

44. Budgeting [EAS 44-313]

Budgeting is the activity used to compute the aid payment for a Semi-Annual Reporting (SAR) payment period for which eligibility exists using the net nonexempt income, that is reasonably anticipated to be received in the SAR payment period.

Budgeting is an activity separate from the determination of eligibility. All eligibility factors, including income eligibility are considered on a prospective basis.

Use the income of all the individuals in the family (non-AU and AU members) when determining the eligibility and grant amount for the AU.

44.1 Budgeting Methods

Prospective budgeting must be used to compute the CalWORKs grant for each month in a SAR payment period.

Santa Clara County implemented the SAR system effective August 10, 2013. With the implementation of the SAR system, prospective budgeting is the only method of computing an aid payment for a SAR payment period using income that is reasonably anticipated to be received in that payment period, except for those mid-period changes due to a decrease in income where actual income is used. Income from the SAR Data Month, anticipated changes in income from the SAR 7 and mid-period income changes must be considered when determining eligibility and cash aid for a SAR payment period. Documentation must be entered in the **Maintain Case Comments** window that explains how income was anticipated in determining cash aid amounts.

44.1.1 Budgeting Method at Redetermination (RD)

Assembly Bill (AB) 79 households are no longer required to submit income received in the Data month for Redetermination (RD). This does not change the requirement of reported income in the Data month for the SAR7.

Income verifications at RD is based on income received in the last 30 days. The 30-day period can be determined by the date:

- RD packet is submitted; or
- Telephonic Signature (TS) interview is conducted; or
- Listed on the CW 2200.

**Note:**

The reference of income received in “Data Month” in this chapter is referring to the requirements of the SAR 7 budgeting.

44.1.2 Documentation

Documentation must include, but is not limited to, the following:

- Income the client reports that he/she expects to receive in the SAR payment period.
- When reasonably anticipated income for the SAR payment period is different than the income that the client reported as received for the SAR Data Month on the SAR 7.
- The reasons for not accepting the client’s reasonable anticipated income when the information is questionable.
- Other information used, such as verifications, employers’ statements, case history, etc., to determine what income is used in the cash aid amounts if the client’s reasonable anticipated income is not used

44.2 Amount of Aid

The EW is responsible for computing the amount of aid payment when:

- Aid is granted or restored.
- A redetermination of eligibility is made.
- There is a change in need, income, or other factors affecting the amount of aid to which the AU is eligible.

44.2.1 Definitions

- **Net Nonexempt Income:** Is all earned income and disability-based unearned income less applicable disregards, plus unearned income. Round the net nonexempt income from the budget month including in-kind income down to the next lower dollar (i.e., drop the cents).
- **Grant Amount:** Is the amount of cash aid which is to be paid to the AU for a given month.

- **Potential Grant:** Is the subtotal after the net nonexempt income is subtracted from MAP plus special needs for the family. The potential grant may equal the grant amount if the potential grant is equal to or less than the MAP plus any special needs for the AU only.
- **Income Disregard:** Is allowed **per** family **not** per individual. The Income Disregard is applied first to the disability based income. The remaining balance of the Income Disregard is then applied to any earned income and 50% of the remaining earned income. These income disregards are applied to the income of AU, non-AU members, the MFG child, and sanctioned persons. [WIC 11008, 11155.3, 11157, and 11451.5]

44.3 Determining Reasonably Anticipated Monthly Income

Income is “reasonably anticipated” when the recipient and the EW determines it is reasonably certain that the recipient will receive a specific 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’s household income that is uncertain must not be counted.

Under SAR, recipients will no longer be required to report an exact amount of anticipated monthly income for each month of the SAR 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 is considered reasonably anticipated and will be used in the budget calculations, unless the recipient reports that they anticipate a change in the upcoming SAR Period.

If an AU anticipates new income from a new source in the upcoming SAR Payment Period, such as a new job or UI benefits, this income must be considered reasonably anticipated if it is determined that:

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



Example:

A father finds employment as a day laborer and doesn’t know in advance which days he will be working or how much he will be earning. This income can’t be reasonably anticipated for the upcoming SAR Period and should not be prospectively budgeted.

