

☐ CalSAWS DD&I☒ C-IV M&O☐ CalWIN M&O☒ LRS M&E

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| Distribution Date: | April 14, 2021 |
| To: | PPOC.40; Consortium.RegionalManagers.All; Committee.CalWORKs_CalFresh.All; |
| CIT Name: | CalFresh Individuals with Substantial Lottery and Gambling Winnings |
| From: | CalSAWS Project |

PPOCs, please forward to the appropriate impacted staff in your county:

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| <input type="checkbox"/> General <input checked="" type="checkbox"/> Policy <input type="checkbox"/> CW <input checked="" type="checkbox"/> CF <input type="checkbox"/> MC <input type="checkbox"/> CMSP <input type="checkbox"/> FC/KG/AAP <input type="checkbox"/> Child Care <input type="checkbox"/> WtW <input type="checkbox"/> Other Program(s) _____ <input type="checkbox"/> C4Yourself <input type="checkbox"/> Your Benefits Now! <input type="checkbox"/> Customer Correspondence <input type="checkbox"/> Other _____ | <input type="checkbox"/> Reports <input type="checkbox"/> Fiscal <input type="checkbox"/> Caseload Movement <input type="checkbox"/> Management <input type="checkbox"/> Fiscal <input type="checkbox"/> Security <input type="checkbox"/> Batch and Interfaces <input type="checkbox"/> Imaging <input type="checkbox"/> Migration <input type="checkbox"/> Conversion <input type="checkbox"/> Technical <input checked="" type="checkbox"/> Training <input checked="" type="checkbox"/> Help Desk |
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| Description: | <p>Purpose The purpose of this CIT is to provide instructions for CalFresh program for individuals with substantial lottery or gambling winnings.</p> <p>Background Per ACL 20-132, CalFresh (CF) households (HH) who receive substantial winnings must immediately become ineligible for benefits and remain ineligible until they meet the financial resource and income eligibility requirements. Substantial lottery or gambling winnings are defined as a cash prize won in a single game, purchase of a ticket, hand, or similar bet, which is equal to or greater than the resource limit for elderly or disabled households (currently \$3,500).</p> <p>When a report of substantial lottery or gambling winnings is made, the worker must verify the winnings, and, if the dollar amount of the winnings is above the limit, must discontinue the entire household based on receipt of the winnings. All members of a household must lose eligibility when the worker has verified that a household member has received substantial lottery or gambling winnings, as defined. A household with substantial winnings will remain ineligible until the household's income and resources do not exceed the federal limits. If multiple individuals</p> |
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shared the substantial winnings, only the portion of the winnings allocated to the member of the CF HH will be counted toward eligibility determination.

When such a household reapplies, eligibility rules must be used to determine the household's eligibility and the **household must not be considered Categorically Eligible (CE) or Modified Categorical Eligibility (MCE). The CalFresh gross income, net income, and resource test must be applied. This requirement only applies the first time a household is certified following the loss of eligibility for substantial lottery and gambling winnings, regardless of the length of time between the discontinuance and reapplication.**

At the time of reapplication after a discontinuance for substantial winnings, if the household composition has changed, or an individual household member chooses to reapply alone or as a member of another CalFresh household, this household must be considered a distinctly different household from the household that was discontinued due to substantial winnings. Workers must treat the distinctly different household as they would any other household that applies for CalFresh. This is because the household composition change created a new and distinctly different household from the household that had substantial winnings. This includes when the primary and sole applicant for CalFresh is the winner of the substantial winnings.

SCR CA- 222827 ACL 20-132 CalFresh Eligible Rules and Reporting on Substantial Lottery or Gambling Winnings was opened to implement this policy.

Additional Information

This policy applies to all households, including categorically eligible households in which all members receive CalWORKs, General Assistance/General Relief, or SSI, and households certified under Modified Categorical Eligibility (MCE).

County Action

Until SCR CA- 222827 is implemented, users must take the following actions as described below.

Discontinuing Ongoing CalFresh due to Receipt of Substantial Lottery or Gambling Winnings

When an ongoing CalFresh household reports substantial winnings, the Worker must manually apply the CalFresh resource test and take the following steps if the household's resources/property are over the resource limit for elderly or disabled households (currently \$3,500).

1. Enter the resources/property as appropriate.
2. Complete a Negative Action for the CalFresh program on the **Negative Action Detail** page, selecting the Negative Action Reason: 'Verbal Withdrawal'.
3. Run EDBC and Accept the EDBC. Reject the NOA that is generated.
4. Manually generate the NA CF DSC1 (for C-IV) and CSF 166 (for CalSAWS). (Note: The CF 377.4 SAR cannot be used as it has limited space to enter verbiage in the Terminated/Comments section). Use the following verbiage: Effective [Date of Discontinuance], your CalFresh benefits are terminated because:
On [Date], [Client Name] reported winning more than \$3,500 in gambling/lottery winnings in a single hand, bet or ticket. In accordance with

federal regulations, this makes [Client Name]'s entire CalFresh household ineligible to CalFresh.

