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Overpayments after Reasonably Anticipating Income

QUESTION

The Worker was not able to contact the employer to follow up, clarify and verify information reported on the QR 7 before issuing benefits for the upcoming Payment Quarter. During the Payment Quarter, the worker confirms that the recipient had income that was not anticipated. Should the worker establish an overpayment?

ANSWER

There are two different issues in this question: the reporting of anticipated income and when a worker can establish an overpayment. In order to anticipate and budget income, the recipient must know both the amount of income and when the income will be received. If the recipient timely and correctly reported the income they could reasonably anticipate, the worker cannot use actual income received during the quarter to compute an overpayment at a later date.

If the worker did not confirm with the employer that **by the end of the**

Data Month there was a specific job offer or hours change, anticipated wages and a start date, and an estimate of the income for the Payment Quarter, the worker cannot re-compute benefits and determine an overpayment based on actual income obtained at a later date.

For example, the client reasonably anticipated working only three weeks and because of an unanticipated schedule change, worked four weeks instead. If the client reasonably anticipated only three weeks of work, the worker must compute the budget based on three weeks of work. The worker cannot re-compute the budget to assess an overpayment resulting from the change in the client's schedule.

This differs from correcting worker's budgeting errors or client reporting errors, which can be assessed as overpayments and corrected mid-quarter. Client reporting errors occur when the recipient does not report correctly ([Section 63-281](#)).

ACL 09-41

Use of Weekly
and Bi-Weekly
Multipliers

QUESTION

Can you clarify when to use weekly and bi-weekly conversion multipliers?

ANSWER

Use the weekly, bi-weekly conversion multipliers as follows:

- If the recipient is going to be paid *weekly every week* for the entire quarter, use the weekly multiplier (4.33).
- If they are going to be paid *every other week* for the entire quarter, use the bi-weekly multiplier (2.167).
- If the recipient receives a fixed monthly pay, whether in one or more pay periods, use the monthly amount and not the multiplier.
- If the person does not anticipate getting paid regularly for the entire quarter, don't use the multiplier, just count the anticipated income.

Income averaging rules, including conversion multipliers are explained in [Sections 63-281.10, 11](#).

Example: Someone getting paid \$200 every week for the whole quarter is treated differently than someone who reports that they will work only the first three weeks of each month, and be paid \$200 per week. In the first example, use the weekly multiplier 4.33 for a total of \$866 averaged monthly income; in the latter example, budget \$600 as the monthly income throughout the quarter. If a recipient reports that they will receive a paycheck every other week in the amount of \$300 for the entire quarter, use the bi-weekly multiplier of 2.167 for a monthly total of \$650.10.

The weekly or bi-weekly paychecks do not have to be the same amount every week; but the recipient must expect that the weekly

fluctuating income pattern will remain the same. For example, if a recipient receives weekly paychecks in the amounts of \$100, \$230, \$175 and \$200 and claims that this income pattern will continue throughout the entire quarter, the income would be budgeted as follows: First, find the average weekly pay by adding all four checks together and dividing by 4 ($\$100 + 225 + 175 + 200 = \700 . $\$700/4 = \175). The average weekly income would then be multiplied by the weekly conversion factor of 4.33, to reach an average monthly income of \$757.75.

However, if the client anticipates the Data Month weekly payments will change for the upcoming quarter or will not be paid throughout the entire Payment Quarter for each week in the quarter, then the weekly multiplier would not be used (e.g., client will have a pay raise in the middle of the quarter, income will terminate, job will /change, or work-hours will increase or decrease in the middle of the quarter, etc.). In these cases, the worker will compute the total anticipated income for the quarter by determining the number of pay periods and their reasonably anticipated amounts for each month.

ACL 09-41

Reducing the
Number of
Incorrect or
Incomplete
QR 7s

QUESTION

Some recipients have problems filling out the QR 7 correctly. This is especially true regarding anticipated income. What can be done to minimize this problem?

ANSWER

To reduce the number of incomplete or incorrect QR 7s, the worker could do the following:

- Review reporting responsibilities, and the QR 7 form, at application, and at recertification as required per Sections [63-115.3](#) and [63-273.1](#).
- Review the reporting responsibilities any time it appears that the person is having problems understanding his or her reporting responsibilities. This could also avoid overpayments and fraud. Refer to [Section 63-273.1](#).
- Ensure that appropriate language services are used for Limited English Proficient recipients, and reasonable accommodations are provided to those recipients with disabilities requiring assistance. Review Sections [63-022](#) and [63-023](#).
- Contact and work with the recipients to determine whether income can be reasonably anticipated. As indicated in Q&A "[Estimating Income when the Household is Unable to Determine Fluctuating Income](#)" (below), there are instances in which earnings cannot be reasonably anticipated as with occasional work.