If an AU anticipates new income, but does not have reasonable certainty of the dates and amounts expected to be received, this income cannot be considered reasonably anticipated and therefore cannot 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.

Use the following chart to assist with determining when income is considered reasonably anticipated:

If the client states that the...	Then the EW must...
Monthly income fluctuates or Income received in the Data Month will change in the upcoming SAR period,	Attempt to find out the amount of income the AU reasonably anticipates to receives.
Monthly income fluctuates but agrees to a minimum/average amount,	Use the reported amount of reasonably anticipated income.
Amount can not be anticipated or Payment will not occur until the next SAR period,	Not use the income as it is not considered to be reasonably anticipated.
Income will change or stop,	Not consider the income to be reasonably anticipated.



Reminder:

Unless the AU is reasonably certain of the amount and the start date, new income cannot be considered as reasonably anticipated.

Only the portion of income that the AU reasonably anticipates to receive can be used in the benefit calculation.



Example:

If a recipient states that the Data Month income is NOT typical and explains why by providing an estimate of future income, then the recipients estimate of future income must be used as long as there is no conflicting information.

**Example:**

If a recipient states that their income fluctuates so much that they can not anticipate any income, then income will not be counted. If the EW disagrees that the income is too unpredictable to anticipate, then the circumstances must be explored with the applicant or recipient to determine what amount, if any, can be reasonably anticipated. EWs must document the basis for the amount used in the CalWIN **Maintain Case Comments** window.

Applicants/Recipients must be advised that if their actual income is less than the anticipated income, a mid-period voluntary report of the decreased income should be made. Verification must be provided in order to increase the benefit amount mid-period.

**Example:**

#1 - A client reports that he believes he qualifies for \$400 in Unemployment Insurance Benefits (UIB). There is no finding of eligibility and no statement of when the benefits will start. This income can't 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 could be reasonably anticipated.

**Example:**

#2 - A client 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 EW 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 EW shall document the recipient's statement of start date, expected hours, and wages in the case file to substantiate the recipient's estimate.

**Example:**

#3 - A client is a waitress and doesn't earn the same amount each month because of extra shift opportunities, shift cut-backs and variances of tips received, but she states on the SAR 7 that the reported Data Month's income is "typical." The EW must count that income as reasonably anticipated for the next semi-annual 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 can't be reasonably anticipated, then this income can't be reasonably anticipated and will not be used to determine the benefit amount for the upcoming semi-annual period.

**Example:**

#4 - A client's income varies between \$200 and \$400 a month and the employer can't confirm the earnings or schedule, but the recipient states that earnings are usually at least \$200. The EW must list \$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 doesn't 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- A client 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 can't be used because the job has ended and she can't reasonably anticipate any income.

44.4 Weekly/Bi-Weekly Payments

If expected weekly or bi-weekly income amounts are different for each pay period, the EW adds the weekly or bi-weekly Data Month income amounts reported on the SAR 7, divide that total by the number of pay periods in the Data Month, and converted to a monthly amount by using a 4.33 conversion factor for weekly payments and a 2.167 conversion factor for payments received bi-weekly.

- Paid on a weekly or bi-weekly basis and the AU reports on the SAR 7 that it does not anticipate any changes in income in the upcoming payment period; or
- Paid on a weekly or bi-weekly basis and the AU indicates that it anticipates changes in income in the upcoming payment period, but the EW determines in a follow-up review that the AU's reasonably anticipated income in the next SAR payment period will not change from what was reported; or
- Paid on a weekly or bi-weekly basis and the AU indicates that it anticipates changes in income in the upcoming payment period and the new amount is known and that the amount will remain the same for the entire SAR payment period.

**Note:**

The conversion factors can only be used if reasonably anticipated weekly and bi-weekly payments are reasonably anticipated to be paid throughout the entire SAR payment period for each week or for every other week in the SAR payment period.

Example #1

The client reports on the SAR 7 that she is paid on a weekly basis except she only works three weeks in a month and indicates that this frequency of pay will remain the same throughout the next SAR payment period and will remain unchanged. The client is usually paid \$115, \$100, and \$135. These three weeks of income will be added to arrive at a reasonably anticipated monthly income for the next SAR payment period. Since income is not paid every week of the SAR payment period, the conversion factor cannot be applied.

