives \$200 from

absent Dad's disability. The current income puts the family over the applicant income test for CalWORKs and CalFresh, but it appears they would be eligible beginning in August. The application is put on hold and re-evaluated with a beginning date of aid of August 1. The AU/household's first SAR cycle will be August through January and their first RD/RC will be due in July.

CalFresh only: For CalFresh-only cases that do not have elderly or disabled household members, the CWD is required to determine the reasonably anticipated monthly income for the semi-annual period and compare it to 130 percent of the FPL to determine if the household passes the 130 percent gross income test and is financially eligible. For PACF cases, if the companion CalWORKs case is determined financially eligible, the CalFresh household is considered categorically eligible and no applicant test is necessary for CalFresh purposes.

NOTE: As a reminder, cash aid the applicant received from another state is considered unearned income and will be used along with other actual and anticipated income to determine if the applicant passes the applicant eligibility test. This income will only be used to determine benefit amount in the month it was received. (See "Income Eligibility and Grant Calculation" section beginning on page 24.)

CalFresh only: Per MPP Section 63-503.11, a household's eligibility shall be determined for the month of application as of the date of the interview. If the household's eligibility has been determined, but the county has not yet authorized the issuance of benefits, and a non-mandatory change is reported prior to the authorization of benefits, the county shall treat the change like any other voluntary mid-period report (contingent upon federal waiver approval for CalFresh). If however, the change reported indicates that the household's future eligibility is in question, per MPP Section 63-504.111(b), the household should be assigned a one or two month certification period.

When an applicant is approved for aid and begins a SAR cycle, the CWD must ensure the SAR cycle is aligned with the RD/RC. The RD/RC forms take the place of the second SAR 7, so it is critical that the RD/RC be completed timely in the sixth month of the second SAR Payment Period. (See below for additional discussion and guidance regarding Establishing the Semi-Annual Reporting Cycle.)

XII. ESTABLISHING THE SEMI-ANNUAL REPORTING CYCLE

CWDs shall establish semi-annual reporting cycles based on the beginning date of aid, rather than the date of application. Because the SAR cycle is based on the date of eligibility, if an AU/household is not eligible the month of application, their SAR cycle may not align with the date of application. The CWD shall also align the CalWORKs annual redetermination of eligibility and the CalFresh certification period with the SAR cycle. The RD/RC will take the place of the second SAR 7 and must be completed in the SAR Submit month.

Example: A family of three in Region 1 applies for CalWORKs and CalFresh on July 25. Mom has just been laid off and received her last paycheck on July 20.

Her total earnings for July are \$2,500. The current income puts the family over the applicant income test for CalWORKs and CalFresh, but it appears they would be eligible beginning in August. The application is put on hold and re-evaluated with a beginning date of aid of August 1. The AU/household's SAR cycle will be established for August through January based on the BDA of August 1. The AU/household first SAR 7 will be due in January and their first annual RD/RC will be due in July.

Attachment C illustrates the cycles based on the BDA, and resulting alignment of certification periods and CalWORKs redeterminations with the SAR Submit Month. During the initial conversion period to the new SAR system, it will be necessary for counties to ensure that recipients are brought into the SAR cycle and given their first SAR 7 and new IRT reporting requirements as early as possible to help provide for a seamless transition.

The CWD must inform recipients in writing of their individual SAR cycles and must clearly indicate to the household when the initial SAR 7 or RD/RC forms are due and for which SAR Data Month they will be responsible for reporting information. Thereafter, the CWD must ensure that the household receives the SAR 7 or the RD/RC forms by the end of each SAR Data Month.

NOTE: For linked cases, the CWD must ensure that the CalFresh and CalWORKs cycles are aligned. In an AU/household that contains one CalFresh household and two separate CalWORKs AUs, the reporting cycles for each CalWORKs case must be aligned with the CalFresh reporting cycle. Furthermore, if a household applies for CalWORKs and is already receiving CalFresh, or vice versa, the reporting cycle for CalWORKs must be aligned with the CalFresh reporting cycle.

The BDA will be considered the first SAR Payment Month, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month. The CWD shall establish six SAR cycles, each comprised of six months. The CWD will assign the applicant to one of these cycles depending on the first month in which the AU/household is eligible.

Attachment C illustrates how the six cycles can be set up and how the county would assign cycles based on the BDA. (If an applicant applies in January, but is not eligible until February, February is the BDA, and would be the first month of the SAR cycle.) Recipients will have two established months for which they must submit reports. For example, using the chart on page 101, Attachment C, if a recipient is assigned to Cycle 2 based on the BDA of February, the recipient would be required to submit a SAR 7 in the month of July and complete a RD/RC in the month of January. Recipients in this cycle should provide complete income information and eligibility changes for the SAR Data Months of June and December.

Example 1: The AU is in the July through December SAR period and is receiving CalWORKs only. The next redetermination is due in December 2014. The family applies for and is approved for CalFresh effective October 2014. In order to align the CalWORKs redetermination and the SAR cycle with the CalFresh recertification, the AU/household's CalWORKs redetermination will still

occur in December 2014; however, the next redetermination normally due in December 2015 is completed in September 2015 in order to align the CalWORKs redetermination with the CalFresh recertification. The next SAR 7 will be due in March.

Example 2: The household is in the July through December SAR period and is receiving CalFresh and Medi-Cal only. The next recertification is due in December. The family applies for and is approved for CalWORKs effective August 15. The AU/household is assigned the July through December reporting cycle to coincide with the existing reporting cycle established under CalFresh. Since the CalFresh recertification cannot be shortened to align with CalWORKs or be longer than 12 months, the first CalWORKs redetermination is shortened to take place in December. All reporting cycles, redeterminations, and recertifications are now aligned.

XIII. CASELOAD CONVERSION

a. Converting Caseload from QR/PB to SAR

CWDs will be required to take special steps to convert their existing recipient caseload from QR/PB to the new SAR system. Caseload conversion will include, at a minimum, the following components:

- Training county staff prior to conversion;
- Providing recipient training;
- Providing recipients with informing notices (Temp SAR 1) prior to implementation that explain the new reporting requirements and how CalWORKs grants and CalFresh benefits will be calculated; and
- Providing recipients with their new IRT amount under SAR.

The implementation month is defined as the month in which the county's entire caseload is converted to SAR. It is the first month in which all SAR rules will begin to be applied, regardless of what cycle a recipient has. In other words, no matter when an AU/household's first SAR 7 is due, effective the date that SAR is implemented in a county, all recipients are subject to the SAR reporting requirements as explained in this ACL and Attachment.

The county will use the information reported on the AU/household's last QR 7 to reasonably anticipate income to determine benefits for the initial semi-annual reporting period. Because the SAR cycle must be aligned with the RD/RC dates under SAR, CDSS recommends that the CWDs assign SAR cycles based on each AU/household's next regularly scheduled RD/RC. As such, during the conversion an AU/household's first reporting period may be shorter or longer than six months in order to align the RD/RC dates. For current cases in which the RD and RC is not aligned, it may also be necessary to shorten the CalWORKs RD in order to align it with the CalFresh RC. Attachment D1 illustrates a timeline for the conversion of continuing cases assuming an October 2013 implementation date.

