



**United States
Department of
Agriculture**

Food and
Nutrition
Service

Western Region

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San Francisco, CA
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FS-10-6/Waiver #2030030

November 20, 2007

Ms. Charr Lee Metsker, Deputy Director
Welfare to Work Division
Department of Social Services
744 P Street, MS 17-08
Sacramento, CA 96251

Dear Ms. Metsker:

This is in response to your July 9, 2007 and August 3, 2007 letters requesting an extension of waiver #2030030. We are approving most of your request to extend the waivers that have enabled the California Department of Social Services (CDSS) to administer a Quarterly Reporting (QR) System. The detailed Waiver Response is enclosed.

CDSS failed to provide the data that we requested as a condition for approving the waiver. The State agency's explanation for that failure, that it gathered data for only a limited time in Fiscal Year 2004, is very disappointing. I realize that these data collection requirements pose extra burdens on your staff, but I am sure that you understand that such data is important in that it permits us to analyze the impact of waiver procedures on error rates and cost effectiveness in relation to normal program requirements. Failure to document the impact of past waivers could also jeopardize future waivers. We are pleased that your staff has promised to submit current data soon, so we are approving the request on the basis of that promise. We will soon be confirming with CDSS that it has developed procedures and is gathering the required data.

CDSS has proposed submitting data for the June 2007 through November 2007 quality control review months. This information will be due to our office by March 31, 2008, which is 9 days after the State's ordinary submission date for the November 2007 sample month. CDSS will then have to submit data for all of Fiscal Year 2008, at the same time that it requests any extension of this waiver.

We are approving this waiver for 2 years. This approval is retroactive to October 1, 2007 and will expire on September 30, 2009.

The attachment addresses all of California's requested waivers, although we have re-organized them for simplicity's sake. In particular, what California characterized as waivers of 7 CFR 273.12(a)(1) and 7 CFR 273.12(c) appear on the attachment as a waiver of 7 CFR 273.12(a)(4)(iv) and (vi); however, this re-organization does not affect our approval.

Ms. Charr Lee Metsker, Deputy Director

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Although CDSS requested a waiver of 7 CFR 273.12(f)(1), which concerns the reporting requirements of change reporting households, the actual waiver that the State needs is also part of the waiver of 7 CFR 273.12(a)(4)(vi), so CDSS's proposal appears in the attachment under the latter heading.

If you have any questions, you may contact Ed Mars at (415) 705-1361, ext. 309, or Patricia Cruise at (415) 705-1361, ext. 307.

Sincerely,



DENNIS STEWART
Regional Director
Food Stamp Program
Western Region

Enclosure

cc: Richton Yee, FSB, CDSS, MS 16-32, Sacramento, CA w/enc.
Michael J. Papin, FSPB, FSB, CDSS, MS 16-32, Sacramento, CA w/enc.
Hector Hernandez, FOB, FSB, CDSS, Los Angeles, CA w/enc.
PDD, FSP, Alexandria, VA
POQCS, FSP, WRO,
CA SPO, POI, FSP, WRO

Waiver Response

- 1 Waiver Serial Number:** 2030030
- 2 Type of Request:** Initial
- 3 Primary Regulation Citation:** 7 CFR 273.12(a)(4)(vi)
- 4 Secondary Regulation Citations:**
- 7 CFR 273.10(c)(3)
 - 7 CFR 273.10(d)(3)
 - 7 CFR 273.10(f)(4)
 - 7 CFR 273.12(a)(4)(iv)
 - 7 CFR 273.18(c)
 - 7 CFR 273.18(d)
 - 7 CFR 273.21(k)
- 5 State:** California
- 6 Region:** Western Region (WRO)
- 7 Regulatory Requirements,**
8 Proposed Alternative Procedures, and
9 Action and Reason for Approval or Denial:
- 7 CFR 273.10(c)(3)**

The regulations require CDSS to average fluctuating income over the food stamp certification period for fluctuations in income.

CDSS proposes:

- To average fluctuating income over the 3-month quarterly reporting period;
- To project income over the next quarter based on the information obtained on the quarterly reporting form;
- To project income using the prospective budgeting rules of reasonable anticipation at 7 CFR 273.10(c);
- To average fluctuating income over the quarter and to apply the resultant amount as income in each of the 3 months;
- To act on all information that a household reports on the quarterly reporting form whether the information results in an

increase, a decrease or a discontinuance of benefits for the upcoming quarter.

We are approving this waiver because it will result in a more efficient and effective administration of California's quarterly reporting system.