Example #2

The client reports on the SAR 7 that four weekly paychecks were received in the following amounts: \$125, \$105, \$115, and \$95. The client also indicated on the SAR 7 that his/her income is not expected to change during the next SAR payment period. The average weekly income is computed by adding the four weeks of income together, divide by four and then factor the resultant amount by 4.33 (conversion factor for income received weekly) to arrive at the monthly income amount for the next SAR payment period: $(\$125 + \$105 + \$115 + \$95) \div 4 \times 4.33 = \476.30 . If five pay periods were reported in the Data Month on the SAR 7, the EW will add each week together and divide by five and multiply by 4.33.

Example #3

The client reported on the SAR 7 that weekly income of \$100 was received in the Data Month and it will be changed during the upcoming SAR payment period. However, the EW found out the client did not get the new job and will continue at the current job throughout the next quarter making the same amount. Therefore, the conversion factor of 4.33 is applied to the \$100 weekly amount and \$433 ($\$100 \times 4.33$) is used as the monthly income.

Example #4

The client indicated on the SAR 7 that bi-weekly income of \$200 was received in the Data Month. She marks on the SAR 7 that this income amount will increase to a bi-weekly income of \$250 and will remain the same for the entire next SAR payment period. The 2.167 conversion factor to the \$250 bi-weekly amount is applied for the next SAR payment period and \$541.75 ($\250×2.167) is used as the monthly income.

44.5 Monthly/Semi-Monthly Payments

For income that is received monthly or semi-monthly (two times a month) and is expected to continue, the EW must use the total monthly income amount reported on the SAR 7 for the SAR Data Month to calculate cash aid for the next SAR payment period. The conversion factors cannot be used for income that is received monthly or semi-monthly.

44.6 Income Starting or Ending Mid-Period

Income that is reasonably anticipated to start or end in one of the months of the upcoming SAR payment period will only be counted in the month(s) that the income is reasonably anticipated to be received. This will allow the AU to receive the maximum benefit amount in the months in which this income is not received. This applies to applicant AU's as well; 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 may be treated differently depending on how certain the AU is that the income will begin or end.



Example:

The AU'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 EW should instruct the AU to report to the county when they know for sure that they will lose their job or report to the county in the month their income decreases.



Example:

The AU has zero current monthly income, but 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. 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.

The following chart can be used to determine the amount of income to use in determining the grant:

If Income is Received ...	And will continue and the	Then...
Weekly/Bi-Weekly,	Amount for each pay period is the same,	Multiply the weekly or bi-weekly amount by the conversion factor: 4.33 for weekly or 2.167 for bi-weekly.

If Income is Received ...	And will continue and the	Then...
Weekly/Bi-Weekly,	Amount for each pay period is different	<ul style="list-style-type: none"> • Add weekly or be-weekly amounts for the data month, • Divide that total by the number of pay periods in the data month to arrive at an average weekly, or bi-weekly amount, • Multiply the weekly or be-weekly amount by the conversion factor: 4.33 for weekly or 2.167 for bi-weekly.
Weekly/Bi-Weekly,	Amount expected to be received in the SAR payment period is different than it was in the Data Month,	The monthly income amounts must NOT be averaged over the months of the SAR payment period.
Semi-Monthly or Monthly	Amounts are expected to be the same for each month of the SAR payment period,	Use the monthly amount. Note: Multiply by two to determine the monthly amount when the client is paid semi-monthly.
Semi-Monthly or Monthly	Amounts are expected to be different in some of the months of the SAR payment period,	The monthly income amounts must NOT be averaged over the month of the SAR payment period.

44.7 Determining the Amount of the Cash Grant

The CalWORKs cash grant calculation is as follows:



Reminder:

An applicant must pass both the Applicant Gross Income and Recipient Net Income Tests.

A recipient must pass only the Recipient Net Income Test to continue to be CalWORKs eligible. When adding a new person’s income to the AU, only the Recipient Net Income Test is required. [Refer to “Financial Eligibility,” page 33-1].

