

**Semi Annual Reporting (SAR) and Budgeting Process**

100-E5

8/20/13

Approved: *Signature on file***PURPOSE**

Assembly Bill (AB) 6 (Chapter 501, Statutes of 2011) establishes the Semi-Annual Reporting (SAR) system for the CalWORKs, RCA and Cal Fresh programs, and replaces Quarterly Reporting/Prospective Budgeting (QR/PB) system. The purpose of this policy is to provide instructions for the Semi-Annual Report (SAR 7) and budgeting process to be fully implemented by October 1, 2013.

**SEMI-ANNUAL REPORTING (SAR) OVERVIEW**

The SAR system will apply to all CalWORKs cases and CalFresh households with the exception of existing change reporting households in CalFresh. These CalFresh households will continue to follow existing change reporting rules and will not be mandated to submit semi-annual reports.

The main differences under SAR from QR/PB are:

- Recipients will be required to submit one Semi-Annual Eligibility Report form (SAR 7) once a year (in the sixth month of the first SAR Payment Period) followed by a redetermination/recertification (RRR) form at the time the annual RRR is due (in the sixth month of the second SAR Payment Period).
- There is a new, two-tiered CalWORKs IRT under SAR and grants may be decreased as well as discontinued mid-period based on reports of income over IRT. Under SAR, a CalWORKs recipient must report when his/her total combined gross monthly income, earned and unearned, exceeds the lesser of the following two amounts:
  - An increase in income of 55 percent of the monthly income of a family of three at the Federal Poverty Level (FPL), plus the amount of income last used to calculate benefit amounts; or
  - The level likely to render them ineligible for CalWORKs benefits (CalWORKs earned income limits).

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

- For the CalWORKs program, all recipients must report income that exceeds a specified amount, drug felony convictions, fleeing felon status, parole/probation violations, and address changes.
- For the CalFresh program, all recipients will be required to report any change in income that is likely to render them ineligible for CalFresh benefits (130 percent of the FPL), mid-period. Eligibility and benefits for a six-month period will be based on information provided on the SAR 7 or the RRR forms and will continue to be determined using prospective budgeting and reasonably anticipated income. Benefits will be "frozen" for the six months of the SAR Payment Period, except under specified circumstances. Circumstances under which benefits may be adjusted during the period include:
  - Increases based on recipient mid-period reports, including reports of decreased income;
  - Decreases or discontinuances based on mandatory recipient mid-period reports, including reports of income over the IRT;
  - Decreases or discontinuances based on county-initiated, mid-period actions; or
  - Discontinuances at the individual or household's request.

**SEMI-ANNUAL REPORTING CYCLE**

The SAR cycle is comprised of six consecutive months. The six months constitute a SAR Payment Period. The following terminology will be used to describe the months and the period of an individual SAR cycle:

- **SAR Data Month** - the month for which the recipient reports all information necessary to determine eligibility. The SAR Data Month is the fifth month of each SAR Payment Period.
- **SAR Submit Month** - the month in which the SAR 7 or the RRR forms are required to be submitted. This is the month after the SAR Data Month, and is the sixth month of each SAR Payment Period.
- **SAR Payment Month** - the period in which benefits are paid/issued. The SAR Payment Period is the six-month period immediately following the SAR Submit Month. This is the six month period after the beginning date of aid (BDA), RRR, or submittal of the SAR 7.

**ESTABLISHING THE SAR CYCLE**

SAR cycles are based on the Beginning Date of Aid (BDA) rather than the date of application. Because the SAR cycle is based on the date of eligibility, if an AU/household is not eligible the month of application, their SAR cycle may not align with the date of application. The worker shall also align the CalWORKs annual redetermination of eligibility and the CalFresh certification period with the SAR cycle. The RRR will take the place of the second SAR 7 and must be completed in the SAR Submit month.

**Example:** A family of three applies for CalWORKs and CalFresh on July 25. Mom has just been laid off and received her last paycheck on July 20. Her total earnings for July are \$2,500. The current income puts the family over the applicant income test for CalWORKs and CalFresh, but it appears they would be eligible beginning in August. The application is re-evaluated with a beginning date of aid of August 1. The AU/household's SAR cycle will be established for August through January based on the BDA of August 1. The AU/household's first SAR 7 will be due in January and their first annual RRR will be due in July.

The following illustrates the reporting cycle for an AU/household that began receiving aid in August.

August (BDA)	Sept.	October	Nov.	Dec.	January
SAR Payment Period Begins	Month 2	Month 3	Month 4	Month 5 SAR Data Month	Month 6 SAR Submit Month
February	March	April	May	June	July
SAR Payment Period Begins	Month 2	Month 3	Month 4	Month 5 SAR Data Month	Month 6 SAR Submit Month
					RRR due
August (13 <sup>th</sup> Month)					
SAR Payment Period Begins					
NEW RRR Period					

Refer to the Semi-Annual Cycles Based on BDA Chart for an illustration of the SAR Cycles.

**SEMI-ANNUAL REPORT FORM**

The AU/household must receive the SAR 7 at the end of the SAR Data Month (the fifth month of the SAR Payment Period in which a RRR is not due). All CalWORKs and CalFresh recipients subject to SAR will be required to complete and submit one SAR 7 a year, in addition to their annual RRR. Information reported on the SAR 7 or RRR forms will be used to determine eligibility and to prospectively budget income to determine the benefit level for the upcoming SAR Payment Period.

**INFORMATION REQUIRED ON THE SAR 7**

Recipients who are subject to semi-annual reporting must provide information and answers to all questions and items on the SAR 7 and sign under penalty of perjury that he/she has truthfully reported all required information. The form will seek information on the Data Month, changes since the last report (which will be the application or annual RRR), and any reasonably anticipated changes. Additionally, all required verification must also be submitted with the SAR 7.

The SAR 7 form captures income and eligibility information for the SAR Data Month. It also captures any reasonably anticipated income and expense changes for the next SAR Payment Period that is known during the SAR Data Month.

If other information received indicates that the reported changes on the SAR 7 were not known to the recipient until after the Data Month, the change shall be treated as a voluntary mid-period report.

For example, if the information listed clearly pertains to the SAR Submit Month, and not the SAR Data Month, that information will be treated as a voluntary mid-period report. All other reports received in the SAR Submit Month, outside of the SAR 7 reporting process, shall also be considered voluntary mid-period report for the current SAR Payment Period, and staff must determine if a supplement is warranted for the sixth month of the current SAR Payment Period (i.e. the SAR Submit Month).

**Example 1:** An AU/household submits a timely SAR 7 on June 8 (the Submit Month) that includes information about May (the Data Month) and all reasonably anticipated changes for the upcoming SAR Payment Period. On June 15, Mom calls the worker and reports that her June income has increased and is higher than she anticipated on her SAR 7 and she anticipates that this income will continue at this amount for the rest of the SAR Payment Period. The income is not over IRT. Because this information was not known to Mom in the Data Month, the report of increased income will be considered a voluntary mid-period report and will not be acted on unless it results in an increase to her benefits.

**Example 2:** Same scenario as above, except when Mom makes the second report on June 15, she reports that her income increased in May (the Data Month). Because this information should have been reported on her SAR 7, this would be considered a correction to her previously incomplete SAR 7 report and upcoming SAR Payment Period.