Example 1: An AU/household of three in Sacramento County is in the July/August/ September QR cycle with their next RC due in March and their next RD due in June. In October 2013, Sacramento County implements SAR. The county will use the information from the QR 7 submitted in September to determine continuing benefits through March, the end of the semi-annual period and the month that the RC is due. In March, the CWD completes the CalWORKs RD three months early in order to align the CalWORKs RD with the current CalFresh RC date. This AU/household would submit their first SAR 7 in September of 2014, 11 months after SAR was implemented in Sacramento County.

Example 2: Same scenario as above except the household's next RC is due in January. When the county receives the QR 7 in September, the information will be used to determine the AU/household's benefits through January, when the AU/household will complete their CalWORKs RD (five months early) and their CalFresh RC, in order to align the RD with the RC, making their first reporting period four months instead of six. Their first SAR 7 will be due in July and their annual RD/RC will be due every January.

New applications received four months prior to SAR implementation in a county will be assigned a QR cycle until their first (and only) QR 7 is submitted. These cases will be converted to a SAR cycle effective the date SAR is implemented. Applications approved one to three months prior to SAR implementation should be assigned a SAR cycle based on their BDA. Attachment D2 illustrates conversion of new cases three months prior to SAR implementation.

b. Informing Notices to Recipients

Recipients must be given sufficient notice of the new reporting and budgeting rules. CDSS will send one mass informing notice (Temp SAR 1) to all recipients in early 2013. CWDs must then include a reminder to all recipients with their last two QR 7s prior to the county's implementation date. For example, if a CWD's implementation date will be July 2013, the CWD must send all recipients a copy of the mass informing notice with every QR 7 that they send to recipients between January and June. In addition, CWDs shall send the informing notice to recipients along with their SAR 7s for the first six months following implementation. This will help to ensure that recipients have adequate time to learn the new rules and their responsibilities, and to contact county eligibility staff with any questions they might have about the new SAR system.

c. Recipient Training

In addition to CWDs providing training to staff, it is expected that education and training be provided to the recipient population regarding the new SAR system in order to minimize confusion and errors. In addition to mailing the mass informing notices as specified above, CWDs are expected to use any of a number of various approaches in educating their recipient population, including developing and updating any informational materials that can be made available to anyone that may need more guidance. CWDs are strongly encouraged to walk applicants and recipients through the new SAR 7 reporting requirements at intake and their annual RD/RC.

CWDs are reminded that if written translations are not available, or the recipient has indicated that they cannot read, the CWDs must provide appropriate language services and oral explanations of the written documents. CWDs are encouraged to continue their practice of one-on-one worker/recipient interaction to facilitate education of the new reporting rules and strengthen relationships that will facilitate ongoing communication between recipients and staff. CWDs must provide assistance to any recipients requesting help with the new reporting requirements.

XIV. PROGRAM INTERFACE

a. Welfare to Work (WTW) Program - Including Simplified CalFresh Program (SCFP)

WTW Participation

The new SAR requirements do not change the monthly WTW participation requirements. Based on state law, all non-exempt CalWORKs recipients are required to participate in WTW activities for 32 or 35 hours per week, averaged monthly, depending on the composition of the AU. For work participation rate purposes, projection of hours of participation on current, documented, and/or actual hours reported on the SAR 7 or annual redetermination forms may be projected as participation for up to six months or until the next semi-annual report is completed.

SCFP

Counties must continue to perform the SCFP (previously called the SFSP) calculation to determine the maximum number of hours in which CalWORKs recipients can participate in unpaid community service and/or unpaid work experience (WEX). As before, the maximum number of participation hours in unpaid community service and/or unpaid WEX for any given month is still based on the actual CalWORKs grant amount and CalFresh allotment that were received by the recipient for the previous month. Please refer to ACL 02-07 for specific guidelines regarding the SCFP calculation.

Under SAR, the CWD will determine a grant amount for the upcoming SAR Payment Period, which will not change unless mid-period changes as specified in this letter occur. Therefore, the SCFP calculation process must be completed at the beginning of the reporting period and does not need to be repeated during the next six months unless there is a mid-period change to the grant. However, counties must continue to redetermine the participation hours in unpaid community service and/or unpaid WEX hours mid-month using the SCFP calculation when staff become aware of a change in the recipient's hours of employment. This recalculation will ensure that they assign recipients to participate for the appropriate number of hours.

Grant-Based On-the-Job Training (OJT)

Although prospective budgeting is already required for grant-based OJT assignments (see MPP Sections 42-716.851 and 44-313.11), the unique provisions governing grant-

based OJT placements continue to require that counties closely monitor such placements and, if necessary, make monthly adjustments to the participant's cash grant and/or the employer's subsidy.

Grant-based OJT is a funding mechanism for subsidized public or private sector employment, in which all or a portion of the CalWORKs recipient's cash grant, or the grant savings from employment, or both, is diverted to an employer as a wage subsidy to partially or wholly offset the payment of wages to the participant, as long as the total amount diverted does not exceed the family's MAP. The grant diverted from the recipient to the employer can only be used for the individual's wages, and the employer cannot retain part of the grant and/or grant savings for administration or any other purposes (see MPP Sections 42-701.2(g)(2), and 42-716.83.) Please see ACL 01-38 and County Fiscal Letter (CFL) 01/02-35 for additional information on grant-based OJT.

b. ABAWDs

Reduction in ABAWD Work Hours

ABAWDs will be required to report all changes that would affect CalFresh eligibility on a semi-annual basis on the SAR 7 and RD forms, and CWDs will determine ABAWD status prospectively on a semi-annual basis. In addition, ABAWDs who are meeting the work requirement through employment will be required to report within 10 days when hours of work drop to below 20 hours per week or 80 hours per month. This mandatory recipient mid-period reporting requirement only applies to ABAWDs who reside in counties that do not have an approved waiver from the ABAWD work requirement or who are not otherwise exempt from ABAWD work requirements. A reduction in the number of hours in unpaid county-supervised work activities, such as workfare, will not be subject to mandatory recipient mid-period reporting since the county has access to this information.

c. WTW Teens and the Cal-Learn Program

The Cal-Learn program is suspended until June 30, 2012. Further information on transitioning teen parents into the Cal-Learn program and Cal-Learn reporting requirements will be issued at a later date.

WTW Teen Parents

It is critical that, under SAR, counties continue to identify and enroll pregnant and parenting teens into the WTW Teen Parent program in a timely manner to preclude the loss of additional client benefits (fiscal incentives and supportive services). As explained in ACL 11-36, any pregnant or parenting CalWORKs recipient under the age of 20 without a high school diploma will be enrolled in the WTW Teen Parent program unless exempt. In this case, the verification of pregnancy can constitute a change for a CalWORKs client who meets the other eligibility and participation requirements for the WTW Teen Parent program.

d. Supportive Services, Including Child Care

SAR does not impact the way in which counties authorize or process payments for supportive services. Counties must continue to monitor and process child care, transportation, and ancillary payments at the same frequency as currently required (e.g., monthly), to ensure timely payment to recipients. Counties are reminded that payments for supportive services, except child care, must be advanced to the client when necessary and desired by the client, so that the client does not have to use personal funds to pay for these services.

e. Tribal TANF Program

Tribal TANF Programs can choose whether or not to adopt SAR regulations. Because the CalFresh portion of a Tribal TANF case is retained by the CWD, counties are encouraged to work with their Tribal TANF programs to align the Tribal TANF redetermination date and the CalFresh recertification period to avoid duplicative reporting requirements on their shared clients. CWDs will also need to establish reporting protocols between the Tribal TANF program and the CWD regarding transfer of case information, so that recipients are not providing duplicative verification. Information reported by the client to the Tribal TANF program will be considered third party information known to the county and treated in accordance with SAR rules. Changes to Tribal TANF cash aid will be treated in the same manner as changes to the CalWORKs program in the companion CalFresh cases.

