

August 9, 2013

CalWORKs Program Guide Letter No. 295

Subject **IMPLEMENTATION OF THE SEMI-ANNUAL REPORTING (SAR) SYSTEM
PART 1 – OVERVIEW, CASELOAD CONVERSATION, AND THE SAR 7**

Effective Date Conversion to SAR budgeting starts August 10, 2013.

The new SAR system will be fully implemented by October 1, 2013.

Reference All County Letters 12-25; 12-59; 13-08; 13-17; 13-57

Purpose To provide an overview and initial instructions for the implementation of the SAR system in the CalWORKs (CW) and CalFresh (CF) programs.

*Unless otherwise specified, the information and instructions in this CPG Letter apply to **both** CW and CF Programs.*

Background Assembly Bill (AB) 6 requires the replacement of the current Quarterly Reporting/Prospective Budgeting (QR/PB) system with a SAR system for the CW and CF programs.

Policy Change The new SAR system will apply to all CW and CF Assistance Units/Households (AUs/HH) who are currently subject to Quarterly Reporting/Prospective Budgeting (QR/PB).

CW Annual Reporting/Child Only (AR/CO) AUs and CF Change Reporting (CR) households will continue to follow existing AR/CO and CR rules and will not be required to submit a SAR 7 report.

CF households who are associated with CW AR/CO cases **and** do not meet CR criteria will transition to SAR.

Summary of Updates The following new CW Program Guide (CPG) sections have been posted to the online program guide:

CPG Section	Title
44-270.A	Semi-Annual Reporting (SAR) Overview

44-270.B	Semi-Annual Reporting (SAR) Cycle
44-270.C	Semi-Annual Eligibility Status Report (SAR 7)
44-270.D	Processing the SAR 7

Additional sections will be updated in separate CW Program Guide Letters to replace QR references with information regarding SAR.

New Terms for SAR

The following terminology is used to describe the semi-annual period:

SAR DATA MONTH

The month for which the recipient is required to report all information necessary to determine eligibility. The SAR Data Month is **Month 5** of each semi-annual period.

SAR SUBMIT MONTH

The month in which the SAR 7 or the Redetermination/Recertification (RD/RC) forms must be submitted. This is the month after the SAR Data Month and is **Month 6** of each semi-annual period.

SAR PAYMENT PERIOD

The period in which benefits are issued. The six-month period that starts with the **beginning date of aid (BDA)**; the month after the SAR 7 Submit Month; or the month after the RD/RC.

SAR Cycle

The SAR cycle is made up of the **six** consecutive months following an initial application, SAR 7, or RD/RC.

- The first month of eligibility, or **beginning date of aid (BDA)**, is the first month of the SAR Payment Period.
- The household will be assigned to one of six cycles based on their BDA as shown in the [SAR Cycles Chart](#) below.

SAR Cycles Chart

SAR Cycle	Month 1 BDA	Month 2	Month 3	Month 4	Month 5 Data Month	Month 6 Submit Month
1	January July	February August	March September	April October	May November	June December
2	February August	March September	April October	May November	June December	July January
3	March September	April October	May November	June December	July January	August February
4	April	May	June	July	August	September

	October	November	December	January	February	March
5	May November	June December	July January	August February	September March	October April
6	June December	July January	August February	September March	October April	November May

The SAR Cycles Chart is also located in:

- CalWORKs [SAR Resources and Desk Aids](#) and
- CF Program Guide (CFPG) [63-272.2](#) as a desk aid.

Establishing the SAR Cycle

SAR cycles are based on the BDA. If there is no eligibility in the month of application, the SAR Payment Period will begin the first month in which the household is eligible to aid.

Example: Ineligible Application Month	
Scenario	<ul style="list-style-type: none"> • A family applies for CW/CF in July 2014, AU/HH = 3. • Mother was laid off and received her last check on July 20, 2014. • Her total countable income for the application month July is \$2,500. • The AU/HH is not eligible to CW/CF in July but is determined eligible effective August 1, 2014.
Outcome	<ul style="list-style-type: none"> • The family will be assigned to SAR cycle 2 based on the BDA of August 2014. • Their SAR 7 will be for SAR Data Month December 2014 due in SAR Submit Month January 2015. • Their CW/CF RD/RC will be due in July 2015 (12 months after the August 2014 BDA).