**Example 3:** An AU/household submits a timely SAR 7 on June 5 (the Submit Month) and reports that their income decreased in May (the Data Month). This information should be treated as a voluntary mid-period report of decreased income and a supplement should be provided for the month of June (the month the decrease was reported). This decreased income will also be used to calculate the AU/household's benefit amount for the upcoming SAR Payment Period.

## COMPLETENESS CRITERIA FOR THE SAR 7

For CalWORKs and CalFresh, the SAR 7 shall be considered complete when:

- The form is signed no earlier than the first day of the SAR Submit Month;
- All questions and items are fully answered and information on the SAR 7 together with attached documentation provides sufficient information to allow for the determination of eligibility and benefit level; and
- Required verification is provided.

**Note:** The SAR 7 signature requirement for both programs is different. If in a two parent AU/household, the SAR 7 is received with only one of the parent's signatures, the report is considered complete for CalFresh, but incomplete for CalWORKs. In CalWORKs, each natural or adoptive parent or aided spouse of a parent or other caretaker relative living in the home must sign the SAR 7 for it to be considered complete.

A SAR 7 is not considered complete if the required mandatory verification is not received. If a SAR 7 is received without the required verification, the worker shall send discontinuance notice NA 960 Y SAR to the recipient, describing what verification is missing. If the verification is received by the end of the first working day of the following month, the discontinuance shall be rescinded and benefits restored.

**If a prior mid-period report was previously verified, it shall be treated as reported and the SAR 7 shall not be considered incomplete if the information is not re-reported on the SAR 7.** Rather, the information from the verified mid-period report is part of the case file and together with the information reported on the SAR 7 will be used to determine eligibility and the benefit amount.

If a submitted SAR 7 does not contain information from a previous (voluntary) unverified report, the worker must act to resolve the discrepancy between the two reports before changing benefits for the upcoming SAR Payment Period. If the discrepancy cannot be resolved, the SAR 7 may be treated as incomplete.

**Example:** In March, Mom makes a voluntary mid-period report that she was given a car worth \$4000 and provides verification of the value of the car. This information has no effect on the family's eligibility, but is noted in the case record. On the June SAR 7 Mom does not re-report the car. The SAR 7 will not be considered incomplete because she already reported and verified the new property.

(Refer to Completeness Criteria for the SAR 7)

## TIMELY AND LATE SAR 7

The SAR 7 is due on the 5<sup>th</sup> and considered timely if it is received between the 1<sup>st</sup> and the 11<sup>th</sup> calendar day of the SAR Submit Month. While the SAR 7 is not considered late until after the 11<sup>th</sup>, recipients are asked to submit their SAR 7s by the 5<sup>th</sup> of the Submit Month in order to ensure benefits are issued timely and to avoid unnecessary proposed discontinuances being sent when the SAR 7 is received late.

When a SAR 7 is not received by the 11<sup>th</sup> day of the SAR Submit Month, or is received but determined to be incomplete, the worker shall send a discontinuance notice to the recipient, effective the end of the Submit Month.

If the worker initially received an incomplete SAR 7 from the recipient, the worker must issue a NA 960Y SAR which informs the recipient what specific information and documentation is needed for the SAR 7 to be considered complete and the deadline by which the recipient must submit it to avoid being discontinued. If requested, the worker must assist the recipient in completing the forms and to help the AU get required verifications.

For incomplete SAR 7 submissions, the discontinuance notice which states what rendered the form incomplete, informs the recipient that a complete SAR 7 must be received in order to avoid termination of benefits. If a household responds to the notice of an incomplete SAR 7 by submitting another SAR 7 that does not contain all the listed missing information, the worker may discontinue the AU/household without further notice. If between the two SAR 7s the worker has sufficient information to determine eligibility and grant/allotment amount, the worker shall not discontinue the case.

If the discontinuance notice fails to identify what was incomplete, either in the notice or by attaching the SAR 7 with circled items, the discontinuance notice will not be considered adequate and a new, complete discontinuance notice will need to be sent prior to discontinuing the AU/household.

**Example 1:** An AU/household reports earnings and a new household member on the SAR 7 but fails to turn in wage verification. The discontinuance notice states that the SAR 7 was incomplete for failure to provide wage verification. The AU/household submits a new SAR 7 with the wage verification, but does not report the new household member. Between the two SAR 7s, the reporting would be considered complete.

**Example 2:** An AU/household submits an incomplete SAR 7. The worker sends the discontinuance notice for incomplete SAR 7 on January 20, but fails to identify what was incomplete about the SAR 7. On January 24, a new discontinuance notice is sent identifying the information that was missing from the SAR 7. Because there is no time to discontinue benefits with 10-day notice from the date the second, adequate discontinuance notice was sent, the AU/household will receive their January benefit amount for February. If a complete SAR 7 is received by the end of the first business day of February (the extended filing date), the discontinuance will be rescinded. An administrative error overpayment/overissuance (OP/OI) shall be calculated for any amount of benefits that were overpaid in February. If a complete SAR 7 is not received by the extended filing date, the entire month of February will be an OP/OI.

**Note:** When a client is discontinued for not submitting a complete SAR 7, the discontinuance shall be rescinded if a complete SAR 7 is submitted by the extended filing date. The extended filing date is always the first working day of the month following the submit month, regardless of when the client was notified of an incomplete SAR 7. If a complete SAR 7 is submitted anytime during the month following the submit month, good cause shall be reviewed and granted if it is found that the client did not submit a complete SAR 7 due to the worker's failure to timely and adequately notice the client of the incomplete SAR 7.

## BALDERAS CONTACT (CALWORKS ONLY)

After sending the discontinuance notice for failure to submit a complete SAR 7 (no later than 10 days before the end of the Submit Month), the worker shall attempt a Balderas personal contact with the AU, either in person or by phone, and document the attempt in CalWIN case comments.

If the worker attempts the contact, but cannot reach the AU, then a written reminder shall be sent no later than five days before the end of the month. If a complete SAR 7 is not received by close of business on the first business day of the next SAR Payment Period (the extended filing date), the discontinuance takes effect and the AU must apply for a restoration of benefits, unless good cause is established.

Benefits will be discontinued at the end of the SAR Submit Month if the recipient fails to submit a SAR 7 after the worker has provided a timely notice of discontinuance and has taken appropriate steps to remind the recipient of his or her failure to submit a complete SAR 7. A CalWORKs termination NOA for incomplete SAR 7 is not valid unless an attempted Balderas personal contact is made and documented in the case record and a Balderas reminder notice is sent if personal contact cannot be made.

**Note:** Before benefits can be terminated due to a missing or incomplete SAR 7, the worker cannot discontinue CalWORKs cases without the attempted contact documented in CalWIN case comments.

## ACTIONS ON LATE SAR 7

If the recipient provides the worker with a complete SAR 7 after the 11<sup>th</sup> day of the SAR Submit Month, but on or before close of business on the first working day of the next month (known as the "extended filing date"), or within the good cause provisions, the worker shall rescind the CalWORKs and CalFresh discontinuance. The recipient's SAR cycle remains unchanged.

If the completed SAR 7 is received after the extended filing date, and no good cause exists, the case shall be processed for restoration of aid based on the date that the complete SAR 7 is received. Refer to CalWORKs Policy 100-E6 Restoration of Aid for more information.

Workers shall not decrease CalWORKs and CalFresh benefits based on information provided in a late SAR 7 when the worker does not have sufficient time to provide a 10-day notice of the decrease. If the complete report is received prior to the end of the extended filing date, benefits must be reinstated at the prior month's level.