f. Refugee Cash Assistance (RCA) Program

The RCA program will adopt SAR rules for reporting and budgeting for their recipient population. **NOTE:** Recipients of RCA continue to be limited to aid for eight months from the date of entry into the country or from the date that asylum is granted.

g. Foster Care and Non-Minor Dependents

The Foster Care program and Non-Minor Dependents receiving extended CalWORKs benefits as authorized under AB 12 (Chapter 559, Statutes of 2010) are not impacted by the requirements of the SAR system.

h. Kinship Guardianship Assistance Payment (KinGAP) Program

The KinGAP program is not impacted by the requirements of the SAR system.

i. Family Reunification

CalWORKs reunification parent(s) are not required to submit a SAR 7 because they do not receive cash aid during this reunification period. Instead, an eligibility redetermination, pursuant to MPP Section 40-181.2, is made at six-month intervals in coordination with the county review of the reunification plan. Also, if a CalWORKs reunification family is reunified before or after the 180-day period, an eligibility redetermination will be required in order to reopen the CalWORKs case and issue cash benefits. Please refer to ACL 02-36 for further instructions regarding the six-month

redetermination process for these cases.

After a redetermination is completed, the CWDs can reopen the CalWORKs case without a new application to align it with the SAR cycle and any CalFresh recertification date. Once the CalWORKs reunified parent is assigned to a cycle, the reunified parent will be required to submit a SAR 7 in his or her cycle-specific months, regardless of when his or her CalWORKs case was reopened.

However, a semi-annual report will be required for CalWORKs reunification families that continue to receive CalFresh as long as semi-annual reporting is required for those households. If a change is reported for CalFresh, the county will act on the change and redetermine eligibility for continuing CalWORKs services. It is recommended that CWDs establish CalFresh certification periods for the PACF portion of a CalWORKs case in such a way as to ensure that the certification period always ends at the end of a SAR Submit Month. In this way, the SAR Payment Month for CalWORKs will be aligned with the issuance month for the new certification period. The recertification period may be ended and restarted without a new application to align it with the SAR cycle where necessary, and only at implementation.

j. Cash Assistance Program for Immigrants (CAPI)

CAPI households that receive CalFresh benefits and who have been subject to QR/PB rules will now be subject to SAR rules and must report on a semi-annual basis. CAPI households that have been subject to change reporting rules will remain change reporting households.

ATTACHMENT B1: CalWORKs TWO-TIERED IRT

There are two tiers of the CalWORKs IRT, the lowest of which will be the AU's current reporting threshold:

- 1) **Tier one:** 55 percent of the monthly income of a family of three at the Federal Poverty Level (FPL) plus the amount of earned and unearned income last used to calculate the CalWORKs grant:
 - This tier is an INCREASE in income of \$850. (100 percent of the current FPL for a family of 3 is \$1,545. 55 percent of \$1,545 = \$850. This figure will be updated annually when the FPL is updated.)
 - This tier is the same for all AU sizes, exempt and non-exempt, in Region 1 and 2.
 - Income over tier one of the CalWORKs IRT will usually only result in a *decrease* to the benefit amount and will not usually result in the AU losing eligibility for aid.
 - When income over the CalWORKs IRT is reported, CalFresh will also act to change the allotment amount.

Example: Tier One of the CalWORKs IRT based on various income amounts	
Monthly Income	IRT (\$850 + income)
\$0	\$850 (\$850 + \$0 = \$850)
\$50	\$900 (\$850 + \$50 = \$900)
\$100	\$950 (\$850 + \$100 = \$950)
\$200	\$1,050 (\$850 + \$200 = \$1,050)
\$300	\$1,150 (\$850 + \$300 = \$1,150)
\$400	\$1,250 (\$850 + \$400 = \$1,250)
\$500	\$1,350 (\$850 + \$500 = \$1,350)
\$600	\$1,450 (\$850 + \$600 = \$1,450)
\$750	\$1,600 (\$850 + \$750 = \$1,600)
\$1,000	\$1,850 (\$850 + \$1,000 = \$1,850)
\$1,500	\$2,350 (\$850 + \$1,500 = \$2,350)

- 2) **Tier two:** The level likely to render an AU ineligible for CalWORKs benefits:

Assistance Unit Size	*Maximum Earned Income Limit Region 1, Non-Exempt	*Maximum Earned Income Limit Region 1, Exempt
1	\$ 746	\$ 814
2	\$1,144	\$1,266
3	\$1,388	\$1,540
4	\$1,636	\$1,810
5	\$1,844	\$2,044
6	\$2,056	\$2,284
7	\$2,250	\$2,496
8	\$2,440	\$2,714
9	\$2,628	\$2,922
10 or more	\$2,814	\$3,132

Assistance Unit Size	*Maximum Earned Income Limit Region 2, Non-Exempt	*Maximum Earned Income Limit Region 2, Exempt
1	\$ 712	\$ 780
2	\$1,092	\$1,212
3	\$1,328	\$1,474
4	\$1,562	\$1,730
5	\$1,762	\$1,958
6	\$1,964	\$2,182
7	\$2,144	\$2,386
8	\$2,330	\$2,590
9	\$2,508	\$2,792
10 or more	\$2,684	\$2,990

*Formula: MAP X 2 + \$112

(Example: Non-exempt MAP for an AU of three in Region 1 is \$638.
 $\$638 \times 2 + 112 = \$1388.$)

Example 1: The two tiers for a non-exempt AU of three in Region 1 with no income would be: \$850 (55 percent of FPL [\$850] + current income [\$0]) and \$1,388 (CalWORKs income limit for this AU). The IRT is the lower of the two tiers, so their IRT would be \$850 (tier one). Their IRT will remain \$850 until their income increases resulting in the recalculation of the grant amount.

Example 2: The two tiers for a non-exempt AU of three in Region 1 with \$750 monthly income would be: \$1,600 (\$850 + \$750) and \$1,388 (CalWORKs income limit for this AU). The IRT is the lower of the two tiers, so their IRT would be \$1,388 (tier two).

Example 3: The two tiers for an exempt AU of five in Region 2 with \$1,000 monthly income would be: \$1,850 (\$850 + \$1,000) and \$1,958 (CalWORKs income limit for this AU). The IRT is the lower of the two tiers, so their IRT would be \$1,850 (tier one).

NOTE: Tier one is based on the AU's current income amount and can be any dollar amount equal to or more than \$850 (depending on the AU's current income). Tier one is not based on AU size, Region, or exempt MAP status. Because the AU's current IRT amount is the *lower* of the two tiers, an AU's IRT will be tier one until their income reaches a certain amount. This amount will vary depending on the AU's tier two IRT amount (which is based on the MAP amount for each specific AU). To determine how much income an AU can have before their current IRT will reach tier two, take the AU's tier two IRT and subtract \$850. The resulting figure will be the income limit where the family's IRT will go from tier one to tier two. Any income under that limit and the family's IRT will be tier one: current income plus \$850.

Example 1: The tier two IRT for a non-exempt AU of three is \$1,388, so once this AU's income is \$538 or above ($\$1,388 - \$850 = \538), their IRT will be tier two.

