



**United States
Department of
Agriculture**

Food and
Nutrition
Service

Western Region

90 Seventh St.
Suite 10-100
San Francisco, CA
94103

April 6, 2011

SNAP-10-6-/Waiver 2030030 CA

Mr. John A. Wagner, Director
Department of Social Services
744 P Street, MS 8-17-11
Sacramento, CA 95814-5512

Dear Mr. Wagner:

This is in response to California Department of Social Services' (DSS) request to extend its current waivers of the various regulations required to administer a Quarterly Reporting (QR) system for CalFresh, DSS' name for the Supplemental Nutrition Assistance Program (SNAP). Food and Nutrition Service (FNS) granted DSS its current waiver approval, which expires on March 31, 2011, contingent upon DSS commitment to convert to a Simplified Reporting (SR) system. FNS offered to grant future waiver extensions if DSS demonstrated a commitment to accelerated progress to SR conversion. DSS has requested that FNS extend its waiver for one more year, until April 1, 2012.

In March 2010, with its prior waiver request, DSS submitted a conversion work plan outlining the steps it must take in order fully to convert to SR by May 2013. The work plan discussed the necessary legislative, policy and systematic changes needed to support a full SR conversion. FNS approved the waiver request but did not approve the requested 38 month conversion time line. As we stated at that time, FNS believes that DSS can shorten the timeline significantly by expediting both policy development and system programming changes.

FNS maintains that SR conversion would improve program accuracy, client access and program administration in California. DSS continues to commit to transition to SR but maintains that California's legal and financial restraints have limited its ability to move forward with its SR conversion plan. FNS appreciates that DSS must obtain the necessary legislative authority in order to implement simplified reporting. DSS indicates that the new State administration is working to achieve the necessary authority to transition to SR and that it is aggressively pursuing legislative change.

Accordingly, FNS is approving DSS' waiver request for a six-month period from April 1, 2011 through September 30, 2011. FNS believes that a short-term six-month approval period reinforces its commitment to DSS' expedited conversion to SR but also stabilizes DSS' QR policy during the implementation process. FNS will provide additional extensions of the QR waivers if DSS shows progress in its planned SR conversion and if additional extensions are found to be necessary and appropriate.

John A. Wagner, Director

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If you have any questions, please contact Dennis Stewart at 415-705-2333, ext. 301 or me at 415-705-1310, ext. 510.

Sincerely,

A handwritten signature in black ink, appearing to read "Allen Ng". The signature is fluid and cursive, with the first name "Allen" and the last name "Ng" clearly distinguishable.

ALLEN NG
Administrator
Western Region

Attachment

cc:

Char Lee Metsker, CFB, CDSS, Sacramento, CA w/attachment
Linda Patterson, CFB, CDSS, MS 16-32, Sacramento, CA w/attachment
Michael J. Papin, CFB, CDSS, MS 16-32, Sacramento, CA w/attachment
Marlene Fleming, FOB, CFB, CDSS, Los Angeles, CA w/attachment
Lisa Kim, QC Chief, WRO
Dave Bailey, POI, SNAP, WRO
CA SPO, POI, SNAP, WRO

Waiver Response

1. **Waiver Serial Number:** 2030030
2. **Type of Request:** Extension
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)(2)(ii) and (iii)
5. **State:** California
6. **Region:** Western Region (WRO)
7. **Regulatory Requirements, Proposed Procedures, and Action and Reason for Approval or Denial:**

Please note that as with our November 16, 2007, waiver approval, FNS has re-organized the regulatory citations, DSS proposed procedures, and FNS responses to improve readability. FNS also has made changes to specific regulations cited for waiver by DSS in order to improve the accuracy and specificity of this document. DSS also requested a waiver of 7 CFR 273.3(b), which was not part of DSS' 2007 waiver request. This regulatory provision, which deals with household moves within the State, is not necessary to continued administration of DSS' QR system, so we are not including it in this waiver approval. Finally, DSS cited 7 CFR 273.10(f)(4) in their list of regulations to waive, but provided no information about associated procedures. FNS is approving waiver of this regulation with the understanding that DSS will continue to use procedures related to that regulation that were approved in our memorandum of November 16, 2007.

7 CFR 273.10(c)(3)

This regulation requires DSS to average fluctuating income over the SNAP certification period for fluctuations in income.