ACL 09-41

Income Decrease
Reported During
the Submit
Month

QUESTION

How would the worker treat a decrease of income reported in the Submit Month (the month the QR 7 is due)?

ANSWER

If the household reports on the QR 7 or by other means a decrease of income in the Submit Month, the worker must treat the decreased income as a voluntary mid-quarter report and adjust/supplement benefits for the month the decrease takes place if verified timely. If the income decrease is expected to continue into the next quarter, the decreased income reported on the QR 7 will also be used to determine the next Payment Quarter's CalFresh benefit amount (Sections [63-275.1](#) and [63-283](#)).

Example 1: During the January/February/March quarter, a recipient submits a timely and accurate February QR 7 on March 4th stating that her actual income for the month of March will be lower than the current budgeted income. She also reports that the decrease in income will continue through the upcoming Payment Quarter and provides written verification of her decreased income on March 7th.

The worker will re-compute March's benefits and make any necessary supplemental payments to household. In addition, the worker will use this new reasonably anticipated income to compute the upcoming Payment Quarter if the decrease in income is anticipated to continue.

Example 2: Using the same scenario above, the recipient reports an income decrease for the upcoming Payment Quarter, but didn't report a decrease of income for the current month.

- If later in the month, on March 25th, the recipient reports a decrease in income for March and provides timely verification (on April 2nd), the worker will re-determine March's CalFresh benefits and issue supplemental benefits.
- If the recipient does not provide verification until April 10th (more than 10 days after the report date) the new report date will be the date the verification is received and in this case, March benefits will not be supplemented, but April will be supplemented.

NOTE: As explained in [Section 63-283.9](#), when supplementing the CalWORKs grant, the CalFresh budget will include the original CalWORKs grant plus the additional CalWORKs supplement.

Example 3: Using the same scenario above, if the recipient reports on her March QR 7 (and verifies timely) that her February (data month) income has decreased and that the decrease in income will continue through the upcoming Payment Quarter, the worker will increase benefits for the upcoming Payment Quarter and supplement March benefits. However, the recipient is not eligible to receive a February supplement because the decrease in income was not reported in

February.

Refer to Sections [63- 275](#) and [63-283](#).

ACL 09-41E

Estimating
Income when the
Household is
Unable to
Determine
Fluctuating
Income

QUESTION

In some instances, recipients:

- Write on the QR 7 or say they have “no idea” what income they expect to receive in the next quarter; or
- Report “\$0” income and the worker is aware the recipient often does occasional work.

Can the worker consider the QR 7 incomplete and inform the recipient that they must anticipate something? How would the worker treat anticipated income when the recipient’s income fluctuates significantly?

ANSWER

Recipients are only required to report income they reasonably expect to receive in the upcoming quarter. **The worker will “reasonably anticipate” income only if the client is reasonably certain of the amount and payment dates.** This means that even when recipients do occasional work, if they can’t anticipate how much they will get paid or that they will get paid within any of the three months of the upcoming quarter, they may be unable to reasonably anticipate that income ([Section 63-281](#)).

If a recipient reports they have “no idea” of the income that could be anticipated, the worker should not return the QR 7 to the recipient as incomplete, but should contact the recipient and discuss their potential income for the next three months and decide if any income can be reasonably anticipated. The worker has several options for obtaining more reliable information:

- If, with the worker’s assistance, the recipient is unable to estimate future income, the worker may contact the employer or source of income with the recipient’s written permission.
- If unable to obtain additional source information, the worker can also look at past income (current quarter for CalWORKs and past 12 months for CalFresh) and use this past income as an indicator of future income (that will be received over the next quarter), as long as no change in income has occurred or is anticipated to occur over the next quarter. **The portion of the income that is uncertain or cannot be reasonably anticipated will not be counted when determining benefits** ([Section 63-281.12](#)).

The worker will explain to the client that they may make a mid-quarter voluntary report if the actual income decreases during the quarter. The worker can increase the grant or food stamp benefits based on

the decreased income.

