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DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
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EDMUND G. BROWN JR.
GOVERNOR

January 26, 2011

Mr. Dennis Stewart, Director
Supplemental Nutrition Assistance Program
Western Regional Office
Food and Nutrition Service
90 Seventh Street, Suite 10-100
San Francisco, CA 94103

Dear Mr. Stewart:

Enclosed is our request for an additional extension of waiver #2030030 which is due to expire on March 31, 2011. This waiver allows California to operate a quarterly reporting prospective budgeting (QR/PB) system that is compatible with the state's Temporary Assistance for Needy Families program (known as CalWORKs in California). The original waiver has been in effect since October 1, 2003 with extensions granted in 2007, 2009, and 2010. In regard to the extension request submitted in August of 2009, (included for your reference), we received a temporary extension with the understanding that California would work toward implementation of semi-annual reporting (SAR). Subsequently, on April 5, 2010, Food and Nutrition Service (FNS) granted the current extension and indicated that additional extensions may be approved if California demonstrated a commitment to convert to SAR.

As you are aware, California continues to face an unprecedented fiscal situation. As a result, last year the prior Administration and the Legislature were compelled to make serious programmatic reductions, and did not have the fiscal resources to make new investments in other program changes, even when those investments would offer future benefits from both a client and administrative perspective. Despite the California Department of Social Services' (CDSS) efforts to provide technical assistance to the author of Assembly Bill (AB) 1642 to advance California's movement toward SAR, ultimately the bill was not passed by the Legislature.

As reflected in the plan submitted to FNS last year, the Department has a firm grasp on what is required to effectuate a conversion from the QR/PB waiver to SAR. We appreciate that in its last waiver extension, FNS similarly recognized the complexities of this effort, and that many of those complexities were beyond the Department's sole control. More recently as well, FNS and the Centers for Medicare and Medicaid Services have raised concerns with the continuation of funding for multiple information technology systems, which potentially could affect the very same systems that California would have to modify to implement SAR.

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The Brown Administration is just coming into office, but already has committed to work with the Legislature on AB 6, that would require both CalWORKs and the Supplemental Nutrition Assistance Program (known as CalFresh in California) to convert from a QR/PB system to SAR.

As we have indicated in past communications, California is currently statutorily bound to use a system of QR/PB. If our waiver extension request is denied, in the absence of enacted SAR legislation, the Department will have no option other than to convert to QR for CalFresh consistent with federal regulations. This would result in two separate reporting criteria for Public Assistance households. The ensuing recipient and eligibility staff confusion would certainly result in errors and create a substantial administrative complexity to the program. A work plan for this contingency was also submitted to FNS on February 11, 2010. Again, due to the changes required to reprogram California's eligibility systems, the time period for conversion to federal QR described in that work plan remains in effect.

Therefore, until such time that SAR legislation is successful, the Department is respectfully requesting FNS' affirmative response to our request for a further 12-month extension of the QR/PB waiver to continue the current reporting process and maintain uniformity with the CalWORKs program. Doing so will provide us the time needed for our new Administration to work with the Legislature to seek a change in the existing state statute that requires CDSS to use QR/PB to the extent permitted by federal law, regulations, directives, and waivers. Subsequently, once state law has been changed to mandate the use of SAR, CDSS and FNS can negotiate an acceptable conversion and implementation plan based on the terms described in the legislation.

If you have any questions regarding this request, you may contact me at (916) 657-2598 or Charr Lee Metsker, Deputy Director of the Welfare to Work Division, at (916) 657-3546.

Sincerely,



JOHN A. WAGNER
Director

Enclosure