You may choose to reapply at any time. If you choose to reapply, to be eligible to CalFresh benefits, you must prove that your total resources/property are less than [insert HH's resource limit]. At the reapplication, you will not be considered categorically eligible or modified categorically eligible, unless your household composition changes, or an individual member chooses to re-apply alone or as a member of another CalFresh household.

Cite the following regulations on the notice: ACL 20-132, 7 CFR 272.(D)(1)(XVIII); 7 CFR 273.12.17; 7 CFR 273.11 (R); FNS Final Rule Implementation Memo for Lottery and Gambling Winners; MPP 63-501; MPP 63-503.44.

5. Per FNS direction, case narration is acceptable as verification for a report of substantial winnings. Follow your County's business process to create a Journal entry to describe actions taken on the case.
6. Follow your County's business process to flag the CalFresh case.

Reapplication After Receipt of Substantial Lottery or Gambling Winnings

Remember: This does not apply if household composition has changed, or an individual household member chooses to reapply alone or as a member of another CalFresh household.

When a household that was previously discontinued due to substantial winnings reapplies for CalFresh, the Worker must enter the income, resources, and property as appropriate, and manually apply the CalFresh gross income, net income, and resource test. Process all application per existing CF application process, policy and procedures including Expedited Services.

For households that reapply after a discontinuance due to substantial winnings, but are not eligible, take the following steps to manually deny the CalFresh:

A. For households that are not eligible due to failing the resources/property test:

1. Complete a Negative Action for the CalFresh program on the **Negative Action Detail** page, selecting the Negative Action Reason: 'Verbal Withdrawal'.
2. Run EDBC and Accept the EDBC. Reject the NOA that is generated.
3. Manually generate the DFA 377.1A CalFresh Denial and enter the following verbiage if the household fails the property test:
Your household's application for CalFresh has been denied because: Your household's total resources/property are more than the [insert HH' resource limit] resource/property limit for CalFresh.

Cite the following regulations: MPP 63-501; MPP 63-503.11; MPP 63-503.211; MPP 63-503.44.

4. Follow your County's business process to create a Journal entry to describe actions taken on the case.

B. For households that are not eligible due to failing the gross/net income test:

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| | <ol style="list-style-type: none"> 1. Complete a Negative Action for the CalFresh program on the Negative Action Detail page, selecting the Negative Action Reason: 'Verbal Withdrawal'. 2. Run EDBC and Accept the EDBC. Reject the NOA that generated. 3. Manually generate the DFA 377.1A CalFresh Denial, and enter the following verbiage if the household fails the gross/net income tests: Your household's application for CalFresh has been denied because: Your household's total income is more than the income limit for CalFresh. <u>Cite the following regulations:</u> MPP 63-301.6; MPP 63-503.32; MPP 63-503.321; MPP 63-1101.6. 4. Follow your County's business process to create a Journal entry to describe actions taken on the case. <p>For households that reapply after a discontinuance due to substantial winnings, but are eligible, take the following steps:</p> <ol style="list-style-type: none"> 1. Enter the income, resources, and property information as appropriate. 2. Manually apply the CalFresh gross income, net income, and resource test, and if the household is eligible, authorize the CalFresh. 3. The System will incorrectly think the CalFresh case is CE/MCE. Therefore, whenever the household reports a change in income or resource and the <u>Worker must take action in the certification period</u>, the Worker must also manually apply the CalFresh gross income, net income, and resource test. If the household is not eligible, the Worker must complete a Negative Action to discontinue the CalFresh program, and manually generate the CF 377.4 SAR CalFresh Notice of Change (Termination option) with the following verbiage: <ol style="list-style-type: none"> a) Discontinuance due to over-resources/property: Effective [Discontinuance Date], your CalFresh benefits are terminated because: Your household's total resources/property are more than the [insert HH' resource limit] resource/property limit for CalFresh. <u>Cite the following regulations on the notice:</u> MPP 63-501, MPP 63-503.44. b) Discontinuance due to over-income: Effective [Discontinuance Date], your CalFresh benefits are terminated because: Your household's total income is more than the income limit for CalFresh. <u>Cite the following regulations on the notice:</u> MPP 63-301.6; MPP 63-503.32; MPP 63-503.321; 63-1101.6 4. Follow your County's business process to create a Journal entry to describe actions taken on the case. 5. Follow your County's business process to flag the CalFresh case. |
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| Backup Project Contact: | Binh Tran (562) 484-7955 TranB@CalSAWS.org |
| Attachments: | None |
| Web Portal Link: | <div style="background-color: black; width: 80px; height: 20px; margin-bottom: 10px;"></div> <p>OR</p> <p>You may also retrieve the CIT document and attachments by following these steps:</p> <ol style="list-style-type: none"> 1. Click on the CRFIs & CITs link at the top of the page. 2. Click on the "CalSAWS Information Transmittal (CIT)" folder. 3. Click on the "2021" folder. 4. Click on the appropriate CIT # folder. |