44.8 Applicant Gross Income Test [WIC 11267 and 11450.12]

When determining the applicant gross income test, the Income Disregard and the 50% earned income disregard are **not** allowed.

The only deduction allowed is \$90 gross nonexempt income deduction for each employed person. [Refer to “Overpayments General [MPP 44-350],” page 51-1]]

44.8.1 Applicant Gross Income Test

Step	Action
1.	Determine the reasonably anticipated monthly income for the applicant family. (non-AU & AU members).
2.	Disregard up to \$90 of earned income for each employed family member.
3.	Remainder equals net nonexempt income.
4.	Determine MBSAC plus Special Need for family (non-AU & AU members).

44.9 Recipient Net Income Test [WIC 11267 and 11450.12]

When determining the recipient net income test, the Income Disregard and the 50% earned Income Disregard are applied.

When two (2) people in a family have earned income, the earned income is combined and only one Income Disregard is allowed along with 50% of any remaining earned income.



Note:

When adding a person to an existing AU, the AU is subject to the “recipient” net income test when determining the financial eligibility of the reconfigured AU. The income of a new person who is added to an existing AU must be budgeted prospectively for each month of the SAR payment period.

44.9.1 Recipient Net Income Test and Grant Computation

Step	Action
1.	Determine the reasonably anticipated monthly disability-based income of both the non-AU and AU members.
2.	Subtract Income Disregard.
3.	Determine the reasonable anticipated monthly earned income of both the non-AU and AU members.
4.	Subtract the remainder of any of the Income Disregard from above (Step 2) which has not been used.
5.	Deduct 50% of the remaining earned income.
6.	Add any remaining disability-based income after the Income Disregard was deducted.
7.	Add any nonexempt unearned income of both the non-AU and AU members.
8.	Subtract this amount (Step 7) from MAP plus Special Need for the family (non-AU and AU members).
9.	Remainder equals potential grant #1.
10.	Determine MAP plus Special Need for AU members only .
11.	The grant to be paid is the lesser of 9 or 10.

44.10 Determination of Special Need Amount

The amount of special needs an AU is eligible to receive is calculated using the following rules:

- Round to the lower dollar the amount of special needs the AU is eligible to receive.
- The amount available for each AU per month for recurring special needs cannot exceed \$10.00 times the number of persons in the AU, unless this is the pregnancy special need.

44.11 Grant of Less than \$10

If the actual grant amount is less than \$10.00, no payment is made for that month. However, if there is an overpayment adjustment to be made in the month, the adjustment can be made in an amount to reduce the grant to zero.

If the beginning date of aid is after the first of the month and the prorated amount of the grant is less than \$10.00, no payment is paid for that month. Such AUs are considered to have received a CalWORKs payment for all other purposes.

44.11.1 Grant of \$10

If the actual grant amount is \$10.00 or more, and if there are no overpayment adjustments, that amount is authorized as the aid payment.

44.12 Proration of Grant

When the beginning date of aid is on the first day of the month, the recipient is entitled to receive payment for the full month.

When the beginning date of aid is after the first day of the month, the total grant is prorated. The computation procedure is as follows:

Step	Action
1.	Determine the total monthly grant to which the AU is eligible.
2.	Determine the actual number of days in the month.
3.	Divide the number of days into the monthly grant to determine the daily grant.
4.	Determine the total number of days for which the AU is eligible, including the first and last day of aid for the month.
5.	Multiply the number of days by the daily grant amount to determine the prorated grant.
6.	Drop the cents if it is not a whole dollar amount (i.e. \$119.96 becomes \$119).
7.	Make no payment if the amount is less than \$10.00.

44.13 Proration of Grant Using Partial Month Eligibility Chart

The grant amount may also be computed using the “Partial Month Eligibility Chart”. [Refer to the [Refer to Chart Book, , [“Proration of First Month Benefits,” page 7-1.](#)]

The computation procedure is as follows:

Step	Action
1.	Determine the total monthly grant to which the AU is eligible.

Step	Action
2.	Read the chart to determine the fraction of the month for which the AU is eligible.
3.	Multiply the monthly grant amount by the decimal figure from the chart to determine the prorated grant.
4.	Drop the cents if it is not a whole dollar amount (i.e. \$119.96 becomes \$119).
5.	Make no payment if the amount is less than \$10.

