| **Annual Reporting/Child-Only (AR/CO) Cases** | Number: 100-E13 |
|---|---|
| Approved: ***Signature on file*** | Date: 03/18/13 (R9/09/13) |

**PURPOSE**

Senate Bill (SB) 1041 (Chapter 47, Statutes of 2012) mandates implementation of an Annual Reporting (AR) system for certain CalWORKs cases that have no eligible adult in the Assistance Unit (AU). These cases will move from Quarterly Reporting (QR) to Annual Reporting (AR) effective October 1, 2012. Such AUs are referred to as Annual Reporting/Child-Only (AR/CO) cases.

CalFresh cases associated with CalWORKs AR/CO cases will move from Quarterly Reporting to existing Change Reporting (CR) effective October 1, 2012 through September 30, 2013. Effective October 1, 2013, CalFresh cases associated with CalWORKs AR/CO cases will move from Change Reporting to Semi-Annual Reporting (SAR) with the exception of CalFresh households who are exempted from SAR and are subject to CR (i.e., homeless households and elderly or disabled without earned income).

The purpose of this policy is to provide instructions for the Annual Reporting/Child-Only (AR/CO) processes for applicants and recipients to be implemented October 1, 2012.

**ANNUAL REPORTING CHILD ONLY CASES**

If all adults in a case are ineligible for or otherwise not receiving CalWORKs themselves for any of the following reasons, the case will be an AR/CO case:

- All adults have timed out (i.e., Safety Net case);
- The adult(s) is excluded from the AU because of a disqualifying drug felony conviction, fleeing felon status, or has been found by a court to be in violation of probation or parole;
- The adult(s) does not qualify for CalWORKs due to immigration status (i.e., undocumented noncitizen);
- The adult(s) is receiving Supplemental Security Income (SSI);
- The adult(s) is a Non-Needy Relative (NNR);
- The adult(s) is sanctioned due to refusal to assign child/spousal support rights;
- The adult(s) has been convicted of an Intentional Program Violation (IPV) prior to July 1998;
- The adult(s) does not qualify because of failure to

provide a SSN; or
- The adult(s) is participating in a strike and ineligible to CalWORKs for him/herself.

If there is no aided adult in the AU, the case is an AR/CO case, with the exception of an adult who has been sanctioned due to non-compliance with the Welfare-to-Work requirements.

The following cases do not meet the criteria for Annual Reporting and shall remain subject to Semi-Annual Reporting:

- The adult is Welfare-to-Work sanctioned
- The adult in the AU is penalized, such as 25% penalty for failure to cooperate with the child support agency for child/spousal support and paternity establishment
- The adult in the AU is penalized for failure to comply with immunization requirements without good cause
- The adult in the AU is penalized for failure to comply with school attendance requirements for children under 16
- The adult is disqualified due to being convicted of an Intentional Program Violation (IPV) which occurred after July 1998

**Note:** Cases that are subject to penalty are not considered AR/CO cases, unless there is no adult in the AU.

In two-parent cases, if one parent remains aided and included in the AU and the other parent is not aided, the case will not be an AR/CO case because there is an aided adult in the case.

**Any case in which there is an aided adult is not an AR/CO case.** This includes optional members such as stepparents, Registered Domestic Partners (RDPs), needy non-parent caretakers, etc., who have opted to receive CalWORKs and are aided as a member of the AU.

Refugee Cash Assistance (RCA) and Trafficking Crime Victims Assistance Program (TCVAP) cases will not be AR/CO cases. RCA and TCVAP rules do not allow minor children to be aided under these programs without an aided adult. If the adult(s) is discontinued or ineligible, the entire case is discontinued or ineligible unless the minor child is emancipated.

**AR/CO REQUIREMENTS**

CalWORKs AR/CO cases are not required to submit a semi-annual report (such as the SAR 7) and instead will be required to report all eligibility circumstances one time per year during the annual redetermination/recertification (RRR) interview. In addition, AR/CO cases will also have to report mandatory mid-year changes. **"Mid-year" refers to changes that occur at any time during the annual benefit period.**

In addition to the requirement that child-only cases report once per year, AR/CO requires the following changes:

- Use prospective budgeting of reasonably anticipated income without averaging income over a specified period;
- Required to report changes in their AU's income using a new two-tiered Income Reporting Threshold (IRT);
- Take action on IRT changes by either discontinuing the case or decreasing benefits, whichever is appropriate, as soon as adequate and timely (10-day) notice can be provided to the AU;
- Required to report changes in household (HH) composition within 10 days;
- Take action on changes in HH composition reported by an AR/CO case. If a change in HH composition results in a decrease to the AU's grant or a discontinuance of aid, reduce the grant or discontinue the case with timely and adequate notice.
- Initiate overpayment/overissuance recoupment, via grant/allotment adjustment at the beginning of the month, at any time during the year, as long as timely and adequate notice is provided to the AU prior to reducing benefits.
- CalWORKs AR/CO cases are not mandated to complete any written mid-period/mid-year reports, such as the SAR 7. (AR/CO cases are mandated to report certain changes mid-year; however if an AR/CO case does not experience such changes mid-year, no mandatory written report like the SAR 7 is required for CalWORKs.)
- Public Assistance CalFresh (PACF) cases impacted by Annual Reporting must comply with the existing reporting requirements for CR households. Effective October 1, 2013, CalFresh cases impacted by Annual

Reporting must comply with Semi-Annual Reporting requirements with the exception of CalFresh households who are exempted from SAR and are subject to CR (i.e., homeless households, elderly, or disabled without earnings). Refer to CalWORKs Policy 100-E5 Semi-Annual Reporting and Budgeting Process for more information regarding SAR.