7 CFR 273.10(d)(3)

The regulations provide rules for averaging expenses. Households may elect to have fluctuating expenses averaged and may also elect to have expenses, which are billed less often than monthly, averaged forward over the interval between scheduled billings. If there is no scheduled interval, expenses may be averaged forward over the period the expense is intended to cover. Households reporting one-time only medical expenses during their certification period may elect to have a one-time deduction or have the expense averaged over the remaining months of their certification period. Averaging would begin the month the change would become effective.

CDSS proposes the following for all expenses except shelter expenses:

- To average them over the quarter when a household reports actual or anticipated expenses on the QR 7 (QR change reporting form).
- To average them over the remaining months in a quarter when a household reports an expense mid-quarter.

CDSS proposes the following for shelter expenses:

- To establish them at certification and recertification and to leave them unchanged until the household reports a change.
- To act on a reported change, raising or lowering benefits, when the household reports the change on the QR 7.
- To act during the quarter to raise benefits only when a household reports such a change mid-quarter.

We are approving this waiver because it will result in a more efficient and effective administration of California's quarterly reporting system.

7 CFR 273.10(f)(4)

The regulations do not permit a State agency to end a certification period earlier than its assigned termination date, unless the agency receives information that the household has not complied with the requirements of 7 CFR 273.12(c)(3), which is the inability to readily determine eligibility due to third party information or from the household itself.

CDSS originally proposed to synchronize the CalWORKs determination, the food stamp certification, and the quarterly reporting cycle at initial conversion to quarterly reporting.

CDSS then clarified, through e-mail with the Western Regional Office (WRO), that this waiver may be necessary to align these cycles even though the initial conversion took place years ago. For example, quarterly cycles are not necessarily the same in all counties; some counties could schedule quarters based on case numbers. Moving from county to county, or changing a case number within a county, could thus change a household's/assistance unit's quarter.

For administrative ease, CDSS may need to end certification periods and restart them without a new application. Nonetheless, a household's certification period shall never exceed a 12-month period.

We are approving this waiver because it will result in a more efficient and effective administration of California's quarterly reporting system.

7 CFR 273.12(a)(4)(iv)

The regulations provide that the State agency may require a household to report all items in 7 CFR 273.12(a)(1), except for the special requirement for Able Bodied Adults Without Dependents (ABAWD's), on their quarterly reporting form or may omit some from the form and require separate reporting during the quarter.

CDSS proposes to require food stamp households to report only the following changes mid-quarter:

- Changes of address
- For able-bodied adults subject to the time limit of §273.24, any changes in work hours that bring an individual below 20 hours per week, averaged monthly, as defined in §273.24(a)(1)(i).

We are approving this waiver because it will result in a more efficient and effective administration of California's quarterly reporting system.

7 CFR 273.12(a)(4)(vi)

The regulations require CDSS to act on any changes reported outside of the quarterly report in accordance with 7 CFR 273.12(c).

CDSS proposes the following procedures for acting on mid-quarter changes that CalWORKs requires but that the Food Stamp Program (FSP) does not:

- Drug and fleeing felon status: When a household reports a change in status is to the CalWORKs worker, the FSP will

make a note of the change and act on it no later than by the processing of the next quarterly report.¹

- Income threshold for family size: When the CalWORKs case has been discontinued for exceeding the income threshold for the family or for other reasons, those discontinued CalWORKs cases will be processed for Transitional Food Stamp (TFS) benefits if the household is eligible.²

CDSS proposes the following procedures for acting on mid-quarter changes that neither CalWORKs nor the FSP requires:

- CDSS will act when a household voluntarily reports a change that would increase food stamp benefits.
- CDSS will not act when a household voluntarily reports a change that would decrease food stamp benefits.

CDSS proposes to act on the following changes that a household reports to CalWORKs:

- Mandatory reporting requirements in the CalWORKs program, e.g., income threshold for family size, drug/fleeing felon;
- Changes reported by the recipient that would increase benefits for the household or a member of the household;
- A request by the recipient to discontinue benefits; and
- Known third-party information; e.g., Income and Eligibility Verification System (IEVS), or information reported to the CalWORKs worker according to the FSP's quarterly reporting rules for income/resources and increases/decreases and discontinuances of benefits as described in the waiver request.

CDSS proposes to increase a household's food stamp allotment by:

- Making the increase effective within 10 days after receiving verification, and
- Making the change effective for the month in which CDSS received the change report. If necessary CDSS will issue a supplement.
- Issuing supplemental benefits in the month the report was made if necessary, and
- Increasing benefits for the remaining months in the quarter.

We are approving this waiver because it will result in a more efficient and effective administration of California's quarterly reporting system.