44.14 Zero Basic Grant

An AU is considered to have received a cash aid payment even when:

- The payment is not sent due to penalty which reduced the grant to zero, or
- The grant amount is less than \$10, or
- The grant for the AU is reduced to zero after adjustment for a prior overpayment.

44.15 Budgeting the Income of a Person Being Discontinued from the Existing AU.

The income of an individual who left home must NOT be considered income to the AU for budgeting purposes in any month(s) following his or her discontinuance.

If the person who is discontinued from the AU has no legal responsibility to the AU members but remains in the home, (i.e., needy caretaker relative who becomes non-needy) income of this person will be removed from the AU's budget.



Example:

A continuing case consists of a needy relative caretaker and her three nieces. The needy relative is receiving UIB, and in January begins working full time. Her earnings are in excess of the Recipient Net Income Test for an AU of 4. The EW discontinues the entire AU, and then determines that CalWORKs eligibility continues for the three children. The caretaker is now considered non-needy and according to the "Non-Needy Relative Statement" (SC 345) there is no contribution to the AU.

If the person (i.e., stepparents, excluded parents, senior parents) who is legally responsible for AU members is discontinued from the AU but remains in the home, and has income which is considered available to the AU, that income is continuously budgeted.

44.15.1 Payment for Child Support

NO deduction is allowed from either earned, unearned, or disability based income for actual payments being made in support of a child or spouse not in the home, whether or not this is a result of a court order.

44.16 Dependent Care/Child Care [WIC 11323.6 and 11323.8]

The Dependent Care disregard and all other child care programs including the following have been eliminated:

- Transitional Child Care (TCC)
- Supplemental Child Care (SCC), and
- California Alternative Assistance Program (CAAP)

Child care payments are now issued by CWES when applicable. [\[Refer to “Child Care Service,” page 26-1\]](#)

44.17 Reporting Changes Affecting Eligibility and Grant Determinations/mid-period Changes [EAS 44-316]

Eligibility Workers must take action on specified changes that occur mid-period or outside of the SAR 7 reporting process. mid-period changes include changes that result from mandatory reports, certain voluntary reports and county initiated actions. These specific changes that occur mid-period must be acted on separately and sequentially under quarterly reporting/prospective budgeting and include:

- Voluntary mid-period Reports
- Mandatory mid-period Reports
- County-Initiated mid-period Actions

44.17.1 Voluntary mid-period Reports

Clients may voluntarily report verbally or in writing, changes in income and circumstances any time during the SAR payment period. A “mid-period Report Form” (SAR 3) may be provided to clients who

wish to report a mid-period change in writing. If the recipient chooses not to report a mid-period change in writing at the time of the change, the EW will document the verbal report on the **Maintain Case Comments window**.

The EW must take action on voluntary reports that increase cash aid or if the recipient requests voluntary discontinuance of aid. If the grant would decrease or not change based on the voluntary report, no action is taken to change the grant and a No Change NOA must be sent to the AU. The AU must provide all verifications within ten days of a voluntary report prior to county action. A report of decreased income on the SAR 7 is also treated as a voluntary mid-period report.

When a voluntary report is made by the client regarding changes in income and or circumstances during the SAR payment period, the EW must request verification in writing and take action as follows:

If the Client....	Then the EW must...
Provides verification within 10 days,	Change is effective the first of the month following the voluntary report. Note: If the decreased income occurred in the month reported, the change is effective current month.
Does not provide the necessary verification,	Send a No Change NOA to the AU.
Provides verification after the 10 days,	Use the date the verification is provided as the date of the voluntary report.

44.17.2 Determination of Aid Based on mid-period Changes

When a client’s mid-period report or a county-initiated action changes the amount of cash aid, (except for decreased income occurred in the month in which it was reported), the EW must determine the grant amount by adding the new reasonably anticipated monthly income for the remaining months of the SAR payment period. The income must then be divided by the number of months remaining in the SAR payment period.

If a decrease in income occurred in the month in which it was reported, the cash aid must be recalculated for the month in which the change was reported and for the remaining months of the SAR payment period.