Aligning CW and CF Cases

When a household begins a SAR cycle the SAR cycle must be aligned with the CW RD and/or CF RC so that the RRR is completed in the SAR Submit Month. When adding a new CW or CF program to an existing case, the HSS will use the RRR date for the existing case as the RRR date for the new program.

- If a household applies for CW and is already receiving CF, the reporting cycle for CW **must be aligned** with the CF reporting cycle.
- If a household applies for CF and is already receiving CW, the reporting cycle for CF **must be aligned** with the CW reporting cycle.

cycle.

Example 1: Aligning CF to an Existing CW SAR Cycle	
Scenario	<ul style="list-style-type: none">• Ongoing CW AU is assigned to SAR cycle 1 with their next RRR due in December 2013.• The household applies for and is approved for CF effective October 2013.
Outcome	<ul style="list-style-type: none">• To match the CW RRR, the CF case will be certified for three months (October – December 2013).• The household will continue to be assigned to SAR cycle 1 for both CW and CF and will complete their CW/CF RRR in December 2013.• Their SAR 7 will be for SAR Data Month May 2014 due in SAR Submit Month June 2014.

Example 2: Aligning CW to an Existing CF SAR Cycle	
Scenario	<ul style="list-style-type: none">• Ongoing CF household is assigned to SAR cycle 1 with their next RRR due in December 2013.• The household applies for and is approved for CW effective August 15, 2013.
Outcome	<ul style="list-style-type: none">• To match the CF RRR, the CW case will be certified for five months (August – December 2013).• The household will continue to be assigned to SAR cycle 1 for both CW and CF and will complete their CW/CF RRR in December 2013.• Their SAR 7 will be for SAR Data Month May 2014 due in SAR Submit Month June 2014.

NOTE: For CW/CF cases in which the RRR dates are **not** aligned, the SAR cycle will be assigned based on the CF RRR date, as explained in the [SAR CalWIN Conversion](#) section below.

**Eligibility
Status Report
Form (SAR 7)**

The Semi-Annual Eligibility Status Report (SAR 7) replaces the Quarterly Eligibility Report (QR 7). The SAR 7 will be submitted **once a year**; six months after the BDA or annual RD/RC. The SAR 7 is **not** required during the RD/RC month.

As with the QR 7, the SAR 7 will provide eligibility and income information that the Human Services Specialist (HSS) will use to determine ongoing eligibility and to calculate the benefit amount for the upcoming SAR Payment Period.

The SAR 7 form captures income and eligibility information for the SAR Data Month and any reasonably anticipated income and/or

expense changes for the next SAR Payment Period that is known during the SAR Data Month.

The current policies for the QR 7 will **not** change for the SAR 7:

- SAR 7 review;
- Timelines for processing the SAR 7;
- Completeness criteria;
- Good Cause determination; and
- Restoration regulations.

Due to the potential for confusion during the initial months of SAR implementation, Eligibility Operations recommends liberally applying the “extenuating circumstances” provision when making a Good Cause determination **during the initial six months of implementation** for recipients who do not meet their reporting requirements. HSSs may do this by taking into account and documenting in Case Comments any problems that the recipient may be experiencing in understanding the new SAR reporting rules.

NOTE: *HSSs must always take into account a recipient’s ability to understand reporting rules when Good Cause is being considered, but it is particularly important to be lenient during any major changes to reporting requirements.*

SAR CalWIN Conversion

CalWIN conversion for ongoing cases will begin **Saturday August 10, 2013** with Release 34 (R34).

- **All** ongoing CW and CF cases that are assigned to a QR cycle will be assigned a SAR cycle upon implementation of Release 34.
- CalWIN will assign the SAR cycle based on the **CF RRR date** if there is active CF, or the CW RRR date for cases without CF.

The conversion process will **not** automatically align the RRR dates for CW and CF. This will continue to be a manual process.

NOTE: *During SAR conversion, a household’s first reporting period may be shorter or longer than six months.*

- CalWIN will convert ongoing cases to SAR budgeting in **phases**, based on their current QR cycle:

QR Cycle	SAR Conversion Mass Update in CalWIN	SAR Budgeting Begins in CalWIN
3	August 10, 2013	September 1, 2013

1	August 27, 2013	October 1, 2013
2	September 25, 2013	November 1, 2013

- The Project will provide lists of cases that exception out after each SAR Conversion Mass Update (August 10th, August 27th, and September 25th) to identify SAR conversion cases that did not authorize successfully.