Example 2: The tier two IRT for an exempt AU of five in Region 2 is \$1,958, so once their income is \$1,108 or above ($\$1,958 - \$850 = \$1,108$), their IRT will be tier two.

ATTACHMENT B2: CalFresh IRT

CalFresh IRT: The level likely to render a CalFresh household ineligible for CalFresh benefits (130 percent of FPL).

Household Size	Income Reporting Threshold
1	\$1,180
2	\$1,594
3	\$2,008
4	\$2,422
5	\$2,836
6	\$3,249
7	\$3,663
8	\$4,077
9	\$4,491
10 or more	\$4,905

- This chart will be updated annually when the FPL is updated.
- CalFresh households are only required to report when their income exceeds 130 percent of the FPL; however for PACF cases, if a report of income over the CalWORKs IRT is made in the companion cash aid case, the CalFresh benefits shall also be recalculated based on this reported increase in income.

Example 1: A PACF household consisting of three members with no income (other than their PA grant) reports earned income in excess of \$2,008. The household's income exceeds all CalWORKs and CalFresh IRTs. Since the household's CalWORKs benefit will be terminated, the household is eligible for Transitional CalFresh starting the month after the CalWORKs grant and regular CalFresh eligibility are terminated provided that a 10-day notice of action has been issued.

Example 2: A NACF household with three members with \$900 in income reports an increase in income resulting in their total income exceeding \$2,008. The household is ineligible and CalFresh eligibility is terminated at the end of the month in which a 10-day notice of action is issued.

ATTACHMENT B3: COMPARISON OF IRT TIERS

A CalWORKs AU's current Income Reporting Threshold (IRT) is the smaller of the below three IRT tiers. Non-assistance CalFresh cases are only required to report income over tier three (130 percent of Federal Poverty Level [FPL]).

In order to determine the current IRT for a family, add their current monthly income amount to \$850 (see note below for calculations and explanations of IRT levels). Compare this amount to the tier two and tier three IRT amounts. **Whichever amount is less is the family's current IRT.**

The first column (red) is the Assistance Unit/Household (AU/HH) size. Columns 2 and 3 (orange) are IRT tiers one and two for non-exempt AU's. Columns 4 and 5 (yellow) are IRT tiers one and two for exempt AU's. The last column (green) is IRT tier three, the CalFresh IRT. The tier one columns show the amount of income the AU would need in order for tier one to be greater than tier two, at which point tier two (CalWORKs earned income limits) would be the AU's current IRT (because it would be less than tier one).

Region One IRT Levels

AU/HH Size	Tier 1 IRT + amount of income that would be greater than Tier 2 (Non-exempt)	Tier 2 IRT (Non-exempt)	Tier 1 IRT + amount of income that would be greater than Tier 2 (Exempt)	Tier 2 IRT (Exempt)	Tier 3 IRT 130% FPL (CalFresh IRT)
1	\$850	\$746	\$850	\$814	\$1,180
2	$\$850 + \$295 = \$1,145$	\$1,144	$\$850 + \$417 = \$1,267$	\$1,266	\$1,594
3*	$\$850 + \$539 = \$1,389$	\$1,388	$\$850 + \$691 = \$1,541$	\$1,540	\$2,008
4	$\$850 + \$787 = \$1,637$	\$1,636	$\$850 + \$961 = \$1,811$	\$1,810	\$2,422
5	$\$850 + \$995 = \$1,845$	\$1,844	$\$850 + \$1,195 = \$2,045$	\$2,044	\$2,836
6	$\$850 + \$1,207 = \$2,057$	\$2,056	$\$850 + \$1,435 = \$2,285$	\$2,284	\$3,249
7	$\$850 + \$1,401 = \$2,251$	\$2,250	$\$850 + \$1,647 = \$2,497$	\$2,496	\$3,663
8	$\$850 + \$1,591 = \$2,441$	\$2,440	$\$850 + \$1,865 = \$2,715$	\$2,714	\$4,077
9	$\$850 + \$1,779 = \$2,629$	\$2,628	$\$850 + \$2,073 = \$2,923$	\$2,922	\$4,491
10 or more	$\$850 + \$1,965 = \$2,815$	\$2,814	$\$850 + \$2,283 = \$3,133$	\$3,132	\$4,905

* The IRT for a non-exempt AU/HH of three in Region 1 will be tier one (\$850 + current income) until their income reaches \$539, at which point their IRT will be tier two (\$1,388).

Region Two IRT Levels

AU/HH Size	Tier 1 IRT + amount of income that would be greater than Tier 2 (Non-exempt)	Tier 2 IRT (Non-exempt)	Tier 1 IRT + amount of income that would be greater than Tier 2 (Exempt)	Tier 2 IRT (Exempt)	Tier 3 IRT 130% FPL (CalFresh IRT)
1	\$850	\$712	\$850	\$780	\$1,180
2	$\$850 + \$243 = \$1,093$	\$1,092	$\$850 + \$363 = \$1,213$	\$1,212	\$1,594
3*	$\$850 + \$479 = \$1,329$	\$1,328	$\$850 + \$625 = \$1,475$	\$1,474	\$2,008
4	$\$850 + \$713 = \$1,563$	\$1,562	$\$850 + \$881 = \$1,731$	\$1,730	\$2,422
5	$\$850 + \$913 = \$1,763$	\$1,762	$\$850 + \$1,109 = \$1,959$	\$1,958	\$2,836
6	$\$850 + \$1,115 = \$1,965$	\$1,964	$\$850 + \$1,333 = \$2,183$	\$2,182	\$3,249
7	$\$850 + \$1,295 = \$2,145$	\$2,144	$\$850 + \$1,536 = \$2,387$	\$2,386	\$3,663
8	$\$850 + \$1,481 = \$2,331$	\$2,330	$\$850 + \$1,741 = \$2,591$	\$2,590	\$4,077
9	$\$850 + \$1,659 = \$2,509$	\$2,508	$\$850 + \$1,943 = \$2,793$	\$2,792	\$4,491
10 or more	$\$850 + \$1,835 = \$2,685$	\$2,684	$\$850 + \$2,141 = \$2,991$	\$2,990	\$4,905

* The IRT for a non-exempt AU/HH of three in Region 2 will be Tier 1 (\$850 + current income) until their income reaches \$479, at which point their IRT will be Tier 2 (\$1,328).

NOTE: Tiers one and three are calculated using the FPL that is currently used to calculate the CalWORKs and CalFresh IRT (as of March, 2012). These figures will be updated every October. The current (2011) FPL for a family of three is \$18,530 annually divided by 12 equals \$1,544 per month income. 55 percent of \$1,544 is \$849.29 which when rounded up would be \$850. For all AUs, the tier one IRT will be \$850 plus the amount of income last used to calculate their benefits. Tier two is based on the earned income limits for each AU size, exempt and non-exempt in Regions 1 and 2. Tier three (the CalFresh IRT of 130 percent of FPL) will only be used for non-assistance CalFresh households and for the rare occasions that a CalWORKs AU reports income over tier two IRT, but remains eligible (due to differing disregards for different types of income).