44.18 Decreases in Reasonably Anticipated Income

When an AU reports a decrease in income from the amount that was reasonably anticipated to be received, take action as follows:

If an AU	Then only the
Receives income from more than one source,	Income that decreased must be recalculated for the current and remaining months.
Consists of more than one person with income and one person experiences a decrease in income,	Changed income must be recalculated.

The EW must use the new reasonably anticipated income for the month in which the decreased income occurred or the month it was reported, whichever is later. The reasonably anticipated monthly income for the remaining months of the SAR payment period must also be used in recalculating cash aid for the month in which the change was reported and remaining months of the SAR.

The EW must issue a supplement within ten days of receiving verification. The supplement must be based on the difference between the recalculated cash aid and the cash aid that was paid for the month the decrease in income is reported or for the month the change actually occurs, whichever is later. The supplement can only be paid after all verification has been provided.



Example:

The AU receives a grant of \$192 per month for the payment period. The grant was based on the mother having reasonably anticipated earned income of \$1,200 per month. On April 15, the mother reports that she lost her job and will only receive a \$600 paycheck for the month of April. She anticipates no income for the remainder of the payment period. When the client provides the necessary verification of the job loss by April 20, the EW must recalculate aid for April and change the remaining SAR payment months income to zero.

If a decrease in earnings resulted from a loss or reduction in hours of employment and the client does not have good cause, a sanction is applied to the AU. However, the EW should not wait to increase cash aid due to voluntary report of decreased income while determining if good cause exists before imposing the sanction.

44.19 Adding Persons to an Existing AU

When an AU voluntarily reports a new person in the home, the following determinations must be made:

- If the new person is CalWORKs eligible,
- If the new person were added into the AU, that the AU would still meet all eligibility conditions; and
- If the addition of the new person would increase or decrease the grant amount or make the AU ineligible.

If Adding a New Person would	Then the EW must.....
INCREASE the cash grant for the AU,	Add the new person effective the first of the month following the report of the change, as long as the all verification is provided and all eligibility conditions are met.
DECREASE the grant for the AU,	NOT add the new person until the first day of the next SAR payment period.



Note:

When adding a new persons would result in an increase in aid, but the new person does not meet all eligibility conditions before aid is authorized, the EW must not add the person nor discontinue the existing AU mid-period.



Example:

An AU of 3 (mother and two children). Father, who is disabled and has a part time job, returned to home on January 10 and the AU reported in the same month. The EW recalculates aid for the SAR payment period and determines the addition of the father will decrease the grant amount for the existing AU. The EW will send a No Change NOA and remind the AU to report the father on the next SAR 7. If the father is still living in the home, meets all eligibility conditions, and the AU remains eligible, the father will be added into the AU effective the 1st month of the new SAR payment period and his income will be used in the grant calculation for the same SAR payment period.

If adding a new person would render the existing AU ineligible, the EW must not take action mid-period to discontinue the existing AU. The EW must discontinue the existing AU, with timely and adequate notice, at the end of the SAR payment period in which the new person is mandatorily reported on the SAR 7.

44.20 Request Discontinuance for Aid to Existing AU Members

If a voluntary request for discontinuance is made verbally, a 10 day notice of discontinuance of aid at the end of the month must be sent to the AU.

If a voluntary request for discontinuance is made in writing, the EW must discontinue cash aid at the end of the month with adequate notice (10 day time limit does not apply).

If an individual requests discontinuance from an existing AU, the EW must discontinue the individual even when that individual's request results in a decrease in aid for the remaining AU members.

The EW must not presume that a mid-period report of an individual leaving the home is a voluntary request for discontinuance of that individual. The EW must confirm with the AU if the AU is requesting discontinuance of the person, and must inform them that such a discontinuance will result in decreased cash aid to the AU.



Note:

If an individual AU member who left home requests aid to be discontinued, but the AU has not voluntarily reported the departure, the individual's request for discontinuance takes precedence over the AU's decision to not make this voluntary mid-period report.

44.21 Request for Recurring Special Needs

Recurring special needs requested mid-period, verified and approved will be issued for the first of the month in which either the need was reported or the verification is received, whichever is later, and must remain in effect until the end of the payment period in which the special need is expected to end except for the pregnancy special need.