---

**CALFRESH TO SEMI-ANNUAL REPORTING AND CHANGE REPORTING**

PACF cases associated with CalWORKs AR/CO cases moved from Quarterly Reporting to Change Reporting (CR) effective October 1, 2012 through September 30, 2013. Effective October 1, 2013 CalFresh cases associated with CalWORKs AR/CO cases will move from Change Reporting to Semi-Annual Reporting (SAR) with the exception of CalFresh households who are exempted from SAR and are subject to CR (i.e., homeless households and elderly or disabled without earned income).

If a mandatory change is reported in CalWORKs, the worker is required to act on the reported information in the PACF mid-period.

Change Reporting CalFresh Households are required to report changes within 10 days. The worker shall take action to increase or decrease CalFresh benefits in the future month (allowing for a timely notice of action if benefits are being reduced).

Refer to the Mandatory Mid-Year Reports and Change Reporting section in this policy for a list of the mandatory changes required for CalFresh Semi-Annual Reporting and Change Reporting.

---

**BUDGETING INCOME**

Under AR/CO, prospective budgeting is required for determining continuing recipient benefits. Prospective budgeting uses income that the applicant or recipient anticipates with reasonable certainty will be received in the upcoming annual period. Current income information obtained at application or redetermination, as well as reasonably anticipated changes in income shall be used as an indicator of the income that is and will be available to the AU/HH for the annual reporting period.

Recipients are not required to report an exact amount of anticipated monthly income for each month of the AR/CO period. Recipients will be required to provide information about current income and any anticipated changes in the following twelve months. The income reported on the SAWS 2 will be considered reasonably anticipated and will be used in the budget calculation unless the recipient reports that they anticipate a change in the upcoming AR/CO period.

**Case Comments**

Staff must document in CalWIN Case Comments how they arrived at the income amount being projected and used to calculate/determine benefits. Document any changes in income, including, but not limited to: new income, income that is ending, income that is expected to change, income that fluctuates, and income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months.

**New Income**

If an AU/HH anticipates receipt of new income from a new source in the upcoming AR/CO period, such as a new job or unemployment insurance (UI) benefits, this income shall only be considered reasonably anticipated if the worker determines that:

1. The AU/HH verifies the income has been or will be approved or authorized within the upcoming AR/CO period, or the AU/HH is otherwise reasonably certain that the income will be received within the AR/CO period;

2. The anticipated amount of the income is known and verified, or the AU/HH is otherwise reasonably certain of the amount of the income; and

3. The start date of the income is known and verified, or the AU/HH is otherwise reasonably certain of the start date of the income.

If an AU/HH anticipates receipt of new income in the upcoming AR/CO period, but does not have reasonable certainty of the dates and amounts expected to be received, this income cannot be considered reasonably anticipated and therefore shall not be used in determining the benefits for the upcoming AR/CO period. If the new income exceeds the IRT mid-year, then the recipient would be required to report it and benefits must be recalculated as necessary.

**Fluctuating Income**
If the AU/HH's monthly income fluctuates or they expect the income reported on the SAWS 2 to change in the upcoming AR/CO period, the worker must attempt to find out the amount of income the AU/HH reasonably expects to receive, in order to determine what income, if any, can be reasonably anticipated and used in the next AR/CO period's benefit calculation. Only that portion of income that the AU/HH reasonably anticipates it will receive can be used in the benefit calculation.

If, for example, a recipient has fluctuating income, but agrees that she usually makes at least a minimum of $200 a month, the minimum anticipated income can be anticipated and used in the benefit calculation. If however, a recipient cannot anticipate an amount or if she will get paid in the upcoming AR/CO period, then no income can be reasonably anticipated or used in the benefits calculation.

If the worker disagrees that the income is too unpredictable to anticipate, the worker must explore with the applicant or recipient what amount, if any, can be reasonably anticipated and used in the budget and thoroughly document the basis for the amount used in CalWIN Case Comments.

**Conversion Factor**
Whenever a full month's income is anticipated but is received on a weekly or bi-weekly basis the income shall be converted to a monthly amount in the following manner using a "conversion factor":

- Income received weekly shall be converted to a monthly amount by adding the four (or five) weekly paychecks together, dividing by four (or five) and multiplying the weekly average income by 4.33.
- Income received bi-weekly shall be converted to a monthly amount by adding the two (or three) bi-weekly paychecks together, dividing by two (or three) and multiplying the bi-weekly average income by 2.167.

**Note**: Since CalWIN has the functionality to automatically apply the appropriate conversion factor, the worker does not need to manually determine the monthly amount. Continue to enter the income frequency in CalWIN based on when the client gets paid; weekly, bi-weekly, semi-monthly or monthly.

Each paycheck does not need to be the same amount; however, the AU/HH must reasonably anticipate that their monthly income will continue in order to convert the income into a monthly average. In contrast, if the AU/HH receives weekly or bi-weekly paychecks, but their income fluctuates month to month and they cannot reasonably anticipate what their income will be, the conversion factor must not be used.

**Income Starting or Ending Mid-Year**

Income that is starting or ending mid-year will not be averaged over each month of the AR/CO period. Income that the recipient anticipates will begin or end in one of the months of the upcoming AR/CO period will only be counted in the months that the income is reasonably anticipated to be received. This allows an AU/HH to receive the maximum benefit amount in the months in which this income is not received.

