

Frequently Asked Questions:

Semi-annual Reporting



AB 6, the CalFresh of 2011, seeks to remove barriers to participation and increase access to CalFresh (formerly the Food Stamp Program) by moving to a semi-annual reporting system, removing the finger imaging requirement for all CalFresh households, and implementing a utility assistance initiative (Heat and Eat program). The following frequently asked questions address the move to semi-annual reporting. In the case of California, the terms simplified reporting and semi-annual reporting are used interchangeably.

Note: *AB 6 was amended before coming out of the Senate Committee on Appropriations and heading to the Senate Floor. The following frequently asked questions have been updated to reflect these amendments (Updated: 8.30.11).*

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How often do CalFresh recipients currently fill out reports?

Most CalFresh recipients in California are required to fill out reports on a quarterly basis. State legislation (2002) mandates a modified quarterly reporting system – submitting status reports once every three months – for both CalWORKs and CalFresh recipients. Households that receive both CalFresh and CalWORKs benefits must report within the quarterly reporting period if they reach a certain income threshold.

How does this compare to other states?

California is the only state that continues to use a quarterly reporting system. According to the United States Department of Agriculture (USDA) 50 other states have already transitioned to simplified reporting for at least some portion of their caseload. Although state agencies may choose to use one of several reporting options, USDA strongly encourages state agencies to use semi-annual reporting. Extensive experience in other states has shown that simplified reporting consistently leads to:

- increased program accuracy
- improved administration
- increased access for clients

Under the current reporting system, California has more paper in the system, providing more opportunities for workers and clients to make

mistakes. Additionally, since counties are currently required to act on reported information, more reports mean that workers must take more actions than their colleagues in other states. As a result California is more vulnerable to errors and upholds excessive barriers to access for clients. Overall, reduced paper improves the ease of administration. Similarly, client access is improved by decreasing the burden of reporting.

How does semi-annual reporting work?

Since California certifies all CalFresh households for 12 months, a semi-annual reporting system would require that CalFresh recipients fill out a short report at 6 months. Under this type of reporting system, benefits are set at a fixed level for 6 months. In between reports, CalFresh recipients are only required to report income changes if income exceeds the CalFresh gross income limit (130% of the federal poverty line). If income drops during this period, households can report the decrease, in order to receive the additional CalFresh benefits for which they qualify.

CalWORKs households will also report on a semi-annual basis. Under the current proposal CalWORKs recipients are required to report during the reporting period if income surpasses the established income reporting threshold (described below).

What if someone loses their job or has a greater need for assistance during the 6 month reporting period?

As is currently in practice, recipients are able to report a change in circumstances within the reporting period that would result in increased benefits.

How will semi-annual reporting work with online application tools?

Online application tools will work the same as they do now; the reporting change will only affect the frequency of reporting.

How does this proposal affect dual CalFresh/CalWORKs recipients?

The proposal seeks to move both CalWORKs and CalFresh to semi-annual reporting. Many CalFresh recipients also receive CalWORKs; according to CDSS this number was about 25% of the CalFresh caseload in June of 2011.

The proposal establishes an income reporting threshold (IRT) for CalWORKs recipients of the lesser of (a) 55% of the monthly income of a family of three at the federal poverty level plus the amount of income last used to calculate the recipients monthly benefits, (b) the amount likely to render the recipient ineligible for CalWORKs, or (c) the amount likely to render the recipient ineligible for CalFresh benefits.

While all CalWORKs recipients also receive CalFresh, not all CalFresh recipients receive CalWORKs. Dual households (those who receive CalWORKs and CalFresh) will have distinct requirements pertaining to CalFresh and distinct requirements pertaining to CalWORKs.

Didn't the reporting system change recently?

The move from monthly to quarterly reporting was made nearly a decade ago and implementation was completed in 2004. By the time California finally made the switch to quarterly reporting, most states had already moved to semi-annual, simplified reporting. The initial 2002 proposal was planned as a move from monthly reporting to semi-annual reporting; quarterly reporting was established as a compromise and improvement over monthly reporting.

As mentioned, quarterly reporting makes California especially vulnerable to greater reporting penalties than other states. This combination of vulnerability to penalties, the value of reducing hassles for recipients and administrators, and the ongoing savings justify the speedy return to an issue recently addressed.

Semi-annual reporting has been proposed before, what's different now?