Instructions will be provided at that time.

SAR Conversion Chart

The following chart provides additional details for the conversion of ongoing CW and CF cases from QR to SAR budgeting:

QR Cycle	Last QR 7 Data Month	Last QR 7 Submit Month	SAR Conversion Date	SAR Cycle	RD/RC Month	First SAR 7 Data Month	First SAR 7 Submit Month
3	Jul 2013	Aug 2013	Aug 10, 2013 SAR budgeting effective Sep 2013	6	Nov 2013	Apr 2014	May 2014
				3	Feb 2014	Jul 2014	Aug 2014
				6	May 2014	Oct 2013	Nov 2013
				3	Aug 2014	Jan 2014	Feb 2014
1	May 2013	Jun 2013	Aug 27, 2013 SAR budgeting effective Oct 2013	4	Sep 2013	Feb 2014	Mar 2014
				1	Dec 2013	May 2014	Jun 2014
				4	Mar 2014	Aug 2013	Sep 2013
				1	Jun 2014	Nov 2013	Dec 2013
2	Jun 2013	Jul 2013	Sep 25, 2013 SAR budgeting effective Nov 2013	5	Oct 2013	Mar 2014	Apr 2014
				2	Jan 2014	Jun 2014	Jul 2014
				5	Apr 2014	Sep 2013	Oct 2013
				2	Jul 2014	Dec 2013	Jan 2014

Processing the July QR 7

The final QR 7 will be mailed in July 2013 for QR Cycle 3 cases. These cases will be assigned a SAR period and use SAR budgeting rules with their new semi-annual period that begins September 1, 2013.

CalWIN will use existing QR budgeting rules if the QR 7 is processed before August 10th. The case will convert to SAR budgeting following the August 10, 2013 SAR Conversion Mass Update.

If processing the QR 7 ...	Then apply ...
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Before August 10, 2013	QR budgeting rules
After August 10, 2013	SAR budgeting rules

**After SAR
Implementation:
Ongoing
Cases**

Following the implementation of Release 34, ongoing CW and CF cases will be assigned a SAR cycle in CalWIN and will apply QR or SAR budgeting rules as follows based on the previous QR cycle:

- **QR Cycle 3:** CalWIN will apply SAR budgeting rules effective September 1st after the August 10th SAR conversion date.
- **QR Cycle 1:** CalWIN will continue to apply QR budgeting rules until the August 27th SAR Conversion date. SAR budgeting will apply effective October 1st.
- **QR Cycle 2:** CalWIN will continue to apply QR budgeting rules until the September 25th SAR Conversion date. SAR budgeting will apply effective November 1st.

After August 10, 2013, if a household in QR Cycle 1 or 2 reports a change that requires action **before** its SAR Conversion date, the HSS will apply SAR budgeting rules to make changes. CalWIN will **not** use SAR rules until the case converts as indicated above.

HSSs will be required to follow BENDS 5888 in order for CalWIN to apply SAR budgeting rules on cases that have not yet converted.

If taking action on a ...	Then ...
Case that has already converted to SAR	CalWIN will apply SAR rules
Case that has not yet converted to SAR	The HSS will follow BENDS 5888 to apply SAR rules beginning benefit month September 2013 (the month after Release 34).

NOTE: CF households that are associated with AR/CO cases **and** do not meet Change Reporting criteria will convert to SAR effective October 1, 2013.

Information and instructions will be provided when available.

**After SAR
Implementation:
Pending
and New
Cases**

Applications dated August 1, 2013 or later, which are granted after August 10, 2013, will use SAR budgeting rules for all benefit months. CalWIN will appropriately apply SAR budgeting rules for these cases.

When granting CW and CF applications **after** August 10, 2013:

- For applications dated **June and July 2013**, the HSS will use

QR budgeting rules for any benefit month prior to August 2013 and SAR budgeting rules for August 2013 ongoing.

CalWIN will inappropriately use SAR rules to determine benefit amounts for June and July 2013. Therefore, HSSs will be required to follow BENDS 5888 when granting June and July 2013 applications after SAR implementation.