This rule is the same for applicant cases as well; income from the month of application will only be used to determine eligibility and benefit amount in the months in which that income is expected to be received.

The only exception to prospective budgeting is for CalFresh HHs associated with a CalWORKs AR/CO case that by contract or self-employment derive their income in a period of time shorter than one year. The HHs shall have that income averaged over the 12-month AR/CO period, provided the income from the contract is not received on an hourly or piecework basis. Examples of these households include school employees, sharecroppers, farmers or other self-employed HH but not migrant or seasonal farm workers.

In cases where the CalFresh HH also has a CalWORKs AR/CO case, the contract/self-employment income for CalWORKs shall be budgeted in the same manner for CalFresh. However, for the AR/CO cases not in receipt of CalFresh benefits, the contract/self-employment income shall be calculated in accordance with prospective budgeting and reasonably anticipated income rules and not averaged over the 12-month period.

Example 1: A CalWORKs/CalFresh AR/CO recipient works at a school cafeteria from the middle of September to the middle of June. During her July RRR for CalWORKs and CalFresh, she reports that her job ended in the middle of June. The worker looks at the case file for prior work information and determines that this recipient always has a break in employment during the summer months. The worker must clarify with the recipient if she expects her normal job with the school to begin again the following September. If she does expect her job to resume in September the income she receives from September through June must be added together and divided by 12 in order to come up with an average monthly income for the AR/CO period. (e.g., She receives $400 in September and June and $800 a month in October through May. She receives $7,200 a year. $7,200 divided by 12 = $600. $600 would be counted as her average monthly income for the AR/CO period). The worker must document in CalWIN Case Comments the basis for determining the anticipated income.

<u>Example 2</u>: A continuing CalWORKs/CalFresh AR/CO case completes the SAWS 2 and all other paperwork for their RRR. The recipient reports and verifies current income of $300 per month. The income fluctuates from month to month. The recipient reports she may receive $350 one month and $275 another month, and there is no way to predict how much she will receive any one month. The recipient agrees that she generally gets $300 per month. In this instance, the worker will budget for $300 per month, based on current income, for the AR/CO period, since it reflects what can be reasonably anticipated. The worker must document in CalWIN Case Comments the basis for determining the anticipated income. The recipient may voluntarily report a decrease in income in future months, and the worker would issue a supplement, if appropriate, based on the voluntary report.

<u>Example 3</u>: A continuing CalWORKs/CalFresh AR/CO case completes the SAWS 2 and all other paperwork for their RRR. The recipient reports no current income, but reasonably anticipates (and provides verification) that she will earn $500 per month starting in month three, and the income will continue. In this instance, the income is not averaged. Instead, a full grant is provided in months one and two, and the $500 in income is budgeted for months three through 12. When the worker decreases the grant based on the increased income, the worker must send a timely and adequate notice of the decrease in month two to the AR/CO

case before the benefits for month three are decreased. The worker must document in CalWIN Case Comments the basis for determining the anticipated income.

Example 4: A continuing CalWORKs/CalFresh AR/CO case completes the SAWS 2 and other paperwork for their RRR. The recipient reports and verifies current income over the IRT, such that the case is discontinued. The recipient reports she expects the income to continue until month four, when she reasonably anticipates she will be laid off. In this instance, the CalWORKs and CalFresh cases are discontinued at the end of the month with timely and adequate notice, and Transitional CalFresh benefits would be issued for the following month. The client may reapply if she gets laid off. The worker must document in CalWIN Case Comments the basis for determining the anticipated income.

Example 5: A continuing CalWORKs/CalFresh AR/CO case completes the SAWS 2 and other paperwork for their RRR. The recipient reports current income of $300 per month, which she expects to continue in months one through five. The recipient then reasonably anticipates and provides verification (during the RRR interview) that she will receive $400 in months six through eight and $500 in months nine through 12. In this instance, the worker would not average the income to get one monthly income amount for the 12 month AR/CO period. Instead, the worker would budget the actual amount reasonably anticipated, resulting in one grant amount for months one through five, a different (lower) grant amount for months six through eight, and a third grant amount for months nine through 12. The worker must document in CalWIN Case Comments the basis for determining the anticipated income.

Example 6: An AR/CO case reports and verifies during the RRR current income of $150 and $250, paid bi-weekly, which is reasonably anticipated to continue for the remainder of the AR/CO period. The worker converts the income to a monthly amount by adding the two bi-weekly checks, diving by two, and applying the conversion factor (i.e., $200 X 2.167, to calculate monthly income). The worker must document in CalWIN Case Comments the basis for determining the anticipated income.

---

**REDETERMINATIO**

CalWORKs AR/CO cases will only be subject to an annual RRR. CalFresh cases will also be required to complete an

**N /RECERTIFICATIO N (RRR)**

annual recertification. In addition, CalFresh cases not exempted from SAR will be required to submit one Semi-Annual Eligibility Report form (SAR 7) once per year (in the sixth month of the first semi-annual period). Refer to CalWORKs Policy 100-E5 SAR and Budgeting Process for more information.

The SAR 7 shall be treated as a voluntary report for the CalWORKs AR/CO case and action will only be taken for CalWORKs if it is a mandatory report, county initiated report, or if it is an increase to the CalWORKs benefits.