When a pregnancy of an AU member is reported mid-period, the EW must issue payment according to existing pregnancy special need rules. Payments of the special need will continue until the end of the payment period in which the child is expected to be born.]

If the pregnancy is verified to extend beyond the estimated date of confinement and extends into the next SAR payment period, the pregnancy special need payments will be paid until the end of the SAR payment period. This will be paid through the date the new estimated date of confinement is established or until the newborn is added to the AU. [Refer to "Special Needs [EAS 44-211]," page 34-1]

44.22 Mandatory mid-period Reports

The AU must report verbally or in writing, specific changes during the SAR payment period. These mandatory reports must be made within 10 days of when the change becomes known to the AU. The following occurrences are considered mandatory reporting and must be reported by the AU mid-period:

- Fleeing felon status
- Violation of conditions of probation or parole
- Address changes
- Income exceeding the Income Reporting Threshold (IRT)

44.22.1 Report of Drug Felony Conviction, Fleeing Felon Status, Parole/Probation Violations

Individuals reported for Drug felony convictions, Fleeing felon status, and violation of conditions of probation or parole are ineligible for CalWORKs benefits and must be discontinued. The EW must take mid-period action to reduce or discontinue benefits, at the end of the month after a 10-day notice can be provided.

44.22.2 Report of Change in Address

If the AU reports moving out of state, the EW will terminate benefits in mid-period at the end of the month after a 10-day notice can be provided.

When the AU reports moving to another county, cash aid will be discontinued in mid-period at the end of the ICT transfer period.

44.22.3 Report of Income Exceeding the Income Reporting Threshold (IRT)

The IRT is the greater of 130% of the Federal Poverty Level or the level at which an AU becomes financially ineligible.

When anyone in the AU or anyone who is included in the Family MAP has earned income or begins receiving earned income, the AU must report within 10 days when their combined gross earned and unearned income exceeds their IRT.



Note:

An AU with unearned income only is not required to report when that income by itself exceeds the IRT in mid period.



Reminder:

An AU is not mandatorily required to report mid-period when a new AU member (who has not been added to the AU) has income in excess of the IRT if that person was not included in the current AU or Family MAP for the current SAR payment period.

When an AU reports receipt of income that exceeds the IRT, the EW must determine the AU’s financial eligibility for the SAR payment period as follows:

If	Then the EW...
<ul style="list-style-type: none"> • The income will continue at the same level, AND • The recipient is determined to be financially ineligible, 	<ul style="list-style-type: none"> • Will discontinue the AU at the end of the month following a change in income in which a timely and adequate NOA can be provided <p>Note:</p> <p>If the AU reports that the income will no longer exceed the IRT prior to the effective date of the discontinuance, and the EW determines that this is reasonably anticipated, the discontinuance must be rescinded.</p>
<p>The income is only expected to exceed IRT for one month,</p>	<p>Will not discontinue the case.</p> <p>Note:</p> <p>If the income reported indicates a decrease in the income previously anticipated for the quarter, this should be treated as a mid-period report and a supplement must be issued for the remaining month(s).</p>



Example:

In April, the AU reports timely that their earned income exceeded the IRT for April due to overtime. When determining the future reasonably anticipated income for the AU due to the IRT report, it is discovered that the AU’s income for May and ongoing will be less than IRT since she will no longer have any overtime pay. Since the income over the IRT will not continue, the AU is not discontinued. The EW must treat this information as a mid-period report and take no action to discontinue benefits. Benefits for the current payment period are not adjusted because the change does not result in ineligibility or increased befits.