The worker shall establish an OP/OI when the worker is unable to decrease benefits after a late SAR 7 was received due to the 10-day noticing requirements.

For both CalWORKs and CalFresh, if the 10-day notice requirement prevents the worker from decreasing benefits at the beginning of the upcoming SAR Payment Period, the worker shall take action to decrease benefits in the second month of the SAR Payment Period or as soon as the 10-day notice can be provided. This will result in a mid-period decrease of benefits in the SAR Payment Period based on information reported on the late SAR 7.

If the SAR 7 information results in increased benefits and the worker cannot increase benefits by the first day of the first month of the next SAR Payment Period, a supplement must be issued for that month as soon as possible, and benefits increased for the remaining months of that SAR Payment Period. The 10-day noticing requirements do not apply to increases in benefits.

**Example 1:** A recipient is in the SAR Payment Period designated as January through June. (The upcoming SAR Payment period is July through December). The recipient's grant amount is \$638, the maximum allowed for a non-exempt AU of three. The recipient's CalFresh allotment is \$404. The SAR 7 for the SAR Data Month of May is due on June 5. When the SAR 7 is not received by June 11, the worker sends discontinuance notice 960 X SAR to the recipient, indicating that benefits will be stopped effective June 30 if the report is not submitted by the end of business on July 1. The recipient submits a complete SAR 7 on June 29, which rescinds her discontinuance. On the SAR 7, the recipient indicates that she started working at a part-time job in May, is earning \$500 a month, and expects the income to continue at the same amount.

Based on the new income of \$500 a month that the AU reasonably expects to receive, the worker determines that the CalWORKs grant and CalFresh benefits should be reduced beginning with the next SAR Payment Period. The worker does not have time to provide the recipient with a 10-day notice of decreased benefits effective July 1; therefore, July benefits must be released to the recipient at the previous period's level of \$638 (cash aid) and \$404 (CalFresh). The worker shall reduce the recipient's CalWORKs and CalFresh benefits effective August 1. An OP and OI will be established for the amount of July's benefits that the recipient was not entitled to receive.

**Example 2:** January through June SAR Payment Period. On the SAR 7 submitted late on June 12, Mom reports that Dad returned to the home and has income, but she does not provide the needed income verification. The worker sends a discontinuance notice, effective July 1, due to an incomplete SAR 7 that explains what verification is needed to make the SAR 7 complete. Mom does not provide the required verification until July 3, two days after her aid has been discontinued. The worker would determine if she had good cause and if so, would rescind her benefits, with no break-in-aid. If she did not have good cause, the worker would process her for a restoration of aid based on the receipt of a complete SAR 7 effective July 3, resulting in a two-day break in aid.

**Example 3:** January through June SAR Payment Period. Mom submits her SAR 7 late, on June 25, after she has received discontinuance notice 960 X SAR for not submitting her SAR 7. On the late SAR 7, Mom reports that Dad has moved into the home with income, but she does not provide verification. Since Mom did not provide a complete report, the discontinuance remains in effect. If Mom provides the required verification to add Dad to the case by the end of the first business day of the following month, Dad will be added to the case effective July 1. If eligible, a supplement shall be provided for the month of July and a new benefit level will be established for the remaining months of the SAR Payment Period.

**Example 4:** Same as above, except adding Dad to the AU will reduce the grant amount. The discontinuance notice is rescinded, but since there is no time to provide 10-day notice of reduced benefits, benefits are issued at the prior level for July. Benefits are decreased effective August 1 (with timely notice) and an OP/OI is assessed for July.

## GOOD CAUSE FOR FAILURE TO SUBMIT A SAR 7

Good cause provisions provide for discontinuances to be rescinded when the recipient cannot reasonably be expected to fulfill his/her reporting responsibilities due to factors outside of his/her control. Good cause exists in the following situations:

- The recipient has a mental or physical condition that prevents him or her from submitting a timely report;
- The late report is directly attributable to county error; or
- The worker finds that other extenuating circumstances might have contributed to the recipient's inability to submit a timely report.

If a recipient reapplies or requests restoration of aid during the calendar month following discontinuance for failure to submit a complete SAR 7, the worker is required to determine if the recipient had good cause.

If the worker determines that the recipient had good cause for failing to submit the SAR 7, the worker shall rescind the discontinuance and determine CalWORKs and CalFresh eligibility and benefit amount based on the information in the SAR 7. The recipient's SAR cycle remains unchanged.

If the worker determines that the recipient did not have good cause, the worker shall redetermine eligibility in accordance with the Restoration of Aid rules. Refer to CalWORKs Policy 100-E6 Restoration of Aid for more information.

The worker must review reporting responsibilities, including a review of the SAR 7 form, at application, annually at RRR, and any time it appears that the recipient is having problems understanding his/her responsibilities. This is important to help minimize reporting errors and overpayments.

Additionally, the worker must ensure that appropriate language services are used and documented, and that reasonable accommodations are provided to those recipients with disabilities requiring assistance. Reasonable accommodations includes both assisting recipients in completing the forms and making a good cause determination without the recipient's request if the worker is aware of a disability-based reason for not submitting a complete SAR 7.

**Note:** Workers should 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.

## DETERMINING BENEFITS FOLLOWING DETERMINATION OF GOOD CAUSE

If the worker determines that a recipient had good cause for failing to submit the SAR 7, the worker shall rescind the discontinuance and restore benefits at the prior level for both CalWORKs and CalFresh. The worker shall follow the same steps outlined under the "Actions on Late SAR 7" section when rescinding discontinuance after good cause has been determined.

If information reported on the SAR 7 results in a decrease of benefits, the worker must provide 10-day notice before taking action to decrease benefits. If the 10-day notice requirement prevents the worker from decreasing benefits the first of the month following receipt of the late SAR 7, the worker shall make a mid-period change in the SAR Payment Period to decrease benefits based on information reported on the late SAR 7 allowing for 10-day notice.

An OP/OI will be established when benefits are released at a previous higher level as a result of the workers inability to decrease benefits with 10-day notice.

If the SAR 7 information results in an increase in benefits, and the worker cannot increase benefits by the first month of the next SAR Payment Period, a supplement shall be issued for that month and benefits increased for the remaining months of the SAR Payment Period. The 10-day noticing requirements do not apply to increases in benefits.

If the worker determines that the recipient did not have good cause for failure to submit a complete SAR 7, the worker shall redetermine eligibility in accordance with the restoration of aid rules. Refer to CalWORKs Policy 100-E6 Restoration of Aid for more information.

## RESTORATION OF BENEFITS FOLLOWING DISCONTINUANCE FOR FAILURE TO PROVIDE A TIMELY AND COMPLETE SAR 7

Effective July 1, 2012, all recipients of either CalWORKs, CalFresh, or both, who have been discontinued for failure to submit a SAR 7 can have benefits restored, pro-rated effective the date the completed SAR 7 is received by the worker, at any time in the month following the discontinuance.

If a complete SAR 7 is submitted more than a month after the discontinuance, the worker shall redetermine eligibility and benefit amounts. Refer to CalWORKs Policy 100-E6 Restoration of Aid for more information.

## REDETERMINATIONS / RECERTIFICATIONS (RRR)

The worker shall use the RRR forms in place of the second SAR 7 to determine continuing eligibility and the next SAR Payment Period's benefit amount.

The RRR forms will request the same income and eligibility information that is requested on the SAR 7.