**Note**: CalWORKs redeterminations and CalFresh recertifications dates shall be aligned. If the RRR dates are not aligned, the worker shall change the CalFresh RRR date to align with the CalWORKs RRR. For more information, refer to the RRR – CalWORKs Resource Guide.

The RRR will occur in month twelve, the final month in the AR/CO benefit period, and handled pursuant to existing notice and processing deadline regulations for RRRs.

**The AR/CO annual RRR appointments should be scheduled early enough in month twelve of the AR/CO benefit period to meet 10-day noticing requirements in the event that there is a decrease in benefits the first of the month following the RRR, or discontinuance of benefits if the RRR family fails to comply with RRR requirements.**

Example 1: An AR/CO case has a RRR due in January 2013. The RRR is scheduled in early January 2013, month 12 of the AR/CO benefit period. During the RRR, the recipient reports earned income on the SAWS 2, and does not anticipate any changes to the income. The worker would use this income information to determine the grant/allotment amount for the following annual AR/CO benefit period, which begins February 1, 2013. The new AR/CO benefit period will be February 2013 through January 2014.

Example 2: An AR/CO case has a RRR due in March 2013. The case consists of an NNR with earned income and a child. The RRR is scheduled in early March 2013, month 12 of the AR/CO benefit period. In this case, the AU would get a full grant, because the caretaker relative is non-needy and the NNR's income is not used to calculate the child's grant. In determining CalFresh benefits, existing CR budgeting rules would be followed (effective October 1, 2013 existing SAR budgeting rules unless the CalFresh household is exempt from SAR). The AR/CO benefit period is April 2013 through March 2014.

When clients attend their RRR appointment, information on the SAWS 2 and any additional information provided by the AU/HH will be used to determine continuing eligibility and future benefit amounts based on all conditions of eligibility. During the RRR interview, the worker must ask the client about any known changes to the income reported on the SAWS 2 to ensure that the correct income is used to prospectively budget the benefit and grant amounts for the annual benefit period. All factors that were used in determining current income along with any reasonably anticipated changes must be documented in CalWIN Case Comments.

The worker shall remind clients that they may voluntarily report decreases in income any time throughout the year, so that CalWORKs and/or CalFresh benefits can be increased based on the decreased income, upon receiving verification from the recipient. The worker will inform the AU of the family's IRT level via the AR 2.

**MANDATORY MID-YEAR REPORTS AND CHANGE REPORTING**

Mandatory mid-year reporting requirements under AR/CO are the same as quarterly reporting with one addition: under AR/CO, changes in household composition must also be reported.

When a CalWORKs AR/CO case experiences any mandatory mid-year reporting changes, the recipient must report the changes, verbally or in writing, to the county within 10 days of occurrence.

**Note**: The recipient has the option to use the AR 3 to report the changes in writing.

CalWORKs AR/CO cases must report the following changes mid-year within 10 days:

1. Income exceeding the IRT;

2. **Changes in HH composition**;

3. Address changes;

4. Drug felony convictions;

5. Fleeing felon status; or

6. Court findings of probation or parole violations.

If a mandatory change is reported in the CalWORKs AR/CO case, the worker is required to act on the reported information in the PACF SAR case mid-period.

CalFresh Change Reporting

Effective October 1, 2013 CalFresh cases impacted by AR must comply with Semi-Annual Reporting requirements with the exception of CalFresh households who are exempted from SAR and are subject to CR (i.e., homeless households, elderly, or disabled without earnings). For those CalFresh households who are exempted from SAR and are subject to CR, the following changes must be reported within 10 days of occurrence for CR purposes:

- Changes in the source of income (starting, stopping, changing job);
- Earned income changes by more than $100;
- Unearned income changes by more than $50 (except CalWORKs, General Assistance, or Social Security COLAs);
- Changes in household composition;
- Change in address and resulting change in shelter expenses;
- Change in the amount of child support payments made to a non-household member, and/or a change in the legal obligation to pay child support;
- Any member of the household is avoiding or running from the law to avoid any felony prosecution, custody or confinement after conviction, or who is found by a court to be in violation of probation or parole; or
- Any household member convicted of a disqualifying drug-related felony after August 22, 1996.

Refer to the Comparison Table of Mandatory Reporting Methods for a summary on reporting requirements for AR/CO, Semi-Annual Reporting (SAR), and Change

Reporting (CR).

The worker must take action on all mandatory reported changes. CalFresh SAR rules have different reporting requirements than AR/CO and CR rules have additional reporting requirements than AR/CO CalWORKs cases. If the change is not required to be reported for CalWORKs, the worker may not decrease or discontinue the CalWORKs grant/case mid-year. Additionally, if the worker is not taking action to change the CalWORKs grant, a No Change NOA must be sent out to the AU.

**Mandatory Report Results in Ineligibility**
If a recipient is determined to be financially ineligible based on an increase in income over the IRT or a change in household composition, the worker must discontinue the case with timely and adequate notice effective the end of the month in which the change occurred.

**Mandatory Report Results in Decrease**
If it is determined that a recipient's benefits would decrease based on an increase in income over the IRT or a change in household composition, the worker must decrease the benefits, with timely and adequate notice, for the remainder of the 12-month period, effective the first of the month following the month in which the change occurred.

**Note**: An overpayment should be established for months in which benefits were released at the previous level because a 10-day NOA could not be provided.

If the recipient reports an increase in income or a change in household composition in the 12th month, the worker is required to verify this report and consider this change during the RRR to determine the benefit amount for the following 12-month period, as well as to review for a supplemental benefit if the report indicates an increase in benefit amount. (Refer to the Voluntary Reports and Change Reporting section in this policy for action on reports that result in an increase to benefits.)