California is currently presented with two compelling reasons to transition to semi-annual reporting. First, USDA has consistently expressed their strong recommendation that California move to simplified reporting since the option was made available in 2002. This recommendation has gained new vigor with the USDA's denial of CDSS's request to extend the current quarterly reporting waiver for an additional 4 years. USDA has granted a short term extension of the

waiver and requested that California show a commitment to accelerated progress toward simplified reporting.

Secondly, California, like many other states, is faced with a fiscal crisis that emphasizes the need to implement program improvements that carry not only benefits for clients and administrators, but also long-term savings. Based on the reduction in administrative burdens, semi-annual reporting has been estimated to result in tens of millions of dollars in savings on an ongoing, annual basis.

What will happen if we don't move to semi-annual reporting now?

If CDSS is able to show a commitment to accelerated progress toward simplified reporting USDA is likely to provide additional extensions of the current modified quarterly reporting waiver to maintain service to clients as CDSS moves toward implementation of semi-annual reporting.

If CDSS is unable to show sufficient progress toward simplified reporting USDA can't force California to move to a simplified reporting system. USDA can however, force California to follow federal reporting law, which California currently does not do (therein lies the request for a waiver extension).

In this case, USDA may deny any request for an extension of the current reporting waiver. Without the necessary statutory changes to implement semi-annual reporting and an extension of the current waiver, California is left with little choice; move to straight quarterly reporting.

Straight quarterly could present fewer burdens on clients than the current system, but would eliminate program alignment between CalWORKs/ CalFresh and would not provide the client and administrative benefits of semi-annual reporting. Additionally, a move to following federal quarterly reporting law would require significant upfront costs, while the move to semi-annual reporting (also requiring upfront costs) remains pending in California's future.

How much will this proposal cost?

From a benefits perspective, the proposal will make it easier for some recipients to retain their CalFresh benefits, since it is less likely that recipients will drop off the program for not returning reports. Because

CalFresh benefits are 100% federally funded, this means more federal money will come into California. This will have a positive impact on the state economy and budget.

In terms of upfront implementation costs, these onetime expenditures have been estimated over the years at as much as \$18 million for both CalFresh and CalWORKs, but will be overwhelmingly offset by the tens of millions of dollars in ongoing savings from moving to semi-annual reporting. In early 2010, California had the opportunity to use \$30 million in supplemental SNAP funding allocated through the Department of Defense Appropriations Act to cover the upfront implementation costs of semi-annual reporting. Instead this money was used to backfill the State's General Fund and supplant existing food stamp funding. Unfortunately, this was a missed opportunity to use 100% federal funding to improve the program as it was intended.

How long will it take to implement semi-annual reporting?

The move from monthly to quarterly reporting took 18 months and included considerable training at the local level to implement a new budgeting technique; from retrospective to prospective budgeting. Additionally, at the time that quarterly reporting was implemented California counties were functioning under 4 consortiums, whereas we currently operate 3 consortiums (C-IV, CalWIN, & LEADER).

Because implementation of semi-annual reporting builds upon current practice, simply changing the frequency of reports, there will be much less training required and with fewer consortiums there will be fewer system changes to coordinate. Implementation of the currently proposed move to semi-annual reporting should take considerably less time.

Under the current proposal implementation of semi-annual reporting would be completed by October 1st, 2013.

What will happen with Medicaid reports?

Semi-annual reporting for CalWORKs and CalFresh has the potential to work well with Medicaid reporting, which is also on a semi-annual schedule. This is particularly true for recipients who apply for Medicaid, CalWORKs or CalFresh benefits at the same time and are able to align the reporting schedule from the beginning. For recipients whose reports are unaligned, counties may take steps to align

reporting so that both the frequency and the due dates are the same.

How will this proposal affect our fraud detection efforts?

Fraud investigators will have a number of reports signed under penalty of perjury, the only change is that they will be getting these reports every 6 months, rather than every 3 months. Extensive experience in others states using simplified reporting systems indicate that fraud detection efforts are not undermined. Additionally, reports are not the only way in which administrators receive information regarding recipients. Sophisticated systems retrieve information (such as income verification) from a wide range of third party electronic sources, such information collection will continue.

How will this proposal affect our CalFresh ranking?

Some families are buried in paperwork burdens and lose CalFresh benefits simply because they can't keep up. This proposal will help these families stay on the program and increase California's participation rate. While some have argued that California's last place ranking has to do with our state's unique demographics, it can also be linked to policies and hassles, such as quarterly reporting, that exist here and not in other states.