Because the RRR will be used to determine the next SAR Payment Period's benefit amounts, the worker must schedule the RRR early enough in the month to be able to establish the next SAR Payment Period's benefits, keeping the 10-day noticing requirements in mind.

This also means the worker must align CalWORKs redeterminations and CalFresh recertifications with the SAR cycle assigned to each recipient and RRRs must take place in the sixth month (Submit Month) of the second SAR Payment Period. This ensures that recipients only have two mandatory eligibility reports a year and workers do not have to act mid-period on RRR information.

## DETERMINATION OF CONTINUING ELIGIBILITY

The worker will use the information on the SAR 7 or the RRR forms to determine continuing eligibility and future benefit amounts based on all eligibility factors.

The SAR 7 or RRR forms will provide eligibility information for the SAR Data Month, any changes affecting the AU/household's eligibility since the submission of the last report, and any changes in income and expenses the recipient reasonably anticipates will occur in the upcoming SAR Payment Period.

Based on the information provided on the SAR 7 or RRR forms, the worker will determine continuing eligibility as it relates to all eligibility factors, including, but not limited to: income, property (CalWORKs only), deprivation (CalWORKs only) and household composition using prospective budgeting.

If a recipient has made a voluntary or mandatory mid-period report, the information from that report shall be considered part of the case record, regardless of whether it resulted in a mid-period benefit change.

If the mid-period report was verified, the worker shall enter the information in the case record, and either act on the change (if permitted under mid-period changes), or shall hold action on the change until the next SAR Payment Period, and send the recipient a "No Change Notice of Action (NOA)". **This change does not need to be re-verified, unless there has been a subsequent change or it is information that needs to be verified every reporting period, such as income or resources.**

If the report was not verified, and does not affect the benefits mid-period, the worker shall send the recipient a "No Change NOA" reminding the recipient to list the change on the next SAR 7 or annual RRR forms as appropriate, and specifying the verification that will be required. At the next reporting/renewal period, the worker should ensure that information reported on the SAR 7 or RRR forms is consistent with what was reported mid-period and should proceed as follows:

- If the information reported on the SAR 7 or RRR forms is consistent with information provided in the voluntary or mandatory mid-period report, and the worker has the required verification, no further action will be required.
- If the information on the SAR 7 or RRR forms is not consistent with unverified information provided in the mid-period report, the worker shall take action immediately to resolve the discrepancy and determine what the actual current AU/household situation is. The worker should first attempt to contact the recipient to resolve the discrepancy. Only if the worker is unable to contact the recipient or obtain resolution from such contact, shall the worker consider the SAR 7 or RRR forms to be incomplete and take appropriate actions required for incomplete reports.

**Example:** An AU voluntarily reports mid-period that the AU received an inheritance, but provides no verification. Since property is only evaluated twice a year for CalWORKs, the worker sends a "No Change NOA" to the AU reminding them to report this information and provide verification on their next SAR 7. However, this information is not included on the next SAR 7. The worker contacts the AU by phone to resolve the discrepancy and discovers that the AU had been told that there was an inheritance, but they have not yet received any money, as the estate is still in probate. The SAR 7 would be considered complete and the worker must document in CalWIN case comments how the discrepancy was resolved. In the case comments, the worker should describe what was reported, what happened, and indicate what action was taken or not taken based on these reports. (The property would have no effect on CalFresh eligibility.)

## PROPERTY ELIGIBILITY (CALWORKS ONLY)

Property eligibility is only determined every six months. The worker will use the information reported on the SAR 7 or RRR forms to determine continuing property eligibility for the AU for the entire upcoming SAR Payment Period.

SAR rules do not require any mid-period reporting of property changes, and the worker must not act on a voluntarily reported mid-period change in property that would decrease benefits or result in discontinuance.

If the worker determines that the AU exceeds the resource limit based on property that is reported on the RRR forms or on the SAR 7 for the Data Month, the worker shall discontinue the CalWORKs case at the end of the SAR Submit Month, with timely and adequate notice, and process the household for Transitional CalFresh benefits.

If the AU provides verification prior to the effective date of discontinuance that their resources have dropped below the resource limit, the AU will be considered property eligible, and the proposed discontinuance shall be rescinded and benefits reinstated.

**Example:** On the SAR 7 submitted timely on October 8, the AU reports that they have the same income, but have received an inheritance in the amount of \$4,000 in September (Data Month). The worker sends a discontinuance notice to the AU effective October 31 for being over the resource limit. On October 25 the AU reports that they put the inheritance in a restricted account. The worker will rescind the discontinuance notice and issue November's benefits at the previous (October) benefit amount. (If November's benefit amount should have been less than the October benefit amount, an OP will be assessed for that amount.)

*Reference CalWORKs Policy 100-C1 Property for further Property instructions.*

## DEPRIVATION (CALWORKS ONLY)

As with property eligibility, a CalWORKs AU must demonstrate continued eligibility under the deprivation requirement only once every six months based upon information reported on the SAR 7 or RRR forms.

Deprivation for an AU may change mid-period, but the worker cannot take any negative action based on changes in deprivation until the AU's SAR 7 or RRR forms are received for the next SAR Payment Period.

If a mid-period report indicates that the basis for deprivation change qualifies the AU for an exempt Maximum Aid Payment (MAP), the change from non-exempt to exempt MAP BENO shall occur on the first of the month following the report.

CalFresh would recalculate the allotment amount based on the new CalWORKs grant. (CalFresh has no deprivation requirement.)

**Example 1:** AU of three is aided based on absent parent deprivation. Mom makes a voluntary mid-period report that Dad has moved into the home and is employed full-time. Even though this AU no longer meets the CalWORKs deprivation requirements, action may not be taken to discontinue the AU until the end of the current SAR Payment Period.

**Example 2:** AU of two consisting of timed-out Mom and two kids is aided based on absent parent deprivation. Mom makes a voluntary mid-period report in October that she has been approved for SSI. The worker shall change the basis of deprivation for this AU to disabled parent and start giving them the exempt MAP BENO amount effective November 1.

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## HOUSEHOLD COMPOSITION

An AU/household is only required to demonstrate that it is eligible once each SAR Payment Period based upon the information reported on the SAR 7 or RRR forms.

AU/households may voluntarily report changes in household composition during the SAR Payment Period, but the worker may only take action to increase benefits mid-period as a result of voluntarily reported household composition changes.

A voluntary report of a change in household composition that would result in ineligibility of the household or a decrease in benefits cannot be acted on until the SAR 7 or RRR forms have been submitted and processed, unless the recipient requests a discontinuance of benefits.

### CalFresh

Under *Lopez v. Wagner*, certain formerly sanctioned household members shall be added back into the household at the expiration of their sanction. If the disqualified household member is still a member of the CalFresh household in which he/she was previously receiving benefits, the worker will automatically add the disqualified member back to the household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household. The household may request the person be added on the SAR 7 or a mid-period report, but it is not required, as the worker action shall be automatic.

If the disqualified household member is now a member of a different CalFresh household, and this has been reported to the worker, either on the SAR 7 or mid-period, whether or not using form DFA 377.7A1, the worker will automatically add the individual to the CalFresh household the month following the expiration of the disqualification period, subject to the continuing eligibility of the household.