ATTACHMENT C: SEMI-ANNUAL CYCLES BASED ON BEGINNING DATE OF AID (BDA)

CWDs must consider a client's BDA as the first month of the SAR Payment Period. The first month for which eligibility is established will be the first month of the SAR cycle. Clients will be assigned to one of six cycles, based on their BDA. **NOTE:** While the majority of the time, the application date and BDA will coincide, this SAR cycle will be based on the BDA, not on the application date. For purposes of discussing months within the cycle, the following definitions will apply:

- **SAR Payment Period** – the period in which benefits are paid. The SAR Payment Period will include six consecutive months. The BDA will be considered the first month of the "SAR payment period" for purposes of identifying the appropriate client reporting cycle, regardless of whether benefits are issued in that month or as a supplemental payment in a subsequent month.
- **SAR Data Month** – the fifth month of the semi-annual period for which the client reports all information necessary to determine eligibility and grant amounts.
- **SAR Submit Month** – the sixth month of the semi-annual period in which the SAR 7 or RD/RC forms are required to be submitted to the CWD.

The following chart illustrates the reporting cycle for an AU/household that began receiving aid in January. The following cycles would be assigned to each applicant, based on their BDA. This system enables CWDs to align the reporting/budgeting cycle with the RD/RC date, without shortening the first reporting cycle. The month in which the certification period expires will always be the SAR Submit Month, which will be when the RD/RC can be completed to set up the thirteenth month's allotment.

<u>January</u> (BDA)	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
SAR Payment Period Begins	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
SAR Payment Period Begins	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
					RD/RC due

<u>January</u> (13 th month)
SAR Payment Period Begins
New RD/RC Period

ATTACHMENT C: SEMI-ANNUAL CYCLES BASED ON BEGINNING DATE OF AID (BDA)

Cycle 1 (BDA of January or July):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
January	February	March	April	May	June
July	August	September	October	November	December

Cycle 2 (BDA of February or August):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
February	March	April	May	June	July
August	September	October	November	December	January

Cycle 3 (BDA of March or September):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
March	April	May	June	July	August
September	October	November	December	January	February

Cycle 4 (BDA of April or October):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
April	May	June	July	August	September
October	November	December	January	February	March

Cycle 5 (BDA of May or November):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
May	June	July	August	September	October
November	December	January	February	March	April

Cycle 6 (BDA of June or December):

BDA/SAR Payment Period	Month 2	Month 3	Month 4	SAR Data Month	SAR Submit Month
June	July	August	September	October	November
December	January	February	March	April	May

ATTACHMENT D1: CONVERSION OF CONTINUING CASES
 (Assumes October 2013 implementation)

QR/SAR Cycle	QR/SAR Cycle Begin Month	First QR 7 with Stuffer (Data Month)	Second QR 7 with Stuffer & Last QR 7 (Data Month)	RD/RC Due Month	RD/RC Cycle Begin Month	First SAR 7 Submit Month	Comments	Months Between Last QR 7 and first RD/RC or SAR 7
4	Apr-13	May-13	Aug-13	Sep-13	Oct-13	Mar-14	This will be the first set of RD/RCs processed with SAR rules.	6
5	May-13	Mar-13	Jun-13	Oct-13	Nov-13	Apr-14	The July QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for November 2013.	4
6	Jun-13	Apr-13	Jul-13	Nov-13	Dec-13	May-14	The August QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for December 2013.	4
1	Jul-13	May-13	Aug-13	Dec-13	Jan-14	Jun-14	The June QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for January 2014.	6

ATTACHMENT D1: CONVERSION OF CONTINUING CASES (CONTINUED)

QR/SAR Cycle	QR/SAR Cycle Begin Month	First QR 7 with Stuffer (Data Month)	Second QR 7 with Stuffer & Last QR 7 (Data Month)	RD/RC Due Month	RD/RC Cycle Begin Month	First SAR 7 Submit Month	Comments	Months Between Last QR 7 and first RD/RC or SAR 7
2	Aug-13	Jun-13	Sep-13	Jan-14	Feb-14	Jul-14	The July QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for February 2014.	6
3	Sep-13	Apr-13	Jul-13	Feb-14	Mar-14	Aug-14	The August QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for March 2014.	6
4	Oct-13	May-13	Aug-13	Mar-14	Apr-14	Sep-14	The September QR 7 will establish benefits for the first SAR period based on QR budgeting. The RD/RC will be processed for April 2014.	6
5	Nov-13	Mar-13	Jun-13	Apr-14	May-14	Oct-13	The July 2013 QR 7 will establish benefits for the first SAR period based on QR budgeting.	3
6	Dec-13	Apr-13	Jul-13	May-14	Jun-14	Nov-13	The August 2013 QR7 will establish benefits for the first SAR period based on QR budgeting.	3

ATTACHMENT D2: CONVERSION OF NEW CASES THREE MONTHS PRIOR TO SAR IMPLEMENTATION

(Assumes October 2013 implementation)

QR/SAR Cycle	Beginning Date of Aid	SAR Cycle Begin Date	QR 7 Due	First SAR 7 Submit Month	RD/RC Due	RD/RC Cycle Begin Month	Comments	Months Between Last QR 7 and First RD/RC or SAR 7.
1	July 2013	July 2013	September 2013	December 2013	June 2014	July 2014	TEMP SAR 1 staffer with QR7 in Sept. 2013 and at intake	3
2	August 2013	August 2013	N/A	January 2014	July 2014	August 2014	Counties will provide the TEMP SAR 1 at intake	6
3	September 2013	September 2013	N/A	February 2014	August 2014	September 2014	Counties will provide the TEMP SAR 1 at intake	6



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January 15, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE
A STATEMENT OF SERVICES WITH MICROSOFT CORPORATION FOR MIGRATION OF
THE DEPARTMENT OF PUBLIC HEALTH TO THE COUNTYWIDE E-MAIL SYSTEM
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT:

Delegate authority to the Chief Information Officer to execute a Statement of Services under the Master Services Agreement Number 75272 with Microsoft Corporation on behalf of the Department of Public Health.

IT IS RECOMMENDED THAT YOUR BOARD:

Delegate authority to the Chief Information Officer (CIO) to execute a new Statement of Services (SOS) under the Master Services Agreement (MSA) Number 75272 with Microsoft Corporation at the request of the Director of the Department of Public Health (DPH), effective upon Board approval, for the migration of DPH e-mail to the Countywide E-mail System (CES) for a maximum SOS amount not to exceed \$400,000 and further delegate authority to the CIO to execute any subsequent necessary change orders to the DPH SOS.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended action will allow the CIO to execute a new SOS on behalf of the DPH that will not exceed \$400,000 to support the migration of the DPH e-mail system to the CES. In accordance with the MSA guidelines, Board approval is required for a SOS that exceeds \$300,000.

The current DPH e-mail environment includes one e-mail domain hosted in DHS' legacy e-mail environment. The DPH pays DHS each year for the costs of supporting the e-mail system. Disaster recovery for the current system relies on tape back-up and lacks standby hardware to quickly restore the service in the event of a disaster. Under the proposed SOS, Microsoft will provide professional services to support migration of DPH's e-mail environment, which supports over 4,000 DPH users, to the CES managed by the Internal Services Department. Migrating to the CES will provide disaster recovery capability for e-mail that DPH currently lacks.

The DPH e-mail migration supports county-wide information technology objectives to gain efficiencies through common IT platforms and advances specific efforts with respect to e-mail consolidation. The CES enhances interoperability and information sharing, simplifies e-mail administration, and leverages economies of scale to lower overall systems costs to the DPH and other County departments.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended action supports Goal 1, Operational Effectiveness, and Goal 4, Health and Mental Health of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The maximum obligation of the Statement of Services is \$400,000, comprised solely of professional services. Funding for the SOS is available in DPH's fiscal year (FY) 2012-13 Adopted Budget.