Example 1: An AR/CO recipient reports on March 12, 2013, that two of her three aided children moved out of the home on March 3, 2013. The worker determines the AU is still eligible, but will have a reduced grant beginning in April. The worker sends out a 10-day notice no later than March 20, 2013, informing the AU that their CalWORKs grant and CalFresh benefits will be reduced effective April 1.

**CALWORKS IRT**

CalWORKs clients subject to AR/CO must report verbally or in writing within 10 days when their income exceeds the IRT for their family size, even if the income is received mid-year. An AR/CO case with income exceeding the IRT may have their CalWORKs benefits discontinued or decreased effective the first day of the month following timely and adequate notice.

The IRT under Annual Reporting is no longer a set amount for a given family size; there are two tiers of the CalWORKs IRT for AR/CO and one tier for CalFresh, as described below, and is subject to change when the AU's income changes. If any member of the AU or any member included in the Family Maximum Aid Payment (MAP) has earned income, the CalWORKs AU is required to report when: The total combined gross monthly income, earned and unearned, of all persons included in the family MAP exceeds the lesser of the following amounts:

- CalWORKs Tier 1 – 55 percent of the federal poverty level (FPL) for a family of three ($875), added to the amount of gross income that was last used to calculate the recipient's benefits; or

**Note**: Tier 1 will be different for each AU depending on their current income. AUs with no current income will have 55 percent of the FPL ($875) as their current IRT.

- CalWORKs Tier 2 - The level likely to render them ineligible for CalWORKs benefits (recipient earned income limits).
- CalFresh IRT Tier 3 – The CalFresh IRT is the amount likely to make a family ineligible for CalFresh (130 percent of the FPL) for each household size. This tier will be the IRT for a CalWORKs AU only in those rare situations where the AU reports income over Tier 2 of the IRT, but remains eligible to aid. Refer to Example 4 below.

Refer to the Worker Tool (WT) 12 IRT Chart for SAR and AR/CO for the IRT levels.

Because each family will have different amounts of earned and unearned income, the exact amount of income that will make each family ineligible for CalWORKs will vary; however, for ease of administration, Tier 2 of the IRT will be based on the CalWORKs recipient earned income limits. The IRT rule applies as follows:

- AUs that have earnings only or a combination of earned and unearned income will be required to report within 10 days when the household's total income exceeds the IRT.
- AUs that have no income or have unearned income only will be required to report within 10 days if they receive new earnings that, once combined with other household income, exceeds the IRT.
- AUs with unearned income only (including disability-based unearned income) are not required to report when that income by itself exceeds the IRT mid-year.

The worker is required to determine the appropriate IRT figure for each AU and provide each AU with their family's reportable IRT in writing with the AR 2.

For CalFresh cases that are exempted from SAR reporting requirements and impacted by AR/CO, income changes must be reported in accordance with existing CR regulations. However, if CalWORKs benefits are decreased or discontinued due to the CalWORKs IRT, the worker must also act to determine the impact on the benefits of the CalFresh HH. If the CalWORKs AR/CO case is discontinued, the worker will discontinue CalFresh and issue Transitional CalFresh benefits.

When income in excess of the CalWORKs IRT is reported, the worker must determine if the AU remains financially eligible for CalWORKs benefits and if so, recalculate the grant amount for the remainder of the AR/CO period using the new amount of reasonably anticipated income. The resulting decrease to the CalWORKs grant can only be made after timely and adequate notice can be provided.

If the report of income over the IRT results in discontinuance of CalWORKs, the worker shall discontinue the case at the end of the month in which timely and adequate notice can be provided.

**Income Over AR/CO IRT not Expected to Continue**

If a recipient reports receipt of income that exceeds the IRT, the worker must determine if income will continue at that level. If the income is only expected to last for one month and will not continue at that level, the worker shall not take action to discontinue or decrease benefits. Furthermore, if an AU makes a mid-year report of increased income that is not over the IRT, that report shall be treated as voluntary, and shall not result in any decrease in benefits. The worker must send the AR/CO case a "No Change" NOA in response to the voluntary report of a change that did not affect the AU's grant.

**Note**: For PACF SAR cases associated with a CalWORKs AR/CO case, if the client reports on the SAR 7 increased income that is not over the IRT, the report shall be treated as voluntary for CalWORKs and not result in any decrease in CalWORKs benefits. The worker will only apply the increase of income reported/verified on the SAR 7 to the CalFresh benefits.

<u>Example 1</u>: An AR/CO non-exempt AU of 4, with no income. The family's current IRT level is $875 (Tier 1 IRT). Mom reports mid-year within 10 days she started working and is earning $1200 monthly. The reported income ($1200) is over her current IRT amount ($875).

The new Tier 1 IRT amount would be figured as follows: **$1200 + $875 = $2075**.

The new Tier 1 IRT amount of **$2075** is now greater than the Tier 2 amount of **$1636**. The amount of her new income ($1200) does not exceed Tier 2 of **$1636**.

The worker will enter the newly calculated reasonably anticipated income amount of $1200 into CalWIN for future month and inform the AU via the AR 2 of their new IRT level of $1636.

The AU's new CalWORKs grant amount for the remaining months in the AR/CO period will be **$210** based on the following:

$1200 – 112 (earned income disregard) = $1088 – 544 (50% disregard) = **$544** (total net non-exempt income). **$762** (Map of AU of 4) - $544 = $210.