The worker should not treat QR 7's with zero anticipated income as incomplete, unless there is some discrepancy. For example, if the recipient had regular income last quarter and they anticipate zero income this quarter but do not state on the QR 7 that anything has changed since last quarter, then the worker should follow-up with the recipient to resolve the discrepancy.

Furthermore, if the worker does not accept the recipient's estimate of anticipated income, the worker must document the reason for not accepting the recipient's estimate, explain the basis for their own estimate and issue a notice of action (including a budget) to the recipient ([Section 63-281.1](#)).

Example 1: If a recipient is a waitress and doesn't earn the same amount each month because of extra shift opportunities or shift cut-backs, but states on the QR 7 that the reported Data Month's income is "typical," the worker can count that income as reasonably anticipated for the next quarter. If the recipient never has any regular shifts or hours, and the employer or prior income history verifies that there is no minimum amount of income expected, then this income cannot be reasonably anticipated.

Example 2: If the person's income varies between \$200 and \$400 a month and the employer can't confirm the earnings or schedule, but the recipient and the employer both agree that earnings are usually about \$200; the worker could budget \$200 as reasonably anticipated income.

Example 3: If the recipient's income varies dramatically (for example someone who is waiting for an on-call substitute position, and doesn't know whether there will be any work or any minimum hours) there is no income that can be reasonably anticipated.

ACL 09-41

Household
Member Begins
Receiving
SSI/SSP

QUESTION

Would the receipt of Supplemental Security Income/State Supplementary Payment (SSI/SSP) require a mid-quarter action? If action cannot be taken during mid-quarter, wouldn't it be considered duplicate aid to aid someone under SSI/SSP and CalFresh?

ANSWER

Under QR, benefits may only be decreased or discontinued during the quarter under limited circumstances. A worker may not discontinue a CalFresh recipient mid-quarter based on receipt of SSI/SSP. The person who begins receiving SSI/SSP would be discontinued at the end of the quarter. It is not considered duplicate aid if a recipient receives SSI/SSP or CalFresh at the same time.

Example

The quarter is January/February/March:

- If the person begins receiving SSI/SSP mid-January, the discontinuance would be the end of the current quarter. The information must be reported on the QR 7.
- The SSI/SSP person begins receiving benefits in February mid-quarter; the discontinuance would be the end of the current quarter. The information must be reported on the QR 7.
- If the person received SSI/SSP in March (the submit month), and timely notice can be given for discontinuance at the end of March, the worker shall take action to do so. If 10-day notice cannot be given timely before the end of March, the information must be reported on the May QR 7. The worker shall discontinue the individual at the end of the current quarter (June)

Refer to [CFAP Status Change](#) question and answer.

ACIN I-09-04

Approval of
SSI/SSP or Other
Payments or
Benefits

QUESTION

A recipient reports receiving (and provides a copy of) an approval letter for SSI/SSP. The letter states the participant will be paid \$661 monthly, but has no other information. Can the worker budget this income for the following Payment Quarter?

ANSWER

SSI/SSP income is not counted as income for the household and recipients of SSI/SSP are not eligible to receive CalFresh benefits.

Since the approval letter does not reflect the date the participant will begin receiving SSI/SSP benefits, it cannot be reasonably anticipated. However, the worker could attempt to verify with the Social Security Administration (SSA) the date the first benefits will be issued. Per QR rules, the SSI/SSP recipient must be discontinued from CalFresh at the end of the quarter once the recipient begins receiving SSI/SSP or the beginning date of payment is known. It is not considered duplicate aid if a recipient receives CalFresh and SSI/SSP at the same time during the current quarter as explained in the answer above ([Household Member Begins Receiving SSI/SSP](#)).

Assuming this is a different type of income, such as Unemployment Insurance or Disability Insurance, the worker may not budget the income unless the payments can be reasonably anticipated; **the worker must know both the amount and payment date before the income may be considered “reasonably anticipated”**. The worker must document in the case file/CalWIN case comments the reason why the income was not used in the benefit calculation ([Section 63-281.1-5](#)).

CFAP Status
Change

QUESTION

The quarterly cycle is January/February/March. The household reports in March a change in CFAP status effective March. Is the change effective the first of the month following the change (April), by the end of the current quarter (March), or by the end of the next quarter (June)?

ANSWER

CFAP “status change” occurs when an individual (legal noncitizen) who has been aided under the state-funded program becomes federally eligible, and therefore, is no longer eligible to CFAP. The worker would evaluate the result of the change from state to federal to see if there is any impact on benefits. The change in status could end up just being a change in funding source (federal vs. state) without any effect on the allotment. CFAP status changes will be acted upon by the worker at the end of the month in which timely and adequate notice can be provided.