FACTS AND PROVISION/LEGAL REQUIREMENTS

The CES, operated by ISD, currently supports over 41,000 mail boxes from 17 departments. On May 23, 2012, the CEO and CIO issued a Technology Directive for all County departments to migrate to the CES by June 30, 2015.

On April 3, 2012, your Board approved an SOS for professional services to support the migration of DHS to the CES. The migration of DHS' legacy e-mail system, which includes over 15,000 e-mail users, is now nearing completion.

The technical resources provided by Microsoft and the temporary infrastructure and tools used to facilitate the DHS migration will soon be available to support additional migrations. To leverage these existing resources and temporary infrastructure, an SOS has been developed by the DPH, in collaboration with Microsoft, to obtain the professional services needed for the migration of DPH e-mail to the CES.

In accordance with MSA guidelines, all SOSs that exceed \$300,000 require Board approval.

The CIO concurs with DPH's recommendation and has provided the CIO Analysis Report (Attachment A).

CONTRACTING PROCESS

On May 24, 2005, your Board approved an MSA Number 75272 with Microsoft with a calendar year contract expenditure limit of \$2,000,000 for an initial three Year term and two (2) two year extensions. The CIO was also granted delegated authority to execute MCS SOSs having a maximum sum of \$100,000. Subsequently, Amendments One through Three were executed by the County updating the MPSS and MOS Fee Schedules.

On April 21, 2009, your Board approved Amendment Number Four, which increased the annual calendar contract expenditure limit to \$3,000,000; delegated authority to the CIO to execute MCS SOSs and approved subcontracting; and delegated authority to the CIO to extend the term of the Agreement for three (3) two-year periods pursuant to the terms of the Agreement. The CIO was also granted delegated authority to execute MCS SOSs having a maximum sum of \$300,000.

Subsequently, the County executed Amendments Number Six and Seven to update the Agreement's Business Associate Agreement and the MPSS Fee Schedule.

On April 3, 2012, your Board approved Amendment Number Eight, which increased the annual calendar contract expenditure limit to \$4,500,000 for Calendar Year 2012. Your Board also approved an SOS for professional services, for an amount not to exceed \$1,730,000 to support the migration of DHS to the Countywide E-mail System.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended action will enable the DPH to further its alignment with County-wide IT consolidation initiatives and migrate from its legacy e-mail environment to the highly redundant and highly available Countywide E-mail System.

Respectfully submitted,

Reviewed by:

JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

RICHARD SANCHEZ
Chief Information Officer

JEF:jg
BL#

Enclosure

Honorable Board of Supervisors
January 15, 2013
Page 4

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

DRAFT

Board IT Agenda Items

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
DPSS/CIO	Amendment No. 14 to Agreement 68587 with Unisys to Add Semi-annual Reporting	Amendment to add semi-annual reporting functionality to the Los Angeles Eligibility Automation Determination, Evaluation and Reporting (LEADER) System per Assembly Bill 6. Since this is a joint Board letter, a CIO Analysis is not required. Approx. Board Date: January 8, 2013 Funding Source: State, Food and Nutrition Service (FNS), and Centers for Medicare & Medicaid Services (CMS) Federal agencies Existing Agreement: 68587	\$3,675,000	Children & Families Well-being	1 year	1/8/2013
DPH	Authorization to Execute New Statement of Services (SOS) Under Master Services Agreement (MSA) 75272 with Microsoft Corporation for E-mail Migration	Authorize new Statement of Services under MSA 75272 for Microsoft Corporation to provide professional services to assist DPH and ISD in the migration of DPH electronic mail (e-mail) from DPH systems to the Countywide E-Mail System (CES). Approx. Board Date: January 15, 2013 Funding Source: DPH FY 2012-13 Operating Budget Existing Agreement: 75272	Est. \$500,000	Health & Mental Health Services	4 months (approx.)	1/15/2013
ISD/CIO	Vendor Agreements for Print Optimization and Related Services	Agreements with two (2) selected vendors to provide Print Optimization and Related Services in support of Managed Print Services (MPS) Program. Approx. Board Date: January 15, 2013 Funding Source: Existing Agreement: N/A	N/A	Operations	5 years	1/15/2013
CORONER	Authorization to Execute Work Order Under the County's EMC Master Services Agreement No. 77036 for Coroner Electronic Case Filing System	Work Order for professional services to support the development of additional modules using EMC Documentum software for the Coroner's Electronic Case Filing System. Approx. Board Date: January 15, 2013 Funding Source: Coroner FY 2012-13 Operating Budget Existing Agreement: 77036	\$502,012	Public Safety	N/A	1/15/2013

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
CSS	Agreement with RTZ Associates Inc. (RTZ) for the provision of an Area Agency on Aging (AAA) Solution	<p>Agreement with RTZ for provision and maintenance of an AAA solution called "Get Care", which will replace the Department's legacy AAA system.</p> <p>Approx. Board Date: January 29, 2013 Funding Source: Older American Act Grant Funds Existing Agreement: N/A</p>	\$2,042,000	Children & Families Well-being	4 years with 2 optional one-year extensions	
FIRE	Authorization to Execute Work Order Under the County's IBM Master Services Agreement No. 75869 for Fire Facility Management System	<p>Services and software licenses to implement Maximo Facilities Management System.</p> <p>Approx. Board Date: TBD Funding Source: Fire FY 2012-13 Operating Budget Existing Agreement: 75869</p>	\$407,450	Public Safety	TBD	
DPW	Agreement For Radio Frequency Identification Project (Note: not official BL title)	<p>Agreement to implement Motorola Radio Frequency Identification (RFID) solution at DPW to automate business processes. The scope of this project includes hardware, software, installation, and training, and two years of maintenance and support.</p> <p>Statement from DPW: "We are going to aim for the 12/18 Board hearing. Meeting this target is dependent on a quick turn around from Motorola's legal staff. Motorola wanted DPW to sign their software and services agreements. Since various Motorola terms and conditions conflicted with the County's, we sent a redlined version back to them for review. We are waiting to hear back from them. "</p> <p>Approx. Board Date: Mid-Jan. 2013 Funding Source: \$35,000 loan from County Quality and Productivity Commission (repayment within 3 years), balance from Public Works' Flood Control District General Fund and Public Works' Internal Service Fund Existing Agreement: N/A</p>	\$125,000 (\$113,690 +10% contingency)	Community & Municipal Services	Implementation, with 2-year maintenance	