**Region 1 IRT Levels Non Exempt**

| AU/HH | Tier 1 IRT | Tier 2 IRT |
|---|---|---|
| 0 | $875 | $113 |
| 1 | $875 | $746 |
| 2 | $875 | $1,144 |
| 3 | $875 | $1,388 |
| 4 | $875 | $1,637 |
| 5 | $875 | $1,845 |

Example 2: An AR/CO AU of 6, with no income. The family's current IRT level is $875. Mom reports mid-year within 10 days she started working and is earning $1000 monthly. The reported income of $1000 is over her current IRT amount ($875).

The new Tier 1 IRT amount would be figured as follows: **$1000 + $875 = $1875**.

The new Tier 1 IRT amount **($1875)** is now less than the Tier 2 amount of **$2056**. The amount of her new income ($1000) does not exceed Tier 2 of **$2056**.

The worker will enter the newly calculated reasonably anticipated income amount of **$1000** into CalWIN for future month and inform the AU via the AR 2 of their new IRT level of **$1875**.

The AU's new CalWORKs grant amount for the remaining months in the AR/CO period will be **$528** based on the following:

$1000 – 112 (earned income disregard) = $888 – $444 (50% disregard) = **$444** (total net non-exempt income). **$972** (Map for AU of 6) - $444 = $528

Region 1 IRT Levels Non Exempt

| AU/HH | Tier 1 IRT | Tier 2 IRT |
|---|---|---|
| 0 | $875 | $113 |
| 1 | $875 | $746 |
| 2 | $875 | $1,144 |
| 3 | $875 | $1,388 |
| 4 | $875 | $1,636 |
| 5 | $875 | $1,844 |
| 6 | $875 | $2,056 |
| 7 | $875 | $2,250 |

Example 3: An AR/CO AU of 6, with no income. The family's current IRT level is $875. Dad reports mid-year within 10 days on 10/4/12 that he started working and is earning $4300 monthly. The reported income of $4300 is over his current IRT amount ($875).

The new Tier 1 IRT amount would be figured as follows:
$**4300 + $875 = $5175**.

The new Tier 1 IRT amount **($5175)** is now greater than the Tier 2 amount of **$2056**. The amount of his new income ($4300) does exceed Tier 2 of **$2056**.

The worker will discontinue CalWORKs 10/31/12 and the case will be transitioned to TCF and TMC effective 11/1/12.

Region 1 IRT Levels Non Exempt

| AU/HH | Tier 1 IRT | Tier 2 IRT |
|---|---|---|
| 0 | $875 | $113 |
| 1 | $875 | $746 |
| 2 | $875 | $1,144 |
| 3 | $875 | $1,388 |
| 4 | $875 | $1,636 |
| 5 | $875 | $1,844 |
| 6 | $875 | $2,056 |
| 7 | $875 | $2,250 |

**Example 4**: An AR/CO Non-Exempt AU of 2, with an IRT (Tier 2) of $1144. The AU reports they have $225 in disability-based unearned income (DBI) and $950 in earned income.

The total income is $1175 ($225+$950= $1175), which is over the Tier 2 IRT of $1144.

The AU budget is $225 (DBI) minus $225 (disregard), leaving the earned income of $950 divided by 2, which equals $475.

The MAP is $516, so the AU is eligible for a $41 CalWORKs grant.

The AU now has a new IRT. While Tier 2 ($1144) continues to be the lesser of the three IRTs, it cannot be assigned to the AU because it is already lower than the AU's income. That leaves Tier 1 ($875 + $1175= $2050) or Tier 3 ($1640). Tier 3 is the lesser amount, so that is the AU's new IRT.

**Region 1 IRT Levels Non Exempt**

| AU/HH | Tier 1 IRT | Tier 2 IRT | Tier 3 IRT |
|---|---|---|---|
| 0 | $875 | $113 | |
| 1 | $875 | $746 | $1,211 |
| 2 | $875 | $1,144 | $1,640 |
| 3 | $875 | $1,388 | $2,069 |
| 4 | $875 | $1,637 | $2,498 |

## VOLUNTARY REPORTS AND CHANGE REPORTING

AR/CO cases may voluntarily report changes in income and circumstances that may increase benefits any time during the AU's twelve month period of eligibility. These reports may be made in writing, online via Benefits CalWIN (BCW), verbally, or in person.

The worker will only take mid-year action on those voluntary reports that result in an increase to benefits, with the exception of recipients who voluntarily request to discontinue their entire case or to discontinue an optional member. Voluntarily reported changes may result in an increase in benefits for one program, while decreasing benefits for the other program. For example, an increase in CalWORKs could result in a decrease in CalFresh benefits.

Action to increase the grant and/or allotment based on voluntary reports shall be based on **when the change was reported**, not when the change actually occurred. The effective date of the increase in benefits is determined differently for increases due to decreased income than for increases due to adding HH members and are as follows:

CalWORKs (AR/CO) and CalFresh (SAR)

- Increases due to decreased income are effective the first of the month in which the change occurs or is reported, whichever is later.
- Increases due to the addition of new HH members are effective the first of the month following the report of the change.

CalFresh (CR)

- Increases due to decreased income are effective the first of the month following the month after the change is reported.