**Note:** When a new person who was mandatorily reported on the SAR 7 or RRR forms, and initially determined eligible based on the information provided on the SAR 7 and CW 8 or CW 8A or the RRR forms, is subsequently determined ineligible for CalWORKs and/or CalFresh based on a voluntary report in the SAR Submit Month, prior to the authorization of aid, he/she shall be treated as an excluded person for the next SAR Payment Period. This person's income and needs, as reported on the SAR 7, shall be treated per excluded person regulations. ( *Reference CalWORKs Policy 100-B2 Treatment of Income from AU/Non-AU Family Members*). In the next SAR Payment Period, the AU shall be discontinued at the end of the SAR Payment Period if the subsequent RRR forms establish that the new person renders the entire AU ineligible.

**Example:** An AU is aided based on absent parent deprivation. The current SAR Payment Period is January through June. In March, the absent father returns to the home and is reported for the first time on the SAR 7 for the SAR Data Month of May. The father, who was determined to be the principal earner, was receiving UIB in the SAR Data Month and was initially determined eligible as an unemployed parent based on the SAR 7 information. However, when the worker completed the interview to add the father in the SAR Submit Month of June, it was learned that the father had accepted a full-time job on June 15. Since the principal earner has accepted full-time employment and deprivation due to unemployment was not established prior to the authorization of aid, the worker shall deny aid to the father and instruct the AU to report the father's full-time employment on the RRR forms due in December. Because ineligibility for the father has occurred after the SAR Data Month but prior to the authorization of aid, he will be treated like an excluded person. His income and needs shall be considered in determining eligibility and grant amount for the upcoming SAR Payment Period. The existing AU's deprivation is not affected until the father's full-time employment is reported on the subsequent RRR forms in December. If the RRR forms establish that ineligibility exists for the AU, the worker shall discontinue cash aid at the end of December with timely and adequate notice.

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## TRANSFER OF ASSETS OR INCOME FOR LESS THAN FAIR MARKET VALUE (CALWORKS ONLY)

On the SAR 7 and RRR forms, recipients must report property or income that was sold, traded, or given away since their last report.

Once reported, the worker must determine whether the property or income was transferred for less than fair market value.

If a recipient transfers, for less than fair market value, property or income that would have affected the recipient's eligibility or grant amount, the worker will establish a period of ineligibility (POI) based on the transfer.

Under SAR, the POI will be established at the beginning of the upcoming SAR Payment Period and continue for the determined number of months.

Refer to CalWORKs Policy 100-C1 Property for more information.

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## MEETING CONDITIONS OF ELIGIBILITY

If an AU/household member fails to meet a condition of eligibility, such as applying for potentially available income (CalWORKs) or registering for work (CalFresh), within the SAR Payment Period and it is not a part of the current SAR 7 or RRR reporting requirement, the worker may not discontinue the recipient until the end of the SAR Payment Period, with timely and adequate notice.

**Example:** If a CalWORKs recipient loses his or her job mid-period and does not apply for Unemployment Insurance Benefits (UIB) when the Employment Development Department (EDD) report indicates potential eligibility, they cannot be discontinued until the end of that SAR Payment Period.

However, if a recipient fails to provide information required for school attendance, immunization, or child support cooperation, for example, without good cause, the worker shall take mid-period action to implement a sanction or penalty as appropriate.

*Reference CalWORKs Policy 100-E5A Mid Period Reporting for more information.*

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## INCOME ELIGIBILITY AND GRANT CALCULATION

All CalWORKs and CalFresh benefits for the upcoming SAR Payment Period will be determined using prospective budgeting and reasonably anticipated income.

The amount of monthly income determined for the upcoming SAR Payment Period will be used to calculate the benefit amount for the next six months.

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## INCOME (FINANCIAL) ELIGIBILITY

CalWORKs recipients will be income eligible if they are eligible for a grant in accordance with financial eligibility regulations.

CalFresh recipients are subject to CalFresh income tests, unless the household is categorically eligible due to its Public Assistance CalFresh (PACF) status or has an elderly or disabled household member and then is only subject to the net income test.

The determination of continued recipient financial eligibility for CalWORKs and CalFresh occurs under the following two circumstances:

- When the worker reviews a SAR 7 or the annual RRR forms submitted by a recipient, the worker must determine if the AU/household will continue to be financially eligible in the upcoming SAR Payment Period based on income that the AU/household reasonably anticipates it will receive in the upcoming SAR Payment Period.
- When an AU/household makes a mandatory mid-period report of income over their IRT, the worker must determine if the AU/household maintains continued financial eligibility for the current SAR Payment Period. If eligibility is maintained, their benefits must be recalculated for the remainder of the SAR Payment Period based on the income over IRT.

## PROSPECTIVE BUDGETING

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SAR uses anticipated income/prospective budgeting methodology for determining continuing recipient benefits.

Prospective budgeting requires workers to use income that the applicant or recipient anticipates with reasonable certainty will be received in the upcoming SAR Payment Period. Income from the SAR Data Month, as well as any reasonably anticipated changes in income and expenses, shall be used as an indicator of the income that is and will be available to the AU/household for the upcoming SAR Payment Period.

Changes in income reported mid-period will be evaluated using the current (report) month's income and any anticipated changes.

It is critical that the worker thoroughly documents how income was projected in determining benefit calculation. Case comments and other documentation is critical when documenting any changes in income, including, but not limited to:

- New Income.
- Income that is ending.
- Income that is expected to change.
- Income that fluctuates (including anomalies such as overtime or missed work).
- Income that is so unstable that the recipient cannot make a reasonable estimate of what income to expect in future months.

If the worker has no conflicting information, the income and anticipated changes reported on the SAR 7 or RRR forms should be used to determine benefits for the upcoming SAR Payment Period.

The fact that an AU/household received income in the past and now reports that the income has stopped does not mean there is a conflict. Absent other information known to the county, the SAR 7 or RRR information should be accepted, as these forms are signed under penalty of perjury and may be treated as an affidavit.

**Note:** CalWORKs and CalFresh reviews will rely heavily on CalWIN case comments when reviewing case files to determine if benefits have been issued in the correct amounts.

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## REASONABLY ANTICIPATED INCOME

Income is "reasonably anticipated" when the recipient and worker determines it is reasonably certain that the recipient will receive a specified amount of monthly income in the SAR Payment Period.

If the amount of income that will be received or when it will be received is uncertain, the portion of the AU/household's income that is uncertain shall not be counted. This applies to earned and unearned income.

**Important:** Recipients are not required to report an exact amount of anticipated monthly income for each month of the SAR Payment Period. Instead, recipients will be required to provide information for the Data Month and any anticipated changes in the six months following the Submit Month.

The income received in the Data Month 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 SAR Payment Period.

If an AU/household anticipates receipt of new income from a new source in the upcoming SAR Payment Period, such as a new job or Unemployment Insurance Benefits (UIB), this income shall only be considered reasonably anticipated if the worker determines that:

1. The AU/household verifies that the income has been or will be approved or authorized within the upcoming SAR Payment Period, or the household is otherwise reasonably certain that the income will be received within the SAR Payment Period;
2. The anticipated amount of the income is known and verified, or the AU/household 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/household is otherwise reasonably certain of the start date of the income.

If an AU/household anticipates receipt of new income in the upcoming SAR Payment 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 SAR Payment Period.

If the new income exceeds the IRT mid-period, then the recipient would have to report it and benefits will be recalculated as necessary.

If the AU/household's monthly income fluctuates or they expect the income received in the Data Month to change in the upcoming SAR Payment Period, the worker must attempt to find out the amount of income the AU/household reasonably expects to receive, in order to determine what income, if any, can be reasonably anticipated and used in the next SAR Payment Period's benefit calculation. Only that portion of income that the AU/household 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 income can be reasonably anticipated. If however, a recipient cannot anticipate an amount or if she will get paid in the upcoming SAR Payment Period, then no income can be reasonably anticipated.