- For any pending application **prior to June 2013**, CalWIN will inappropriately apply QR rules indefinitely. The HSS will be required to manually apply SAR rules beginning with the August 2013 benefit month.

Instructions will be provided when available.

The following chart illustrates the actions required when granting a pending application **after** the August 10, 2013 SAR implementation date:

If the CW or CF application is dated ...	Then ...
August 1, 2013 or after	<ul style="list-style-type: none"> • Apply SAR rules for all benefit months beginning August 2013 ongoing
June 1 – August 9, 2013	<ul style="list-style-type: none"> • Apply QR rules for June and/or July 2013 benefit months; BENDS 5888 • Apply SAR rules for August 2013 ongoing
Prior to June 1, 2013	<ul style="list-style-type: none"> • Apply QR rules for all benefit months prior to August 2013 • Apply SAR rules beginning August 2013 ongoing; <i>Instructions pending</i>

**SAR
Informing
Notices**

TEMP SAR 1

The SAR informing notice (TEMP SAR 1) has been issued with the QR 7 since February 2013 and will continue to be issued with the SAR 7 until January 2014 as required by the state.

SAR 2

- For CW, the SAR 2 will automatically be issued for QR Cycle 3 cases on August 10, 2013 upon conversion to SAR budgeting.

CalWIN will issue the SAR 2 for QR Cycle 1 cases on August 27, 2013 and for QR Cycle 2 cases on September 25, 2013.

- For CF, the SAR 2 will be automatically issued to all households – NACF and PACF – on August 10, 2013. This will establish SAR reporting responsibilities for all CF households.

QR and SAR Differences: Eligibility Status Report Form

Recipients will be required to submit **only one** periodic report form (SAR 7) each year in the sixth month of the first semi-annual period.

There is no SAR 7 due in the RRR month. The RD/RC forms will take the place of the second eligibility report.

QR and SAR Differences: Reporting

CALWORKS

Mandatory reporting requirements remain **unchanged** from QR/PB. The following are still required to be reported **within 10 days**:

- Income exceeding the IRT;
- Drug felony convictions;
- Fleeing felon status;
- Violations of conditions of probation or parole; and
- Address changes.

The **calculation** of the CW IRT will change to a new three-tier system based on the household's gross income. Under SAR, the IRT will be the **lesser** of:

Tier 1:	55% of the FPL for a family of 3 plus the amount of gross income last used to calculate CW benefits
Tier 2:	Two times the Maximum Aid Payment (MAP) for the AU size plus \$112 (Earned Income Disregard) <i>NOTE: The EID will change to \$225 effective 10/1/13; therefore, the Tier 2 IRT calculation will also change to reflect the new EID amount.</i>
Tier 3:	130% of the FPL for the household size

CALFRESH

Recipients have limited mandatory reporting requirements during the period between eligibility reports:

- **CF** households are required to report mid-period when their income exceeds the CF Income Reporting Threshold (IRT), which is 130% of federal poverty level (FPL) for the household size; and
- Able Bodied Adults without Dependents (ABAWDs) must report when work hours drop to less than 20 hours per week.

ABAWDs reporting requirements are not currently in force because a waiver is currently in effect exempting ABAWDs from work requirements.

NOTE: Under SAR, address changes are no longer a mandatory reporting requirement for CalFresh.

**QR and SAR
Differences:
Budgeting**

CW will budget reasonably anticipated income for the six-month semi-annual period, whereas for CF, the HSS must use reasonably anticipated income and expenses over the length of the certification period.

Both CW and CF will reevaluate eligibility when:

- The household submits the SAR 7;
- When action is taken as a result of a mandatory or County-Initiated change, or
- When a voluntary mid-period report results in increased benefits.

Under SAR, income that is starting or ending mid-period will no longer be averaged over every month of the Payment Period. Terminated income will be counted only for the months the income is reasonably anticipated to be received.

**QR and SAR
Differences:
County-
Initiated
Actions**

As with QR the HSS may make mid-period adjustments due to county-initiated actions **with timely notice**.

CALWORKS

County-initiated actions remain **unchanged** from QR/PB. Additionally, the state has clarified that mid-period action may also be taken when:

- A Non-Minor Dependent (NMD) is transferred into his or her own AU; or
- A state hearing decision requires mid-period action.

