



**United States  
Department of  
Agriculture**

April 5, 2010

Food and  
Nutrition  
Service

SNAP-10-6-/Waiver 2030030 CA

Western Region

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

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) plan to convert from a Quarterly Reporting (QR) to a Simplified Reporting (SR) system for the Food Stamp Program (FSP), DSS' name for the Supplemental Nutrition Assistance Program (SNAP). DSS accompanied its SR conversion plan with a request to extend its current waivers of the various regulations required to administer its modified QR system during their conversion to SR, for which DSS projects a 38 month timeline. DSS' current QR waiver, number 2030030, which was previously approved for a six month period, expires on March 31, 2010. As part of that six month extension, Food and Nutrition Service (FNS) offered a future extension of up to 18 months if DSS submitted a convincing and coherent plan for conversion to SR.

DSS has explained that their extended timeline for SR conversion is due to several factors, including the State legislative process, collaboration with external stakeholders, and a staggered implementation timeline for each consortium. Each consortium consists of a county or group of counties that employs a common eligibility computer system. While FNS understands that these components add complexity to the conversion process, FNS is not prepared to provide an extension of DSS' QR waivers for 38 months. FNS believes that DSS can shorten the timeline significantly by pursuing simultaneous implementation in each consortium and by expediting both policy development and system programming changes.

Accordingly, FNS is approving DSS' waiver request for a 12-month period from April 1, 2010 through March 31, 2011, during which time my Regional staff will be able to work closely with DSS to shorten the plan timeline and monitor DSS' progress towards conversion. FNS believes that this 12-month approval period will both support and expedite DSS' conversion to SR while also stabilizing DSS' QR policy during the process. FNS will provide additional extensions of the QR waivers if DSS demonstrates a commitment to accelerated progress towards SR conversion and if additional extensions are found to be necessary and appropriate.

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If you have any questions, please contact Dennis Stewart at 415-705-1361, ext. 301 or me at 415-705-1310, ext. 510.

Sincerely,



ALLEN NG  
Regional Administrator  
Western Region

Attachment

cc:

Char Lee Metsker, FSB, CDSS, Sacramento, CA w/attachment  
Chris Webb-Curtis, FSB, CDSS, MS 16-32, Sacramento, CA w/attachment  
Michael J. Papin, FSPB, CDSS, MS 16-32, Sacramento, CA w/attachment  
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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:**

**7 CFR 273.10(c)(3)**

This regulation requires DSS to average fluctuating income over the FSP 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 12 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 12 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 12 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 FSP 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 12 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 FSP does not:

- Drug and fleeing felon status: When a household reports a change in status 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.

- 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.

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

- DSS will act when a household voluntarily reports a change that would increase FSP benefits.
- DSS will not act when a household voluntarily reports a change that would decrease FSP 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 FSP'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 FSP 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 12 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 FSP household reports information to CalWORKs, the household is considered to have reported the information to the State agency and 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.

**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 FSP 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 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 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 12 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 FSP 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 FSP.
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 12 month extension period, FNS may provide additional extensions if necessary and appropriate.
11. **Expiration Date:** March 31, 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 30, 2010.
15. **Date of State Agency's Request:** February 11, 2010.
16. **Date of Regional Office's Transmittal of Request to National Office:** February 12, 2010.
17. **Date of Regional Office's Transmittal of Response to State Agency:** April 5, 2010.
18. **Actual Implementation Date:**