New income cannot be anticipated unless the AU/household is reasonably certain of the amount of income and the start date. If an AU/household reports that they expect their income to change or stop, but are uncertain of when or by how much, the worker cannot reasonably anticipate this change. However, if the recipient states that the Data Month income is not typical, explains why, and lists an estimate of future income, barring any information to the contrary, the recipient's estimate of future income should be used.

If the recipient states that his/her income fluctuates so much that they cannot anticipate any income, no income will be counted. If the worker disagrees that the income is too unpredictable to anticipate, he/she must explore with the applicant or recipient what amount, if any, can be reasonably anticipated and document the basis for the amount used in case comments.

The worker must explain to the AU/household that if their actual income is less than the anticipated income, the recipient should make a mid-period, voluntary report of decreased income and provide verification so that the worker may increase their benefit amount.

**Example 1:** A recipient reports he believes he qualifies for \$400 in UIB. There is no finding of eligibility from EDD and no statement of when the benefits will start. This income cannot be reasonably anticipated. If however, the recipient provided a copy of the UIB check or a statement that benefits would begin on a certain date, the income shall be reasonably anticipated.

**Example 2:** A recipient reports being told at an interview that she got the job. She is aware of a salary range, but has no further information. This income cannot be treated as anticipated. If however, the recipient knows her start date, anticipated wage amount and expected hours, then the worker should consider this income to be reasonably anticipated as of the date the income will begin and use this income in the benefit calculation for the next SAR Payment period. The worker shall document the recipient's statement of start date, expected hours, and wages in case comments to substantiate the recipient's estimate.

**Example 3:** A recipient is a waitress and does not earn the same amount each month because of extra shift opportunities or shift cut-backs, but she states on the SAR 7 that the reported Data Month's income is "typical". The worker can count that income as reasonably anticipated for the next SAR Payment Period. If, however, the recipient never has any regular shifts or hours, and the employer or prior income history substantiates that there is no minimum amount of income expected, or the recipient explains changes that have occurred or why the historical minimum income cannot be reasonably anticipated, then this income cannot be reasonably anticipated and will not be used to determine the benefit amount for the upcoming SAR Payment Period.

**Example 4:** A recipient's income varies between \$200 and \$400 a month and the employer cannot confirm the earnings or schedule, but the recipient states that earnings are usually at least \$200. The worker shall enter \$200 as reasonably anticipated income. If the recipient's income varies dramatically (for example someone who is waiting for an on-call substitute position, who does not know whether there will be any work or any minimum hours) there is no income that can be reasonably anticipated and no income will be budgeted.

**Example 5:** Recipient was paid bi-weekly, but reports that she was laid off. She has applied for UIB, but has not heard from EDD. No income will be budgeted as she does not know how much she will receive from EDD or when her payments will start. Her prior pay history cannot be used because the job has ended and she cannot reasonably anticipate any income.

## USE OF WEEKLY AND BI-WEEKLY CONVERSION FACTORS

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:

- 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 averaged 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 averaged 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/household must anticipate that their monthly income will continue, in order to convert the income into a monthly average.

If the AU/household receives weekly or bi-weekly paychecks, but their income fluctuates month to month and they cannot reasonably anticipate their Data Month income will continue at the same amount, the conversion multipliers will not be used to convert the Data Month income into a monthly average. In this case, the worker should accept the AU/household's estimate of reasonably anticipated income or when that estimate is questionable, contact the AU/household to determine what monthly income (if any) can be reasonably anticipated.

The following examples demonstrate when the conversion factor should be used and when they should not be used and how the monthly income average is determined. Since CalWIN has the functionality to apply the appropriate conversion factor, the worker does not need to manually determine the monthly amount. The worker will continue to enter the income frequency in CalWIN based on when the client gets paid; weekly, bi-weekly, semi-monthly or monthly.

**Example 1:** A recipient reports receiving \$200 every week and reasonably anticipates that this income will continue at the same amount for the upcoming SAR Payment Period. The \$200 weekly income is multiplied by the weekly multiplier of 4.33 to determine the monthly average income amount of \$866. (If the recipient reports receiving \$400 every two weeks, the \$400 bi-weekly income is multiplied by the bi-weekly multiplier of 2.167 to determine the monthly average income amount of \$866).

**Example 2:** A recipient reports that she will work the first three weeks of each month, and be paid \$200 per week worked. In this case, since the recipient does not expect to be paid every week, the conversion multiplier would not be used. Instead, the monthly income of \$600 is used to determine the benefit amount for the SAR Payment Period.

**Example 3:** A recipient reports on her SAR 7 that she received four weekly paychecks in the following amounts: \$200, \$450, \$190, and \$225. She explains that she received extra hours in the second week of the month because a co-worker was sick, but the other three weekly paychecks are typical and she expects this income to continue. The worker shall disregard the irregular check of \$450. The remaining three weekly paychecks will be converted into a weekly average by adding them together and dividing by three (i.e.:  $\$200 + \$190 + \$225 = \$615/3 = \$205$ ). The \$205 weekly income is multiplied by 4.33 to determine the monthly average income amount of \$887. The reason for disregarding the irregular check must be documented in case comments.

**Example 4:** A recipient reports on her SAR 7 that four weekly paychecks were received in the following amounts: \$115, \$100, \$135, and \$95 and indicates on the SAR 7 that her income is not expected to change during the next SAR Payment period. The four weeks of income are added together, divided by four and then multiply the resulting amount by 4.33 to arrive at the average monthly income amount for the next SAR Payment period (i.e.:  $\$115 + \$100 + \$135 + \$95 = \$445/4 = \$111.25 \times 4.33 = \$481.71$ ). (If five pay periods were reported in the Data Month on the SAR 7, each week is added together, divide by five, and then multiply the resulting amount by 4.33.)

**Example 5:** A recipient provides two check stubs in the amount of \$115 and \$350 and states that he gets paid bi-weekly. He expects this income amount and frequency to continue. The two checks are added together, divide by two and then multiply the resulting amount by 2.167 to arrive at the average monthly income amount for the next SAR Payment Period (i.e.:  $\$115 + \$350 = \$465/2 = \$232.5 \times 2.167 = \$503.81$ ).

**Example 6:** A recipient regularly works 35 hours per week at \$10 an hour and is paid bi-weekly. She received three checks in the Data Month of \$400, \$500, and \$700. She reports that her normal pay checks are \$700 every two weeks, but that she missed work due to a family emergency, and does not expect she will need to take any additional time off. Since the lower paychecks are not expected to continue, the bi-weekly conversion factor of 2.167 will apply to the normal anticipated bi-weekly pay of \$700 to determine the monthly anticipated income for the SAR Payment Period (i.e.:  $\$700 \times 2.167 = \$1,516$ ). The worker should also remind the recipient to report when her income is less than expected in order to have her benefits supplemented.

**Example 7:** A recipient works varying hours depending on when his employer needs him. He reports receiving three bi-weekly paychecks in the Data Month in the amounts of \$600, \$900, and \$660 and provides copies of these three pay stubs. He reports that the \$900 check was unusually high because he was covering another shift, but that the other two checks are representative of his normal pay. The \$900 check is excluded and the average monthly income is calculated by adding the two other checks together, dividing by two, and multiplying the resulting amount by the bi-weekly multiplier of 2.167 (i.e.:  $\$600 + \$660$  (leave out the irregular \$900 check) =  $\$1,260/2 = \$630 \times 2.167 = \$1,365$ ). Additionally, if the recipient reports that his Submit Month income has decreased, a supplement shall be provided, as necessary.