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
CIO/TTC	Agreement for County Online Payment Services	<p>The eCommerce Readiness Group is concluding negotiations with a vendor selected from an RFP to replace the current Agreement for Online Payment Services.</p> <p>Approx. Board Date: TBD Funding Sources: Convenience fees and department absorbed with CEO approval Existing Agreement: N/A</p>	N/A	Operations	5 years, with two 1-year and 6 month-to-month option extensions	
DPSS/CIO	Amendment No. 15 to Agreement 68587 with Unisys To Exercise Last Two Option Years	<p>Amendment will exercise the last 2 option years of the second option term for the Los Angeles Eligibility Automation Determination, Evaluation and Reporting (LEADER) System to maintain support through May 13, 2015. Since this is a two department Board letter, a CIO Analysis will not be needed.</p> <p>Approx. Board Date: TBD Funding Source: State, Food and Nutrition Service (FNS), and Centers for Medicare & Medicaid Services (CMS) Federal agencies Existing Agreement: 68587</p>	\$54,000,000	Children & Families Well-being	2 years	
DPW	Contract for Alamitos Barrier Project and Dominguez Gap Barrier Project Telemetry System Maintenance Services	<p>Contract for Alamitos Barrier Project & Dominguez Gap Barrier Project Telemetry System Maintenance Services.</p> <ul style="list-style-type: none"> • Background: The Dominguez Gap and Alamitos Barriers are seawater barriers that are designed to inject freshwater into underground aquifers to create protective pressure ridges and prevent seawater from contaminating groundwater supplies. Portions of the Dominguez Gap and Alamitos Barriers are outfitted with Supervisory Control and Data Acquisition (SCADA) systems that enable operators to remotely monitor conditions and control equipment through COTS user interfaces. Other portions of the barrier systems are manually operated. • Scope: Inspection, maintenance, as-needed repairs, including software configuration and re-programming, and the integration of the manual segments into the automated systems. Note: the Dominguez Gap and Alamitos Barrier systems will remain separate. <p>Approx. Board Date: Late January/early February 2013 Funding Source: Flood Fund (No County General funds) Existing Agreement: N/A</p>	\$600,000 per year for up to 5 years	Community & Municipal Services	1 year, with four 1-year option extensions	

Department	Board IT Agenda Item	Description	Amount	CEO Cluster	New Term	Planned Hearing Date
LASD	Sole Source Agreement with DataWorks Plus	Sole Source Agreement for hardware/software updates and customization. Sole Source Advance Notification submitted on 3/14/12. Dataworks is used by the Sheriff for capturing mugshots and facial recognition. Approx. Board Date: TBD Funding Source: Automated Fingerprint Identification System (AFIS) Fund Existing Agreement: N/A	Est. \$1,400,000	Public Safety	2 year, with two 1-year option extensions	
CIO	Use of ITF for Enterprise IT Security and Privacy Awareness Training Software	Use of ITF to acquire and implement the enterprise IT Security and Privacy Awareness training content for use in the County's Learning Net. Approx. Board Date: June 2013 Funding Source: ITF Existing Agreement: N/A	\$240,000	Operations	N/A	
CIO/CEO	Amendment No. 1 to Agreement 77488 with POG for MPS	Amendment with Print Operations Group (POG) will provide deployment assistance for Managed Print Services (MPS). Approx. Target Date: January 29, 2013 Funding Source: ITF Existing Agreement: 77488	Est. \$2,000,000	Operations	3 years	1/29/2013



COUNTY OF LOS ANGELES

DEPARTMENT OF CORONER
1104 N. MISSION RD, LOS ANGELES, CALIFORNIA 90033



Lakshmanan Sathyavagiswaran, MD
Chief Medical Examiner-Coroner/Interim
Director

JANUARY 15, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, CA 90012

AUTHORIZE THE CHIEF INFORMATION OFFICER TO EXECUTE A SERIES WORK ORDERS WITH EMC CORPORATION, INC. FOR SOFTWARE DEVELOPMENT AND IMPLEMENTATION SERVICES FOR THE CORONER'S ELECTRONIC CASE FILE SYSTEM PROJECT (ALL DISTRICTS) (3 VOTES)

CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION () DISAPPROVE ()

SUBJECT:

Authorize execution of a series of Work Orders with EMC Corporation, Inc. for the development and implementation of the Coroner's Electronic Case File System (ECFS). The ECFS will provide case management, document management, and physical records management functionality to better meet the Department's information management needs.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and direct the Chief Information Officer (CIO), at the request of the Director, Department of Coroner, to execute a series of Work Orders for maximum contract amount of \$502,012 under the County's Master Agreement (MSA) with EMC Corporation, Inc. to support the development and implementation of an Electronic Case File System (EFCS). In accordance with the EMC Corporation MSA guidelines, Board approval is required for Work Orders that exceed \$300,000.

Accreditations:

*National Association of Medical Examiners
California Medical Association-Continuing Medical Education
Accreditation Council for Graduate Medical Education*

*American Society of Crime Laboratory Directors-LAB
Peace Officer Standards and Training Certified*

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The Coroner has developed a strategic roadmap for ECFS project, which identifies a total of 13 phases using professional services, hardware, and software based on EMC Documentum technology. The first three phases of ECFS completed in September 2012, were implemented using EMC Work Orders and funded by a combination of ITF and Coverdell grants, provided the base ECFS infrastructure, Specimen Tracking, and Property Management functions. Approval of this recommended action will enable the Coroner to complete three additional ECFS phases, providing functionality for Evidence Management, Morgue Management, and Case Folder Management. The Coroner will be requesting Board authorization in future years to complete the remaining ECFS project phases.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended action is consistent with the principles of the Countywide Strategic Plan Goal #2: Fiscal Sustainability (Strategy 4; County Fiscal and Information Technology Management, and Cost Efficiencies), to improve the County's long-term capacity to sustain critical County services within available resources through cost-efficiency savings, leveraging IT resources, improved fiscal forecasting, and diligent monitoring.

FISCAL IMPACT/FINANCING:

Funding in the amount of \$502,012 for three ECFS phases have been included in Department's 2012-13 Operating Budget and 2013-14 Proposed Budget.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS:

On July 7, 2009, your Board approved the CIO's MSA with EMC, enabling County departments to utilize MSA work orders for various professional and consulting services related to the implementation and support of Enterprise Content Management (ECM) technologies. All MSA work orders greater than \$300,000 require Board approval.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of this request will allow the Department to continue the development of ECFS and comply with the Department's audit recommendation to replace the existing case management system. The new ECFS will provide improved security and better meet the Department's case management needs.

CONCLUSION:

Upon approval by your Board, please return two adopted copies of this Board Letter to:

Ms. Elizabeth Seung, Contracts Manager

Department of Coroner

1104 N. Mission Road

Los Angeles, CA 90033

Respectfully Submitted,

Reviewed by:

Lakshmanan Sathyavagiswaran, MD
Chief Medical Examiner-Coroner/Interim Director
Attachment

Richard Sanchez
Chief Information Officer

DRAFT

DRAFT

January 15, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**RECOMMENDATION TO ESTABLISH A
WORKPLACE PROGRAMS TRUST FUND ACCOUNT
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

The recommended action will establish a Workplace Programs Trust Fund Account to deposit all Workplace Program Funds in the County.

IT IS RECOMMENDED THAT THE BOARD:

1. Instruct the Auditor-Controller to establish a new Workplace Programs Trust Fund Account to account for the County's Volunteer Program, Merchandising, Marketing, annual Workplace Giving Campaigns and sales tax and process approved payments from the Trust Fund to the designated charitable organizations and promotional partners; and
2. Approve the attached "Office of Workplace Programs Workplace Giving Policy/Guidelines reviewed and concurred by the Auditor-Controller and Treasurer and Tax Collector.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Chief Executive Office, Office of Workplace Programs (WPP) administers several countywide programs, including the County Volunteer Program, the March of Dimes and Charitable Giving Campaigns, Merchandising, Marketing, Employee Commute Reduction Program and Employee Discounts Program. WPP coordinates the

submission of entries by County departments to the annual awards competition sponsored by the National Association of Counties and State Association of Counties and implements other special projects on behalf of the Board of Supervisors such as Cesar Chavez Community Service Week. WPP also coordinates Board approved fundraising efforts for natural disaster victims which was done most recently for Katrina and Tsunami victims.