CALFRESH

Under SAR, the following are new for CF:

- Receiving SSI/SSP will be considered a county-initiated action for CF only. Timely notice is not required per [CFPG 63-303.13](#). An SSI/SSP recipient will be discontinued mid-period **with adequate notice**; and
 - Mid-period PA Grant changes (CW or GR) – approval of benefits or issuance of supplemental payments – will be considered Known-to-County and will result in a county-initiated mid-period action. CF benefits can be decreased mid-period with timely notice.
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**QR and SAR
Differences:
Action on
Reported
Changes**

CALWORKS

Mid-period action will only be taken as a result of mandatory or county-initiated changes or if voluntarily reported information results in an increase in benefits. If the recipient requests to discontinue benefits, then mid-period action will also be taken.

CALWORKS/CALFRESH

For CW/PACF cases, if reported information does **not** require mid-period action for CW, then **no action** will be taken for the PACF case mid-period.

In addition to Case Comments, information that is not required to be acted on mid-period will be noted in the “**Maintain Held Change Notes**” page in CalWIN as a held change for follow-up action with the next SAR 7 or RD/RC, whichever comes first.

CALFRESH

The HSS will take mid-period action when the change:

- Results in a mid-period increase in benefits because of a change in household composition or decrease in income (when verified); or
- Results in a discontinuance based on a change that results on income over the IRT; or
- Results in a mid-period decrease of benefits and the report is considered “**verified upon receipt**” (**VUR**)*; or
- Results in a decrease or discontinuance of benefits based on county-initiated action; or
- The household requests discontinuance of benefits.

If the household reports a change mid-period for CW or General Relief (GR) that does not trigger action for the program; the HSS will not act to reduce CF benefits.

Please, see the [CF QR vs. SAR desk guide](#).

***VUR** means that the information provided by the household is not questionable, and the provider is the primary source of the information, and the household does not need to be contacted to request verification or additional information.

**Other
Programs
Impact**

The following table identifies other programs that are impacted by the implementation of SAR for CW and CF:

Program	Impacts
General Relief (GR)	No impact to the GR Program. GR recipients will continue to submit monthly CW 7 reports.
Cash Assistance Program for Immigrants (CAPI)	<p>CAPI households receiving CF benefits and who have been subject to QR/PB rules will now be subject to SAR rules.</p> <p>CAPI households considered to be Change Reporting will remain Change Reporting and will not be impacted by SAR.</p>
Welfare-to-Work (WTW)	<p>Work Participation Rate (WPR): Projection of hours of participation on current, documented, and/or actual hours reported on the SAR 7 or annual redetermination forms may be projected as participation for up to six months or until the next SAR 7 is completed.</p> <p>Simplified CalFresh Program (SCFP): The SCFP calculation process must be completed at the beginning of the reporting period and does not need to be repeated during the next six months unless there is a mid-period change to the CW grant.</p> <p>The participation hours in unpaid community service and/or unpaid WEX hours must be re-determined mid-month using the SCFP calculation when staff becomes aware of a change in the recipient's hours of employment.</p>
Cal-Learn Program	<p>Any pregnant or parenting CW recipient under the age of 19 without a high school diploma or equivalent will be enrolled in the Cal-Learn Program unless exempt.</p> <p>Verification of pregnancy will result in a mid-period change for a CW recipient who meets the other eligibility and participation requirements for Cal-Learn.</p>
Supportive Services	Child Care, transportation, and ancillary payments will continue to be monitored and processed at the same frequency as is currently required (i.e., monthly).
Tribal TANF Program	<p>Tribal TANF Programs may choose whether to adopt SAR rules.</p> <p>Information reported by the recipient to the Tribal TANF Program will be considered third party information known to the County and</p>

	will be treated in accordance with SAR rules. Changes to Tribal TANF cash aid will be treated in the same manner as changes to the CW Program in the companion CF cases.
Family Reunification	For CW reunification parent(s), no SAR 7 is required. Instead, a CW eligibility redetermination is made at six-month intervals in coordination with the county review of the reunification plan. A redetermination is also made if a family is reunified before or after the 180-day period. Once the redetermination is completed, the CW case can be reopened (without a new application) to align it with the SAR cycle and any existing CF RRR date. CW reunification families who are also receiving CF benefits will be required to submit a SAR 7.
Refugee Cash Assistance (RCA) Program	The RCA Program will adopt SAR rules for reporting and budgeting for their recipient population. NOTE: <i>RCA recipients will continue to be limited to eight-months of aid from the date of entry into the U.S. or from the date that asylum is granted.</i>
Foster Care and Non-Minor Dependents (NMDs)	No impact to the Foster Care Program or to Non-Minor Dependents (NMDs) receiving extended CW benefits.
Kinship Guardianship Assistance Payment (KinGAP) Program	No impact to the KinGAP Program.