**Example 8:** A recipient reports on her SAR 7 that she started a job in the Data Month and earned \$400. She attaches two weekly check stubs for \$200 and states that her income will continue at this amount. The worker understands this to mean that her weekly pay of \$200 will continue and this understanding is narrated in case comments. The \$200 is multiplied by 4.33 to determine the recipient's average monthly income for the SAR Payment Period (i.e.:  $200 \times 4.33 = \$866$ ).

## BENEFIT DETERMINATION BASED ON STABLE INCOME

If a recipient or applicant AU/household has stable monthly income and does not expect any changes in the upcoming SAR Payment Period, the income reported on the application, SAR 7, or RRR forms shall be used to determine the benefit amount for the next SAR Payment Period. If the stable income is received weekly or bi-weekly the income shall be converted into a monthly average as described in the "Use of Weekly and Bi-weekly Conversion Factors" section above.

## BENEFIT DETERMINATION BASED ON FLUCTUATING INCOME

When the AU/household reports anticipating fluctuations from their Data Month income, the determination of whether income is reasonably anticipated will require additional steps and thorough CalWIN case comments.

In situations where the recipient expects a change or has fluctuating income, and either cannot or does not provide an estimate of what is reasonably anticipated, the following guidelines can be helpful to the worker in working with the recipient to determine what income, if any, can be reasonably anticipated for the upcoming SAR Payment Period:

- Take into account any changes in income from the Data Month that the AU/household reasonably anticipates for the upcoming SAR Payment Period.
- If the AU/household reports that they expect changes from the income received in the Data Month, but do not know how much their income will change or when the changes will take place, Data Month income shall be used until the recipient reports a reasonably anticipated change.
- If the AU/household reports that their income fluctuates significantly month to month that they cannot reasonably anticipate any income, and that in some months they do not receive any income, barring any information to the contrary, the worker shall accept this statement and no income should be budgeted.
- If the AU/household is unable to estimate future income with the worker's assistance, the worker, with written authorization from the recipient, may contact the employer or other source of income.
- If unable to obtain additional source information, the worker may take into account past income received by the AU/household to determine whether or not the Data Month income is representative of the AU/household's typical pay.

**Note:** Past income shall not be used as an indicator of anticipated income if changes to the income have occurred or are anticipated.

- For CalWORKs and CalFresh, if income fluctuates to the extent that a 30-day period alone cannot provide an accurate projection of future income, the worker may look back to the prior SAR Payment Period for historical income information.

If the worker and the AU/household cannot determine an amount that can be reasonably anticipated after following the guidelines listed above, no income shall be used.

The only exception to prospective budgeting is for CalFresh Households (HHs) associated with a CalWORKs SAR case that by contract or self-employment derives their annual income in a period of time shorter than one year. The HHs shall have that income averaged over the length of the certification (RRR) period and revise at mid-period when the household submits its periodic report form or a voluntary report that results in increased benefits.

In cases where the CalFresh HH also has a CalWORKs SAR case, the contract/self-employment income for CalWORKs shall be budgeted in the same manner for CalFresh. However, for the CalWORKs SAR 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 certification period.

**Example:** A recipient works at a school cafeteria from the middle of September to the middle of June. On her June SAR 7 submitted in July 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 payment 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 payment period).

If the SAR 7 information is unclear or questionable, and the recipient refused to assist in providing required information (e.g. refuses to provide available verification or sign an affidavit) or fails to provide information necessary to determine continuing eligibility, the worker shall discontinue benefits after providing timely and adequate notice.

If the recipient is attempting to cooperate to the best of his/her ability, yet is unable to provide information that would assist the worker in determining future income with reasonable certainty, the recipient shall not be considered "failing to cooperate" and shall not be discontinued for that reason.

**Example 1:** Recipient provides a SAR 7 with four check stubs of varying amounts (\$50, \$150, \$75 and \$500). There were five weeks in that month, and for one week, he reports no earnings at all. He works on call and has no idea when he will be called in. The worker reviews the case and confirms that the recipient had periods of no income in the past. The worker then carefully documents in CalWIN case comments the basis for being unable to reasonably anticipate any income, and budgets no income for the upcoming SAR Payment Period. The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary.

**Example 2:** Using the same employment scenario as above, except that the recipient reports that he expects to earn at least \$150/month. The worker shall accept this statement, unless there is a reason to find it questionable. The worker must document the basis for using the estimate or document the reason for using a different amount. (For example: Past earning history shows that the recipient has always earned at least that amount, and although they were periods of higher earnings, they were sporadic.) The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary. The recipient can also report mid-period if his income does not reach \$150 and the grant amount shall be supplemented, as necessary.

**Example 3:** On her SAR 7, a recipient reports that she is working part-time, and her hours of work vary from month to month. She reports having worked 70 hours in the Data Month of May, but she states that she is unable to project with any certainty how many hours she will be working for each month of the next SAR Payment Period. Based on past earnings data, the worker observes that the recipient has always reported income and questions whether it is reasonable to use zero income in the calculation of benefits for the upcoming SAR Payment Period. The worker reviews income information from her RRR forms (from November) and finds that she reported working 80 hours in that month. The worker talks with the recipient and learns that she is scheduled to work 70 hours a month, but sometimes picks up extra shifts and during the previous SAR Payment Period, she worked between 70 and 80 hours every month. Because the recipient is scheduled to work at least 70 hours every month, that income can be reasonably anticipated and the worker may use 70 hours a month to project reasonably anticipated income for the next SAR Payment Period. Because the other 10 hours is unpredictable and cannot be reasonably anticipated, the worker will not use it in the budget. The worker should review with the recipient how to complete the SAR 7, so the recipient understands how to report anticipated income.

## INCOME THAT IS STARTING OR ENDING MID-PERIOD

Income that the recipient anticipates will begin or end in one of the months of the upcoming SAR Payment Period will only be counted in the months that the income is reasonably anticipated to be received. This will allow an AU/household to receive the maximum benefit amount in the months in which this income is not received. This also applies to applicant cases; income from the month of application will only be used to determine eligibility and benefit amount in the month in which it was received.

Income that is beginning or ending will be treated differently depending on how certain the AU/household is that the income will begin or end. For example, if the AU/household's current monthly income is stable, but they heard that they might get laid off soon, the current income should be used to determine the monthly benefit amount and the worker should instruct the AU/household to report to the worker when they know for sure that they will lose their job or report to the worker in the month their income decreases.

If a recipient thinks they will be starting a new job in the next month or so, but are not sure about their start date or hours, this new income cannot be reasonably anticipated and would not be used to determine benefit amounts. In this situation, the recipient should report the new job mid-period if their income is over their IRT or on their next SAR 7 or RRR forms if the income is not over their IRT.

If the AU/household is certain that their income will be ending or new income will be starting in a certain month of the SAR Payment Period, this income will only be used to determine benefit amounts for the months in which it is reasonably anticipated to be received. In these situations, the worker shall calculate two different benefit levels for the SAR Payment Period: one benefit amount for the months in which the income will be received and one benefit amount for the months in which the income will not be received.