ACIN I-09-04

CFAP Status
Change –
Applying
Sponsor
Deeming
Regulations

QUESTION

When a CFAP person is changed to Federal CalFresh in the middle of the quarter, which is a county initiated change, must the worker use income based on sponsor deeming mid-quarter, and decrease the benefits? If the worker changes a CFAP person to Federal CalFresh in the middle of the quarter, and the client “opts out” of the household out of fear of United States Citizenship and Immigration Services (USCIS), what action shall the worker take?

ANSWER

A mid-quarter change in the status of a CFAP person would be considered information known to the county and, if the status change requires deemed income (from the sponsor) to be considered, the worker would determine whether or not the change results in a decrease in benefits. The worker will not decrease benefits mid-quarter due to sponsor deeming. Benefits will be decreased beginning with the next quarter. Once approved for benefits, the client, a member of the certified household does not have the ability to “opt out.” A noncitizen is able to “opt out” of being included as a member of the household only in the initial application process ([Section 63-157.10](#)). Therefore, no action would be needed by the worker other than making the change from CFAP to Federal CalFresh.

ACIN I-09-04

Adjusting a Shelter Expense Proration Due to Change in Household Composition

QUESTION

The household consists of an SSI/SSP mother, one child, and one unborn. The reporting cycle is January/February/March. Shelter cost is \$600 for rent; \$300 rent deduction allowed due to SSI/SSP contribution. The newborn is reported born in January, and the worker adds the newborn to the household effective February (first of the month following the month the birth was reported). What will the rent deduction be for February/March? When will the rent deduction change to 2/3 instead of 1/2 of the \$600?

ANSWER

The rent deduction changes to 2/3 instead of 1/2 when the newborn is added to the household in February. The rent deduction for February will be \$400 (2/3 of \$600).

ACIN I-10-04

Dependent Care Expense Reported Mid-Quarter

QUESTION

When the actual or anticipated expenses are reported on the QR 7, the expenses will be averaged over the next QR payment quarter. If the expense is reported mid-quarter, the expense will be averaged over the current and remaining months in the current QR payment quarter.

The QR cycle is January/February/March. The CalFresh household consists of one adult and a minor child and has no child care expenses at the beginning of the quarter. In February, the household voluntarily reports that they anticipate childcare expenses in March in the amount of \$250. What will the worker allow as dependent care deductions for February and March?

ANSWER

Although the report was received in February, the change doesn't occur until March, so no action can be effective until March. Since March is the last month of the quarter, no averaging is necessary; the verified expense is used to determine benefits for March.

If instead, the recipient had reported in January that the child care expense would be \$250 for February and \$500 for March, then the February and March childcare expenses would be averaged and the average used to determine benefits for February and March ($250+500=750/2=375$). January benefits would remain unchanged.

ACIN I-10-04

Verification Requirements when Income Decrease Is

QUESTION

What verifications are CalFresh recipients required to provide when

Reported Mid-Quarter

reporting a decrease of income mid-quarter?

ANSWER

No verification is required in order to report a decrease of income. However, to take action on the income decrease, the recipient must provide verification within 10 days of the voluntary report.

When a participant reports a decrease of income, but does not provide verification, the worker will send a written request to verify the income within 10 days.

- If the recipient does not send the requested verification, the worker will document the report of decreased income in the case file and send No-Change Notice of Action ([QR 377.4](#)).
- If verification is received within 10 days of the reported change, then a supplemental payment will be issued for the month of the change or the month of the verified report, whichever is later.
- If verification is received after the 10 days, the date the verification is received will be considered the new report date ([Section 63-283](#)).

Acceptable verification could be (but is not limited to) paychecks, benefits stubs (i.e., unemployment or disability benefits stubs) or a letter from the employer. If the recipient provides verification, the worker will accept the verification unless there is a documented reason to doubt its validity ([Sections 117.17 and 27 - 32](#)).

- If the recipient is attempting to obtain the verification, but is having trouble, the worker must offer to help in obtaining it ([Section 63-117.4](#)).
- The worker could also use collateral contacts ([Section 117.29](#)); or
- With the recipient's written permission, may contact the employer to verify the recipient's statement.

If verification does not exist, an affidavit or sworn statement is acceptable verification of earnings ([Section 63-117.7](#)).

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