Automation Impact

UPDATES TO CALWIN – RELEASE 34

The following changes were made to CalWIN with Release 34:

- CalWIN Wrap-Up displays **six** budget months for income and expenses for the SAR Payment Period, instead of three.
- CalWIN Wrap-Up displays the CW Tier 1, Tier 2, and Lowest IRT in the ***Display Grants Page***.
- Added two new windows, the ***Maintain Held Change Notes*** and ***Search for Held Changes*** to document voluntary mid-period reports that require later follow-up with the processing of

a SAR 7 or RRR.

- Modified all windows and fields substituting the phrase “Quarterly Reporting” to “Periodic Reporting” and removed all references to averaged income or income averaging.
- The **Collect PR Cycle Details** window contains program-specific tabs (CF, CW, GA/GR) and includes a new “Effective Begin Date” field that will be enabled for certain authorized users to override an existing cycle.

BENDS AND MANUAL PROCESSES

The following actions will be a manual process following Release 34 and will require BENDS 5888 or other instructions:

- Issue the SAR 2 for CW AUs whose IRT is Tier 3.
- Apply SAR rules mid-period to cases that have not converted to SAR budgeting (QR cycle 1 and 2 cases).
- Apply QR budgeting rules for months prior to the SAR implementation. This will impact pending cases with application dates from June and July.
- Apply SAR budgeting rules for August ongoing for any benefit months after SAR implementation. This will impact pending cases with application dates prior to June 1st.

Correspondence and Document Capture Impact

The following correspondence will be accessible via the CalWIN Intranet and/or Xerox Print Center until available in CalWIN:

Form	Document Capture Impact
TEMP SAR 1	None
SAR 2	Use 16-140 Notice of Action (NOA) Template for any SAR 2 issued outside of CalWIN.
SAR 7	Follow same process as was used for the QR 7.
SAR 90 *	Use 16-140 Notice of Action (NOA) Template for any SAR 90 issued outside of CalWIN.

* *Pending final issuance from CDSS.*

ACCESS Impact

The current process of delivering automated Balderas Reminder Calls to CW households that have not provided a complete periodic report will remain unchanged.

Staff will be required to take action using SAR rules on mandatory and voluntary reports, or CF reports considered VUR when reported by a caller. Information that requires later follow-up at the SAR 7 or RRR

will need to be entered as a **Held Change**, in addition to the CalWIN case comment.

**Operational
Impact**

MANAGEMENT REPORTS

Eligibility Operations will continue to provide management reports and instructions to assist Family Resource Centers (FRCs) in determining initial operational impacts and to prepare caseloads for SAR implementation. These reports include, but are not limited to, the following:

- Pending Application Reports (provided by the CalWIN Project)
- CW and CF Cases without a QR Cycle
- QR Caseload Reports

Upon implementation, the CalWIN Project will also provide lists of cases that did not authorize successfully following each SAR Conversion Run Date.

Instructions will be provided at that time.

CALWIN INSTRUCTIONS

Eligibility Operations will provide BENDS instructions for manual entries required from August 10, 2013 through October 1, 2013.

SCRATCH BUDGET

The current Scratch Budget will be modified to calculate benefits using SAR rules. The existing QR Scratch Budget will continue to be available for staff to use when calculating benefits for QR months.

**Quality
Control
Impact**

Quality Control (QC) will cite the appropriate error when instructions in this material are not followed or are followed incorrectly.

The California Department of Social Services (CDSS) has requested Food and Nutrition Service (FNS) to grant California a hold harmless period during the initial implementation phase of SAR, with an additional 120 days thereafter.

Waiting for clarification from FNS.

**Director
Approval**



RICK WANNE, MA, MFT

IMPLEMENTATION OF SEMI-ANNUAL REPORTING (SAR) – PART 1

Director
Eligibility Operations

TW/mg