44.22.4 Mandatory Reporting Chart

Refer to the following chart for procedures to follow on mandatory mid-period reports:

IF THE CLIENT REPORTS...	THEN THE EW WILL...
An Address Change - Out of State,	Discontinue the case mid-period - at the end of the month with a 10-day NOA.
An Address Change - Out of County,	Initiate an Inter-County Transfer (ICT) and discontinue cash aid mid-period (at the end of the ICT period.)
The AU/Family's total combined income exceeds the IRT,	<p>Discontinue the case at the end of the month following the change with a 10-day NOA IF the reported income will continue to exceed the IRT.</p> <p>REMINDER: OPs are prohibited when the recipient has reported income over the IRT and there is not sufficient time to provide a 10-day NOA.</p>
<p>Fleeing felon status, or</p> <p>Violation of conditions of probation or parole,</p>	<ul style="list-style-type: none"> • Take mid-period action to discontinue the individual with a 10-day NOA, • Reduce or discontinue benefits, as appropriate, at the end of the month after a 10-day NOA can be provided, and • Change Aid code if appropriate. <p>Note:</p> <p>Overpayments must be established for grants that were released at a higher level than the AU was entitled to receive when a timely 10-day NOA could not be provided.</p>

44.23 County-Initiated mid-period Changes

The EW must take mid-period action on certain specified changes in eligibility and grant amount at the end of the month in which the change occurred even if it results in a decrease in cash aid. A timely and adequate notice must be provided to the AU. The changes in eligibility status listed below are considered County-Initiated and action can take place at any time during the quarter:

- An adult in the AU reaches the 60-month time limit;
- The county imposes a sanction or financial penalty on an individual member of the AU;
- The county removes the sanction of an individual who corrects his/her welfare-to-work participation problem.
- The county removes the penalty for an AU that complies with the CalWORKs program requirements;

- A Cal-Learn participant earns a Cal-Learn bonus or sanction;
- A child in the AU reaches the age limit;
- A child in the AU is placed in Foster Care;
- A refugee Cash Assistance (RCA) recipient reaches the eight-month RCA time limit;
- Aid is authorized for an individual who is currently aided in another AU;
- Late SAR 7 adjustment;
- State Hearing decision resulting in mandatory changes mid-period;
- When an AU becomes a Family Reunification case;
- An AU member is no longer a California resident;
- County acts on redetermination information;
- Adjustments to correct erroneous payments caused by (1) incorrect or incomplete recipient SAR 7 or mid-period reporting; or (2) incorrect action or lack of action by the county on SAR 7 or mid-period information reported by the AU;
- When it becomes known to the county to that an AU member is deceased;
- An AU is transferred to a Tribal TANF program;
- When Cost-of-Living Adjustment (COLA) for Minimum Basic Standards of Adequate Care (MBSAC), including income in-kind, Maximum Aid payment (MAP), and Social Security increases;
- When it becomes known to the county that an individual is confined in a correctional facility on the first of the month and is expected to remain for a full calendar month or more.

44.24 Special Budgeting Considerations

The situations discussed in this section should be considered when budgeting CalWORKs grants.

44.24.1 Effect of the 100 Hour Work Rule

When an AU receives aid based upon both absent parent and unemployed parent deprivation, this AU is affected by the mandatory inclusion rule and the 100 Hour Work Rule for U-parents. Once U-parent deprivation is established, the CalWORKs family remains aided under that basis of deprivation, regardless of the number of hours the principal earner works.

Because of the mandatory inclusion rules there are situations where the CalWORKs-U and the CalWORKs-FG AUs must be combined. In these situations, the entire family receives aid until the AU becomes ineligible.

44.24.2 Transfer From RCA to CalWORKs

When an AU is determined to no longer be eligible for Refugee Cash Assistance (RCA) but CalWORKs eligibility continues, the EW must continue the prospective budgeting process.

44.24.3 Meals

When a waitress or waiter receives meals from the employer, this is considered partial income in kind and thus exempt unless the customer receives all meals free of charge.



Example:

If the customer spends anything for food for himself/herself, income in kind is not counted.

The cost of the meals must be shown by the employer on the check stubs for tax purposes.

- Meals are usually included in the gross amount.
- When meals are included in the gross amount, do not include that amount as gross earnings.

44.25 Vacation Pay [44-101.5]

Most vacation pay is counted as earned income when received.

If the recipient has accumulated vacation pay through mandatory deductions on the regular pay check (truckers, electricians, plumbers and others who are paid vacation by a union rather than by an employer) do not allow the earned income disregards. The EW will follow the procedures to register the U-parent with Employment Services. [\[Refer to "Employment Services Referrals," page 55-1\].](#)