Board Policy

Board Policy number 9.100, Volunteer Program Policy, establishes the County's Volunteer Program that encourages citizens, County employees and County retirees to volunteer their time and talents to public service programs. Administration of the County's Volunteer Program is decentralized and the departmental volunteer programs vary considerably in size, scope, services, complexity and practice. WPP provides countywide direction, coordination and support of departmental volunteer programs. Each year, the Chief Executive Office budgets \$35,000 for the "Volunteer of the Year Recognition and Awards Ceremony" which is coordinated by WPP.

Board Policy number 3.010, approved on June 2, 1998, establishes the County's Workplace Charitable Giving Standards. The mission is to support local nonprofit charitable organizations which provide a broad range of health and human care services to residents of Los Angeles County which reflect the cultural and ethnic diversity of the region, and the underserved areas impacting the status of men, women, and children.

Workplace Giving Campaigns

The County annually conducts a voluntary, employee-driven March of Dimes (MOD) Campaign and a Charitable Giving Campaign (CGC) to comply with the Board Policy number 3.010. These campaigns combined raise over \$1 million per year on average. In 2011, the MOD and CGC raised approximately \$335,000 and \$1.1 million, respectively. There are five Board-approved Fund Distribution Agencies (FDAs) for the CGC: Asian Pacific Community Fund, Brotherhood Crusade, EarthShare California, the United Latino Fund, and United Way of Greater Los Angeles.

The Office of Workplace Programs coordinates Board-approved charitable giving programs in accordance with Board Policy and implementation of both campaigns countywide. The CGC includes payroll deductions and direct contributions and MOD includes direct contributions only. The MOD campaign includes the purchase and selling of T-shirts that requires sales tax to be charged and remitted to the State Board of Equalization. For both campaigns, WPP and departments develop themed events that offer special discounts to County employees which includes a nominal mark-up fee for the CGC or MOD. Some of these special discounts include activities in the arts and entertainment, family-friendly outings and professional sports events.

For some of these events, such as Disneyland Twilight Tickets, WPP receives a group discount rate on Disneyland tickets, adds a nominal mark-up for the CGC or MOD, and offers tickets for sale to County employees and departmental MOD/CGC coordinators. WPP works closely with departmental MOD/CGC coordinators to raise funds for both campaigns. The CGC and MOD Program Manuals require departments and WPP to record and reconcile the funds they receive consistent with County Fiscal Manual procedures and best management practices.

County employees can either purchase discounted tickets from their departmental CGC/MOD coordinators, or purchase them directly from WPP. Board policy allows departments to coordinate their own fundraisers for CGC and MOD as long as the activities used to raise funds are not prohibited. For example, the following fundraising efforts are prohibited as part of the countywide CGC or MOD campaigns: outside vendor sales; turn-around bus trips; casino nights; day at the races; or other gambling activities. In addition, WPP strongly encourages departments to coordinate events that do not include the need to purchase items because departments are prohibited from using the County's name or Tax Identification Number to establish or maintain a bank account associated with charitable giving activities.

Departments are required to deposit all funds raised for MOD and CGC, including themed events and departmental workplace giving events, with WPP in a timely manner. WPP provides coordinators and/or employees receipts for cash and checks, conducts daily reconciliation of funds received, and deposits the funds into WPP's checking account. This requires a daily trip to the bank by WPP staff to ensure timely depositing of funds and the proper recording of transactions.

Departmental Roles and Responsibilities

All Workplace Program Funds (Volunteer Program, Merchandising, Marketing and Workplace Giving) will be deposited with the Treasurer and Tax Collector (TTC) by WPP on a daily basis consistent with County Fiscal Manual procedures. The Auditor-Controller (AC) will be responsible for fiscal responsibilities related to the Workplace Programs Trust Fund to include processing related purchases and distributions to charity organizations via trust fund warrants, payment of invoices to authorized vendors and trust fund reconciliation. Vendor codes will be established to facilitate payments to authorized charities and vendors used by WPP. Fiscal oversight responsibilities are otherwise with the Chief Executive Office.

The WPP purchases services, supplies, merchandise and tickets to support its mission and related activities. Purchases are required to comply with CEO departmental policies and procedures and are subject to CEO approval. Purchases for these services, supplies, merchandise and tickets are to be paid for from workplace giving or Board allocated funds. Sufficient funds for a payment are to be available before a payment can be authorized.

The WPP is required to collect sales tax for taxable items sold as part of the Workplace Giving Campaigns and County logo merchandise. WPP is also responsible for depositing and reporting the appropriate sales tax amount as directed by the AC. The AC will remit the sales tax amount to the State Board of Equalization.

The Chief Executive Office, Treasurer and Tax Collector and Auditor-Controller will meet as necessary to ensure the appropriate sales tax amount is remitted to the State Board of Equalization and to coordinate the collection and reconciliation of all Workplace Programs funds consistent with County Fiscal Manual procedures and best management practices to ensure these funds are distributed to the designated charitable organizations in a timely manner.

Workplace Programs Trust Fund

The recommended action will add a needed safeguard element to the Workplace Giving Campaigns by creating a Workplace Programs Trust Fund Account to deposit all cash and checks received for the campaigns. This would eliminate the need for WPP to maintain a bank account under an employee's social security number for workplace giving and eliminate the need for WPP staff to make daily trips to the bank for deposit.

Instead, WPP would remit all Workplace Programs Funds to the TTC which reduces the security risk of carrying cash on the streets. All cash and checks received for any future Board approved fundraising efforts for natural disaster victims would also be deposited into the Workplace Programs Trust Fund. Upon approval by the Board of Supervisors, WPP will transfer all remaining Workplace Programs Funds from the checking account to the Workplace Programs Trust Fund and close the checking account.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services. The Board's adoption of the recommendation to establish a Workplace Programs Trust Fund is consistent with this goal by improving the Workplace Giving Campaign process and safeguarding charitable giving funds in the County.

FISCAL IMPACT/FINANCING

This action will have an immaterial direct fiscal impact on the County since it will require a limited increase in the use of staff time for Trust Fund reconciliation and processing deposits to and payments from the Trust Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The creation of the Workplace Programs Trust Fund will require the County to comply with all legal requirements related to trust funds generally, requirements for charitable

giving funds specifically, and sales tax requirements. The Board of Supervisors is authorized to raise funds for charitable organizations during work hours pursuant to Senate Bill 1256 (Watson) of 1991 as part of a specific workplace giving program.

County Counsel has determined that the TTC is authorized to accept Workplace Programs Funds from WPP for deposit to the Trust Fund pursuant to Government Code Sections 27000 and 27002.

ENVIRONMENTAL IMPACT

There is no known environmental impact of the proposed recommendation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendation will require close coordination between the Chief Executive Office, Treasurer and Tax Collector and Auditor-Controller to ensure the proper reconciliation and distribution of all Workplace Programs Funds.

CONCLUSION

It is requested that the Executive Officer-Clerk of the Board, return three copies of the Minute Order and the adopted stamped Board letter to the CEO, Office of Workplace Programs, 500 W. Temple Street, B-1, Los Angeles, CA 90012.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:EFS:MKZ
RW:EW:mr

c: Executive Office, Board of Supervisors
Auditor-Controller
County Counsel
Treasurer and Tax Collector