¹ CDSS contacted WRO to confirm that they would act on these changes at the receipt of the next QR7; their earlier request specified the next recertification.

² CDSS contacted WRO to confirm that they would approve TFS only for households that are eligible for them; their earlier request did not limit TFS to eligible households only.

It is perhaps necessary to point out that the FSP does not regard CalWORKs as a third-party source of information. When a food stamp household reports information to CalWORKs, the household has reported the information to the State agency and therefore to the FSP.

7 CFR 273.18(c)

The regulations provide rules for calculating the amount of claims and over-issuances. An over-issuance is defined as a larger allotment than a household was entitled to receive.

CDSS proposes to assign overissuances under quarterly reporting only when the specific requirements of the QR system, as described in this waiver request, are not met either by the recipient or due to an administrative error. An over-issuance and/or error will not be assigned when income is determined by using reasonably anticipated income projections based on the best known information at the time the budget is calculated.

CDSS does not need a waiver of these provisions. CDSS's use of quarterly reporting is sufficient grounds for calculating overissuances by using quarterly reporting and prospective budgeting.

7 CFR 273.18(d)

The regulations provide the guidelines for recouping over-issuances and describe how a State collects claims against households.

CDSS proposes to compute over-issuances by using the prospective budgeting and anticipated income rules of the quarterly reporting system. Over-issuance adjustments will start at the beginning of a quarter to be compatible with the CalWORKs quarterly reporting procedures for over-payment adjustments to the CalWORKs grant.

CDSS does not need a waiver of these provisions. CDSS's use of quarterly reporting is sufficient grounds for calculating overissuances by using quarterly reporting and prospective budgeting.

7 CFR 273.21(k)(2)(ii) and (iii)

The regulations permit CDSS to give a household an opportunity to participate in the FSP when the household submits a complete quarterly report is received after the extended filing date after the extended filing date but during the issuance month. The regulations do not permit CDSS to provide that opportunity to participate when the household submits their complete quarterly report after the issuance month.

CDSS proposes to offer an opportunity for the recipient to participate in the FSP if the quarterly report form is received after the extended filing date and “good cause” for late reporting can be determined. Good cause exists if the recipient cannot reasonably be expected to fulfill his or her reporting responsibilities due to factors outside the recipient’s control. If CDSS determines that good cause exists, DSS will rescind the discontinuance and will restore benefits back to the first of the month. If good cause does not exist, CDSS will follow rules for termination at 7 CFR 273.21(m); CDSS will take a new application. The recipient may reapply for benefits if good cause is denied.

We are approving this waiver because it will result in a more efficient and effective administration of California’s quarterly reporting system.

10 Regulatory or Legislative Basis of Action: 7 CFR 272.3(c)(1)(ii) is the basis for the approvals; 273.2(c)(2)(i) is the basis for the denials.

11 Conditions

CDSS must observe the following conditions in their administration of quarterly reporting as long as these waivers are in operation:

- CDSS must not issue duplicate benefits to a moving household, unless allowed by federal regulations.
- CDSS must not permit a break in food stamp participation for CalWORKs cases.
- CDSS must not require households to report changes in medical expenses during their certification periods. If this item appears on the quarterly reporting form for another assistance program CDSS must make it clear that the requirement does not apply to the FSP.
- CDSS must submit data from quality control reviews for the sample months June, 2007 through November, 2007. These data are due to the Western Regional Office no later than March 31, 2008. The specific data are those described in item 12, below.

12 Information Needed for Extension:

- Quality control data regarding the affected households, including the payment error rate for these households.
- An estimate of the number of reductions in allotments that the State pends under the waiver of 7 CFR 273.12(f)(1), per year.
- An estimate of the average value of reductions in allotments that the State pends under the waiver of 7 CFR 273.12(f)(1), per year.

- These required data must cover the entire Fiscal Year 2008, Quality Control (QC) review period.

- 13 Expiration Date:** September 30, 2009.
- 14 Limitation, if any, on Regional Office Approval of Like Requests:**
We have approved these waivers only for the California Department of Social Services.
- 15 Quality Control Procedures:** No special QC procedures are required for cases subject to the provisions of this waiver. Cases should be reviewed using standard review procedures contained in the FNS Handbook 310 (Section 725).
- 16 Date of State Agency's Request:** July 9, 2007. However, this request was incomplete. CDSS submitted a complete request on August 3, 2007.
- 17 Date of Regional Office's Transmittal of Request to National Office:** July 17, 2007. WRO then submitted California's complete request on August 24, 2007.
- 18 Date of Regional Office's Transmittal of Response to State Agency:**
- 19 Actual Implementation Date:**