



**United States
Department of
Agriculture**

Food and
Nutrition
Service

Western Region

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

September 22, 2009

SNAP-10-6-/Waiver 2030030 CA

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 California Department of Social Services' (DSS) request to extend its current waivers of the various regulations required to administer a modified Quarterly Reporting (QR) system for the Food Stamp Program (FSP), DSS' name for the Supplemental Nutrition Assistance Program (SNAP). The State agency is requesting approval to operate its QR system for an additional four years. DSS' current QR waiver, number 2030030, which was approved for a two year period, expires on September 30, 2009.

As you are aware, California is the only State that continues to use a QR system. Fifty other State agencies have already transitioned to Simplified Reporting (SR) for at least some portion of their SNAP caseload. Although State agencies may choose to use one of several reporting system options, FNS strongly encourages State agencies to use SR as experience has shown that it consistently leads to improved program accuracy, client access, and program administration. In our initial approval of DSS' request to operate their QR system in 2003, FNS urged the State agency to pursue transition to SR within two years.

In California's cover letters for its 2007 waiver extension request and its current request, DSS acknowledged its intent to move to SR. In spite of the stated intention, DSS has requested a four year extension of its QR waiver. DSS maintains that the four year extension is necessary to obtain the statutory approvals necessary to convert to SR. DSS also states that the conversion requires significant up-front costs and that California's current financial climate will not permit the expenditures necessary for the conversion.

While FNS appreciates California's legal and financial constraints, FNS must balance California's concerns with FNS' responsibility to ensure program accuracy and program access for low-income households. Therefore, FNS is approving DSS' waiver request for a 6 month time period; this approval period is intended to support and expedite the State's conversion to SR while also preserving DSS' QR system during this process. As a condition to FNS' waiver extension, DSS must use the approval period to develop and submit to FNS by February 15, 2010 an action plan to convert to SR. The action plan must set milestones for securing any necessary legislative changes and securing changes in California's automation systems necessary to support the new reporting system.

Char Lee Metsker, Deputy Director

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If at the end of that 6 month period, DSS has submitted a convincing and coherent plan and has begun to take action on that plan, FNS may extend the QR waiver for up to 18 months to further facilitate DSS' conversion to SR.

FNS believes that this 6 month waiver approval provides the stability the State agency requires to successfully transition to SR. If you have any questions, please contact Dave Bailey at 415-705-1361, ext. 303 or me at 415-705-2333, ext. 301.

Sincerely,

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

DENNIS STEWART
Regional Director
Supplemental Nutrition Assistance Program
Western Region

Attachment

cc:

Chris Webb-Curtis, FSB, CDSS, MS 16-32, Sacramento, CA w/attachment
Michael J. Papin, FSPB, CDSS, MS 16-32, Sacramento, CA w/attachment
David Badal, FSPB, CDSS, MS 16-32, Sacramento, CA w/attachment
Richard Trujillo, FOB, FSB, CDSS, Los Angeles, CA w/attachment
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 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. In particular, what DSS characterized as waivers of 7 CFR 273.12(a)(1) and 7 CFR 273.12(c) appear on the attachment as waivers of 7 CFR 273.12(a)(4)(iv) and (vi). Although DSS requested a waiver of 7 CFR 273.12(f)(1), which concerns the reporting requirements of change reporting households, the actual waiver that they need is also part of the waiver of 7 CFR 273.12(a)(4)(vi) and now appears in the attachment under that latter heading. Although DSS requested waiver of 7 CFR 273.3(b), which was not also part of DSS 2007 waiver request, this waiver 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 2007.

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 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 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 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 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 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 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' 2007 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 2007 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 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 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.
 - DSS must prepare and submit to FNS a detailed and approvable plan to convert to SR.
10. **Information Needed for Extension:** As a condition of this extension, the State agency must submit a detailed and approvable plan to convert to SR no later than February 15, 2010. FNS will consider the plan detailed and approvable if it sets milestones for securing any necessary legislative changes and facilitating the system

changes necessary to support the new reporting system. If at the end of that 6 month period, DSS has submitted a convincing and coherent plan and has begun to take action on that plan, FNS may extend the QR waiver for up to 18 months to further facilitate DSS' conversion to SR.

11. **Expiration Date:** March 31, 2010.
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:** September 21, 2009.
15. **Date of State Agency's Request:** August 17, 2009.
16. **Date of Regional Office's Transmittal of Request to National Office:** August 18, 2009.
17. **Date of Regional Office's Transmittal of Response to State Agency:** September 22, 2009
18. **Actual Implementation Date:**