**Note**: A supplement may not be issued until verification is received.

The recipient must provide verification of the change within the 10-day period listed on the request for verification. If verification is not received within 10 days, the worker shall send a “No-Change NOA” to the AU/HH which states that no action to increase benefits was taken because verification was not received. If verification is provided after 10 days, the date the verification is provided shall be considered the date of the voluntary report.

Example 1: An AR/CO case has an RRR due in April 2013. The recipient reports a decrease in income on December 28, 2012, and provides verification of the decrease. The worker will redetermine the benefit amount for the current month (December) and the remaining months in the 12-month period. Because there is not enough time to issue the higher benefit amount on January 1, the county will issue a supplemental payment for December and January and issue the correct, higher benefit beginning in February.

**Note**: Supplements under AR/CO will be issued prospectively (for the current month and future months). In the above example, because the client reported the decrease in income in December, the supplement would be issued for December and for future months, even if the decrease in income began prior to December.

Example 2: An AR/CO case has an RRR due in August. On August 3, the recipient reports a decrease in income and provides verification of the decrease. The worker would use this information to redetermine the benefit for August and issue a supplement for August. The worker would also take this decreased income into account when determining the benefit amount for the upcoming 12-month period. The recipient would not have to re-verify the change of income as part of the RRR.

Example 3: An AR/CO case has an RRR due in November. In April, the recipient voluntarily reports a $110 increase in earned income, which is not over the IRT. Action may not be taken based on this voluntary report and a No-Change NOA must be issued for CalWORKs. If PACF is exempted from SAR reporting requirements, the worker would send a timely and adequate notice informing the recipient of the decrease in CalFresh benefits effective the following month because the increased income is more than $100, which is above the recipient reporting requirement for CR. If PACF is not exempted from SAR reporting requirements, action may not be taken based on a voluntary report mid-period and a No-Change NOA must be issued for CalFresh. The SAR 7 is due in May, so action will be taken in June to decrease July CalFresh benefits.

---

**VOLUNTARY RECIPIENT REQUEST FOR DISCONTINUANCE OF BENEFITS**

AR/CO clients may voluntarily request discontinuance of the entire AU at any time mid-year.

- For CalWORKs, if the recipient's request is verbal, the worker shall provide a 10-day notice prior to discontinuance. If the request is in writing, the worker shall discontinue the case at the end of the month in which the request is made and simultaneously issue an adequate notice informing the AU of the discontinuance.
- For CalFresh, the worker sends a letter to confirm the verbal voluntary withdrawal and then an adequate notice of action reflecting the discontinuance of benefits. IF the request is in writing, the worker shall discontinue the case at the end of the month in which the request is made and simultaneously issue an adequate notice informing the HH of the discontinuance.

A request for discontinuance for an AU member who moved out of the home would not be considered voluntary, as changes in HH composition are considered mandatory mid-year reports under AR/CO.

An optional member may request discontinuance from the AU, while not moving out of the home. Because changes in HH composition pertain to individuals moving into and out of the home, an optional member requesting removal from the AU would not be considered a mandatory report.

**COUNTY INITIATED MID-YEAR ACTIONS**

In addition to actions taken due to mandatory and voluntary mid-year reports, the worker shall also act on “known to the county” information that results in changes in eligibility status or benefit amount. These changes are effective at the end of the month in which timely and adequate notice can be provided, even if the action results in a decrease in benefits. Such county-initiated actions can occur at any time during the 12-month period for AR/CO cases and include, but are not limited to, the following:

- A child is no longer eligible due to age
- A sanction or penalty is imposed or lifted
- The child is placed in a foster care home (timely 10-day notice is not required)
- The worker determines a recipient is no longer a California resident
- A decrease in benefits due to an overpayment/overissuance (OP/OI) recoupment
- A Non-Minor Dependent is transferred into his or her own AU
- When aid has been approved for a child or other individual who is currently being aided in another HH
- A state hearing decision results in a mandatory change mid-year
- When an AU becomes a Family Reunification case
- When the worker acts on RRR information
- When adjustments to correct erroneous payments are made
- An AU member is deceased
- An AU is transferred to a Tribal TANF program
- When there are Cost-of-living adjustments (COLA)
- When it becomes known to the county that an individual is confined in a correctional facility on the first of a month and is expected to remain for a full calendar month or more

**CASES THAT MOVE BETWEEN AR/CO AND SAR**

Under some circumstances, a case will transition between AR/CO and SAR. Change the status from AR/CO to SAR and SAR to AR/CO beginning the first day of the month following the change in the AU. The worker shall provide a notice to the AU/HH when a case transitions from AR/CO to SAR or from SAR to AR/CO.

- When a case transitions from SAR to AR/CO or vice-versa, the case retains the same SAR cycle and RRR due dates;
- The manner in which the cycle is determined depends on the reporting system the case was in when aid was initially granted. Cases that originate in QR will have their cycle based on the date of application. Cases that originate in SAR or AR/CO will have their cycles based on the beginning date of aid.
- In cases where an adult is added back to the AU and the case goes from AR/CO to SAR, the SAR 7 cannot be due in the same month in which the adult is added for a CalWORKs only case. If the case is PACF and not exempt from SAR reporting requirements, the SAR 7 can be due in the same month in which the adult is added for CalFresh.
- In scenarios where the adult has a SAR 7 due in one month, but transitions to AR/CO the following month, the CalWORKs case will not be discontinued if the recipient fails to submit the SAR 7. In such scenarios, the grant will remain the same (notwithstanding mandatory mid-year reports, etc.) until the RRR. However, CalFresh would be discontinued for failure to submit the SAR 7;
- When a case goes from SAR to AR/CO, the case becomes AR/CO the first of the month following when the adult is removed from the AU (as opposed to waiting until the beginning of the next SAR period).
- The SAR 7 shall be treated as a voluntary report for the CalWORKs AR/CO case and action will only be taken for CalWORKs if it is a mandatory report, county initiated report, or if it is an increase in the CalWORKs benefits.