Proposed Procedure

- 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.

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

7 CFR 273.10(d)(3)

This regulation provides 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.

Proposed Procedure

DSS 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.
- To average them over the remaining months in a quarter when a household reports an expense mid-quarter.

DSS 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.

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

7 CFR 273.10(f)(4)

This regulation provides that a State agency cannot 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.

Proposed Procedure

This waiver may be necessary to align these cycles when a household moves from county to county or when changing a case number within a county and this causes a change to a household's quarter. For administrative ease, DSS 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.

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

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

This regulation provides 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 (ABAWDs), on their quarterly reporting form or may omit some from the form and require separate reporting during the quarter.

Proposed Procedure

DSS proposes to require SNAP 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).

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

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

This regulation requires DSS to act on any changes reported outside of the quarterly report in accordance with 7 CFR 273.12(c).

Proposed Procedure:

DSS proposes the following procedures for acting on mid-quarter changes that CalWORKs requires but that the SNAP does not:

- Drug and fleeing felon status: When a household reports a change in status to the CalWORKs worker, the SNAP will make a note of the change and act on it no later than by the processing of the next quarterly report.
- 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 Benefits Alternative (TBA) benefits if the household is eligible.

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

- DSS will act when a household voluntarily reports a change that would increase SNAP benefits.
- DSS will not act when a household voluntarily reports a change that would decrease SNAP benefits.

DSS 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., IEVS, or information reported to the CalWORKs worker according to the SNAP's quarterly reporting rules for income/resources and increases/decreases and discontinuances of benefits as described in the waiver request.

DSS proposes to increase a household's SNAP allotment by:

- Making the increase effective within 10 days after receiving verification, and
- Making the change effective for the month in which DSS received the change report. If necessary DSS 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.

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

DSS should note that FNS does not regard CalWORKs as a third-party source of information. When a SNAP household reports information to CalWORKs, the household is considered to have reported the information to the State agency and to the SNAP.

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.

Proposed Procedure

DSS proposes to assign over issuances 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.

FNS Response

As noted in FNS' 2009 waiver approval, DSS' use of quarterly reporting is sufficient grounds for calculating over issuances by using quarterly reporting and prospective budgeting; a waiver is not required.

7 CFR 273.18(d)

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

Proposed Procedure

DSS 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.

FNS Response

As noted in our 2009 waiver approval, DSS does not need a waiver of these provisions. DSS' use of quarterly reporting is sufficient grounds for calculating over-issuances by using quarterly reporting and prospective budgeting.

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

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

Proposed Procedure

DSS proposes to offer an opportunity for the recipient to participate in the SNAP 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 DSS 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, DSS will follow rules for termination at 7 CFR 273.21(m); DSS will take a new application. The recipient may reapply for benefits if good cause is denied.

FNS Response

FNS is approving this waiver for 6 months to provide for continuity in administration of SNAP while DSS transitions to SR.

8. **Regulatory or Legislative Basis of Action:** FNS is approving this waiver under the authority of 7 CFR 272.3(c)(1)(ii), which authorizes waivers that would improve Program administration.
9. **Conditions:** DSS must observe the following conditions in their administration of quarterly reporting for the duration of the approval period:
 - DSS must not issue duplicate benefits to a moving household, unless allowed by federal regulations.

- DSS must not permit a break in SNAP participation for CalWORKs cases.
 - DSS 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 DSS must make it clear that the requirement does not apply to the SNAP.
10. **Information Needed for Extension:** As a condition of this extension, the State agency must maintain progress on an accelerated timeline for conversion that includes simultaneous conversion of each consortium and a shortened timeline for policy development and systems changes. At the end of this 6 month extension period, FNS may provide additional extensions if necessary and appropriate.
 11. **Expiration Date:** September 30, 2011.
 12. **Limitation, if any, on Regional Office Approval of Like Requests:** FNS has approved these waivers only for the California Department of Social Services.
 13. **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).
 14. **Date of National Office Action:** March 29, 2011.
 15. **Date of State Agency's Request:** January 26, 2011.
 16. **Date of Regional Office's Transmittal of Request to National Office:** February 24, 2011.
 17. **Date of Regional Office's Transmittal of Response to State Agency:** March 29, 2011
 18. **Actual Implementation Date:**