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Field Operations Memo 96-40
December 16, 1996

To: Local Office Staff

From:  Joyce Sampson
Assistant Commissioner for Field Operations

Re: Food Stamp Program - Welfare Reform Changes (Personal Responsibility And Work Opportunity Reconciliation Act)

Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), [Public Law 104-193] was signed by President Clinton on Thursday, August 22, 1996. As a result of this legislation, numerous changes have been made to the Food Stamp Program.

State Letter 1105 transmits changes required by PRWORA which are effective on December 16, 1996. New policy standards apply to applications, reapplications, and recertifications dated December 16, 1996 and after.

This Field Operations Memo briefly describes and provides an impact statement for many of the changes made by State Letter 1105.

Refer to Field Operations Memo 96-45 for information on the new Food Stamp Program Work Requirements, which were also transmitted by State Letter 1105.

Refer to Field Operations Memo 96-42 for information on the new Noncitizen/Alien provisions which were transmitted by State Letter 1103.

Separate instructions will be issued on the 1/1/97 shelter deduction increase from \$247 to \$250.

SUMMARY OF PROVISIONS

Treatment of Children Living at Home

Description: This provision deletes a current exception that allows (1) children under age 22 who live with their parents and their own children or spouses to be separate households; and (2) children under age 18 under the parental control of an adult household member and who live with their own children or spouses to be separate households.

Impact: Household composition determinations must be carefully reviewed. Children under age 22 living with their natural, adoptive, or step parents must be in the same food stamp household as the parents. Children under the age of 18 who are under the parental control of an adult household member (not the child's parent) must be in the same food stamp household as the adult exercising parental control.

- ◆ Use AR 78, case or household member closed, do not meet Food Stamp household composition requirements for Category 2, 2TA and 9.
- ◆ Use SAVE Code V with AR 78, case or household member closed, do not meet Food Stamp household composition requirements for Category 4.

See Systems User's Guide, Volume 1, PACES Appendix B or C.

Note: Pregnant and parenting teens should be screened for current participation in the Women, Infant and Children (WIC) nutritional feeding program and referred to WIC if not already in the program.

Remember also that teens living with a non-parent adult household member are subject to this household composition rule only until age 18, not age 22.

SUMMARY OF PROVISIONS (Continued)

Definition of Certification Period

Description: Certification periods shall not exceed 12 months except that the certification period may be up to 24 months if all adult household members are elderly or disabled. The Department must have at least one contact every 12 months with these elderly or disabled households.

Impact: The Certification Period field on the PACES TD will now accept certification periods up to 24 months. Workers must ensure that when a household is certified for 24 months that *all adult* household members are elderly or disabled. Use the following guidelines for establishing certification periods.

Guidelines for Establishing Certification Periods

Households Experiencing Changes of Circumstances

Households shall be certified for one or two months when the household cannot reasonably predict what its circumstances will be in the near future. For example, a household whose primary wage earner has just lost a job but may be reinstated or may begin receiving unemployment compensation within two weeks would be certified for only one or two months.

Unstable Households

Households shall be certified for one or two months when there is a substantial likelihood of frequent and significant changes in income or household status. For example, day laborers and migrant workers during the work season when income is uncertain and subject to extreme fluctuations due to the availability of employment or due to bad weather or other circumstances are considered unstable households.

SUMMARY OF PROVISIONS (Continued)

Stable Households Households shall be certified for three to six months if there is little likelihood of changes in income, deductions, or household composition.

Note: Unemployment compensation is not considered stable income since the household's circumstances are subject to change.

Unearned Income Households Households, except disabled or elderly households, whose primary source of income is unearned income, such as Social Security benefits, shall be certified for three to six months.

Unemployable or Elderly Households Households consisting entirely of unemployable or elderly persons with a very stable income shall be certified for six to 24 months provided other household circumstances are expected to remain stable. An unemployable person is someone who is unable to work due to a disability and is receiving a disability benefit. For example, Social Security recipients, SSI recipients, and persons who receive pension or disability payments are considered unemployable or elderly households.

Certain Self-Employed Households Households whose primary source of income is from self-employment (such as farmers) or from regular farm employment with the same employer shall be certified for six to 12 months, provided income can be readily predicted and household circumstances are not likely to change. Annual certification periods may be assigned to farm workers who are provided their annual salaries on a scheduled monthly basis that does not fluctuate as the amount of work changes.