**Note:** Because the CalWORKs aid payment is considered income in the CalFresh budget, for purposes of calculating Public Assistance CalFresh benefits (PACF), the actual CalWORKs grant amount for each month of the SAR Payment Period must be used when computing the CalFresh allotment.

**Example 1:** An AU/household of four is in the June through November SAR Payment Period. Mom submits the SAR 7 for October to the worker timely on November 8. On the SAR 7, she reports that she will start a part-time job in December that will probably only last until the end of January, when the holiday shopping season has ended. She reports that she will get paid \$800 in December and January. The worker will calculate her benefits based on \$800 monthly anticipated income for December and January and tell the recipient to report when her job has ended. However, if Mom has verification that the job is only for those two months, the worker would put that verified information in the case record and act to increase her benefits based on no income beginning in February. The worker must recalculate the recipient's benefits based on no income effective February 1.)

**Example 2:** A recipient reports on his SAR 7 that he made \$800 in the Data Month. He is paid weekly and received four weekly paychecks of \$200 each. He writes on his SAR 7 that he anticipates that his Data Month income will not remain the same and explains that he believes he will be laid off in the next month or two. The worker will reasonably anticipate \$200 weekly pay and will tell the recipient to report when he gets laid off or his income goes down. (If the recipient had proof of a date his job would end, the worker would only count his income in the months it will be received.)

**Note:** CalWIN will convert the weekly pay into a monthly average by multiplying \$200 weekly pay by 4.33 (i.e.  $\$200 \times 4.33 = \$866$ ).

**Example 3:** A recipient reports on his SAR 7 that he will be employed in the next SAR Payment Period. He states that he was told that he will be paid bi-weekly at \$8.50 an hour, and thinks it will be for approximately 30 hours a week. Recipient is uncertain about the start date. The worker then contacts the recipient and attempts to verify details regarding the new employment (start date, first pay date, pay schedule). If the worker is unable to verify, the worker will not include this income in the budget because the recipient cannot yet reasonably anticipate the income. The recipient must report income above IRT in accordance with requirements, but any other mid-period income report is voluntary.

**Example 4:** An AU of two is in the June through November SAR Payment Period. Mom reports on her October SAR 7, which was submitted to the worker timely on November 8, that her current job will end December 15, and she will start her new job on January 2. Her monthly salary will increase from \$500 to \$800. Both jobs are paid twice a month (on the 15<sup>th</sup> and 30<sup>th</sup>). She expects to receive her last pay check from her old job in the amount of \$250 on December 30 and doesn't expect to receive her first \$400 paycheck from her new job until January 30. Her December benefits will be calculated based on her reasonably anticipated December income of \$500, her January benefits will be calculated based on her reasonably anticipated January income of \$400, and her February through May benefits will be calculated based on her \$800 monthly anticipated income.

## INFORMING REQUIREMENTS

In notifying clients of the new reporting rules, a minimum of 3 informing notices (TEMP SAR 1) will be sent. One informing notice will be sent to all clients 6 months prior to the transition to SAR and then a reminder to all clients included with their last 2 QR7s prior to the implementation date. In addition, the Temp SAR 1 informing notice will be sent to clients along with their SAR 7s for the first 6 months following implementation.

## SAR 2 FORM

The SAR 2 will replace the QR 2 upon implementation of SAR. This form was updated to explain the new Income Reporting Threshold (IRT) reporting requirements under semi-annual reporting. This form is used to inform recipients of their Assistance Unit's current IRT and other mid-period reporting requirements. Recipients must be informed of their IRT every six months or whenever the IRT changes.

## SAR 7A FORM

The SAR 7A replaces the QR 7A form and instructs the recipients on how to fill out the SAR 7. This new form must be included in the CalWORKs/CalFresh application packets and RRR packets beginning 6 months prior to implementation date and explained to the applicants/recipients during their face-to-face interview. It is available in English, Spanish and Vietnamese.

**SAR 7 FORM**

The SAR 7 will be issued to clients at the end of each SAR Data Month. A complete SAR 7 is due by the 5<sup>th</sup> calendar day of the SAR Submit Month, but not before the first calendar day of that month. The SAR 7 is considered to be late if received after the 11<sup>th</sup> calendar day of the SAR Submit Month. The SAR 7 must be received no later than the 1<sup>st</sup> working day of the first month of the SAR Payment Period (extended filing date). Clients are required to report:

- All income received for the SAR 7 Data Month; and
- Any changes in household composition or property since the submission of the last SAR 7 or RRR; and
- Any changes in income the recipient anticipates will occur in the upcoming SAR Payment Period.

The SAR 7 comes with an addendum that lists examples of income, expenses and property. The addendum also includes the penalties for fraud. The addendum is not to be returned with the SAR 7. This form will be generated in English, Spanish and Vietnamese in CalWIN.

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**SAR 72 AND SAR 73**

The SAR 72 Alien Sponsor's Semi-Annual Income and Resources Report is used to report the income of the client's sponsor and his/her spouse and must be signed by the client and the sponsor and the sponsor's spouse. Refer to CalWORKs Policy 100-C8 Sponsored Noncitizens for more information. The SAR 73 Senior Parent(s) Legal Guardian Income Report is used to report senior parent's income and is required when the senior parent is not aided. The SAR 73 must be signed by the minor parent. Refer to CalWORKs Policy 100-B10 Minor Parents AU for more information. The completeness requirements for the SAR 72 and SAR 73 are the same as for the SAR 7. When required, both forms are to be mailed by the worker to the client each period in the SAR Data Month in time for return with the SAR 7.

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**INCOME DISREGARDS**

All Assistance Units (AU) with earned and /or disability-based income will receive the appropriate disregards regardless of when the completed SAR 7 is provided to the county during the extended filing period. Income disregards are also allowed when computing an overpayment.

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**CORRECTIONS TO SAR 7 AFTER SUBMIT MONTH**

No changes to the original SAR 7 are to be made after the SAR 7 is received in the Submit Month (including the extended filing date). All corrected information must be made on a separate SAR 7 that is signed and dated with a new date.

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**WTW COMMUNICATION**

Changes reported on the SAR 7 and voluntary mid-period reports must continue to be communicated timely to the WTW Case Manager to ensure appropriate action is taken. Some examples of the reported changes include, but are not limited to the following:

- Change in household composition
- Starting or ending a job
- Increase or decrease in earnings or employment hours
- Change in medical condition
- Discontinuance of the CalWORKs case

Reasons for communicating these changes to the WTW Case Manager include, but are not limited to the following:

- Evaluation of work participation requirements
- Evaluation of the WTW plan, as appropriate

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**SAR IMPACT ON WELFARE-TO-WORK (WTW) PROGRAM**

All changes that occur in the CalWORKs case, whether they have a positive or negative impact in eligibility benefits, must continue to be timely communicated to the Case Manager (CM) for appropriate actions.

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**ATTACHMENTS**

TEMP SAR 1 - New Reporting Requirements for CalWORKs and Cal Fresh Recipients  
SAR 2 - Reporting Changes for Cash Aid and Cal Fresh  
SAR 7A - How to Fill Out Your SAR 7  
SAR 7 - Semi-Annual Report  
SAR 72 - Sponsor's Semi-Annual Income and Resource Report  
SAR 73 - Senior Parent Semi-Annual Income Report  
NA 960X SAR - Notice of Action - Report Not Received  
NA 960Y SAR - Notice of Action - Report Incomplete  
Completeness Criteria for the SAR 7  
Semi-Annual Cycles Based on BDA