<u>Example 1</u>: The AU in an AR/CO case consists of an NNR and two children. On October 2, 2013, the NNR reports she was laid off from her job and provides verification. She applies to include herself in the AU. The worker determines she is eligible, effective November 1, 2013. The worker

provides a NOA to the recipient indicating the case is now subject to standard SAR reporting rules. The SAR cycle and the RRR month will be based on the beginning date of aid since the case originated as an AR/CO case.

Example 2: Effective June 1, a timed-out mother in a continuing CalWORKs AR/CO case is added back to the AU due to child support repayment of aid (child support paid to the local child support agency which reimburses the county for aid paid to the AU). The case would retain the same SAR cycle the case had prior to becoming an AR/CO case. For example:

- If the RRR month is April, the SAR 7 would be due in October.
- If the RRR month is May, the SAR 7 would be due in November.

---

**CALFRESH CASES THAT MOVE BETWEEN CR AND SAR**

Change the status of HHs who transition from CR to SAR and SAR to CR beginning with the first day of the month following the change in household circumstances/status. The worker must send a timely notice CF 23 informing the HH of the change from CR to SAR. The worker will not require the household to submit a SAR 7 for any month in which the household was subject to CR requirements. If a case transitions from SAR to CR the worker must notify the HH within 10 days of the date the worker becomes aware of the change by sending a DFA 377.5 explaining the CR reporting requirements and that the HH has become exempt from SAR and is no longer required to file any future SAR 7s.

**Note:** The change in status for the CalWORKs AR/CO case will not always affect the associated CalFresh case because some of the HHs would have CR status regardless of AR/CO (e.g., if the HH is homeless, etc.).

---

**OVERPAYMENT/ OVERISSUANCES (OPS/OIS) AND UNDERPAYMENT/ UNDERISSUANCES (UPS/UIS)**

CalWORKs OPs will be based on recipient failure to report any information they are mandatorily required to report, county error, recipient late reporting, and the worker not being able to issue the correct grant amount due to insufficient time to issue a 10-day notice. CalFresh OIs will be established based on recipient failure to report and county error.

Example 1: An AR/CO case has a benefit period of June-May. On September 5, the mother receives income in excess of the CalWORKs IRT, but the increased income is not enough to discontinue the case. However, the mother fails to report the increase in income until November 5. The worker would reduce the CalWORKs grant and CalFresh allotment effective December 1 with timely and adequate notice, and establish an OP for October and November because the change occurred in September, and had the mother reported the change within 10 days, the worker would have decreased her benefits effective October 1. There would be no OI in CalFresh for the month of October and November because a report of income over the Tier 1 or Tier 2 of the IRT is not a mandatory report in CalFresh.

**Note**: If the income was over the CalFresh IRT (Tier 3 IRT), there would be an O/I for October and November.

The worker would also begin recoupment of the OP via grant adjustment mid-year with timely and adequate notice, beginning in December, as long as there is not another prior OP being collected on.

---

**FORMS, INFORMING NOTICES, AND NOTICES OF ACTION (NOAS)**

The following is a list of AR/CO forms and NOAs:

**Note**: Until translations are available, clients who have elected to receive Spanish, Russian, Vietnamese, and written Chinese materials should be sent the English version of the form or notice along with the GEN 1365 – Notice of Language Services.

**Temp AR 1 New Reporting Requirements for CalWORKs and CalFresh**

The TEMP AR 1 is to be used as an informing notice for CalWORKs cases that will begin reporting annually rather than semi-annually. It must be provided to CalWORKs applicants and recipients at Application and RRR.

**AR 2 – Reporting Changes for CalWORKs and CalFresh**

The AR 2 informs AR/CO cases of their current IRT and reminds them of the AR reporting requirements. Workers must inform recipients of their IRT no less than at Application, each RRR, or whenever the IRT changes.

**AR 3 (9/12) – Mid-Year Status Report For CalWORKs and CalFresh**

The AR 3 is available to recipients as a way to report changes in writing at any time during the year (except at their RRR). AR/CO cases may report mid-year changes either verbally or in writing.

**NA 1239 SAR (10/12) – Notice of Action Continued (With Budget)**

The NA 1239 SAR is used when figuring the clients monthly cash aid amount for an AR/CO case for the annual period or as an attachment to the No Change NOA showing that the grant will not change after a mid-year voluntary report would have caused the cash aid amount to decrease.

**ATTACHMENTS**

- TEMP AR 1 New Reporting Requirements for CalWORKs and CalFresh
- AR 2 Reporting Changes for CalWORKs and CalFresh
- AR 3 Mid-Year Status Report for CalWORKs and CalFresh
- CF 23 CalFresh Benefits How To Report Household Changes
- NA 1239 SAR Notice of Action Continued
- Comparison Table of Mandatory Reporting Methods
- Worker Tool (WT) 12 IRT Chart for SAR and AR/CO
- BENDS 6180
- AR/CO Questions and Answers
- IRT Level Worker Tool 35
- CalFresh Corrective Action Tip

**REFERENCES**

ACL 12-49, 13-28, 12-25