PA Households PA households shall be assigned 12-month certification periods.

Noncitizen Households Households containing noncitizens must be given certification periods in accordance with instructions issued in Field Operations Memo 96-42.

SUMMARY OF PROVISIONS (Continued)

Proration at Recertification

Description: Benefits for a household's initial month must be prorated. An initial month is now defined as the first month a household is certified to participate following *any period of time* during which the household was not certified to participate.

Impact: Benefits must be prorated after any break in certification. When reopening a case following a break in certification, enter the date of application/reapplication as the food stamp start date in Block 52 on the PACES TD. This includes households who fail to timely complete their recertification requirements.

Definition of Homeless Individual

Description: Provides that persons whose primary nighttime residence is a temporary accommodation in the home of another may only be considered homeless if the accommodation is for 90 days or less.

Impact: Limited 90-day duration to qualify as "homeless" for those persons in temporary accommodations in the home of another.

Note: There is no 90-day limit for other homeless individuals such as those whose primary nighttime residence is a homeless shelter.

Homeless Shelter Allowance

Description: The standard estimate of shelter expenses (\$143) for homeless households has been eliminated.

Impact: Actual shelter expenses shall be used for homeless households in place of the current \$143 homeless shelter allowance.

SUMMARY OF PROVISIONS (Continued)

Student Earnings

Description: Limits the income exclusion of earnings of elementary and secondary school students to those elementary or secondary school students who are under age 18.

Impact: Workers should not enter student earnings which qualify for this exclusion on the PACES Worksheet. Earnings of students between the ages of 18-22 that were previously excluded must now be counted and entered on the PACES Worksheet.

Energy Assistance

Description: Limits the Energy Assistance exclusion to *federal* payments or allowances made for the purpose of providing energy assistance. Adds an exclusion for allowances made under a *federal or state law* for one-time costs of weatherization or emergency repair or replacement of an unsafe or inoperative furnace or other heating or cooling device.

Impact: Energy assistance not specifically excluded must be counted as income to the food stamp household.

Fraud Under Means-Tested Welfare Programs

Description: Prohibits increasing food stamp benefits to individuals whose income decreases due to fraud under a federal, state, or local means-tested welfare or public assistance program.

Impact: Refer to State Letter 1101 and Field Operations Memo 96-32.

SUMMARY OF PROVISIONS (Continued)

Definition of Coupon

Description: Includes in the definition of "coupon" authorization cards, cash or checks issued in lieu of coupons, and "access devices" for EBT systems (including EBT cards and personal identification numbers).

Impact: No worker impact. This change in definition allows states to develop and initiate alternate methods of access to food stamp benefits by recipients, such as Electronic Benefit Transfer (EBT).

Earned Income Deduction Disallowance for Failure to Report Earnings

Description: The 20 percent earned income deduction is not allowed when determining an overissuance due to the failure of a household to report earned income in a timely manner.

Impact: An identified instance of failure to timely report earnings no longer has to be willful or fraudulent to prohibit using the 20 percent earned income deduction when calculating an overissuance.

Earned Income Deduction Disallowance of Work Supplementation Earnings

Description: The 20 percent earned income deduction cannot be applied to income attributable to income earned under a wage supplementation program.

Impact: No worker impact at this time.

SUMMARY OF PROVISIONS (Continued)

Exchange of Law Enforcement Information

Description: Requires the Department to provide a household member's address, social security number, or photograph to law enforcement officers to assist them in locating fugitive felons or probation/parole violators.

Impact: The Department's compliance with this requirement will be handled *centrally*. Workers should not take any action related to this provision.

Collection of Overissuances

Description: Replaces existing overissuance collection rules with provisions requiring states to collect by allotment reductions, withholding unemployment compensation, recovering from federal wages or income tax refunds, or any other means unless cost effectiveness can be demonstrated. Benefit reductions for non-fraud and state agency error claims is limited to the greater of 10 percent of the monthly allotment or \$10. Permits states to retain 20 percent of non-fraud collections (other than state error) and 35 percent of fraud collections.

Impact: Changes in overissuance collection methods will be made *centrally* by the Centralized Recoupment Unit (CRU).

SUMMARY OF PROVISIONS (Continued)

Disqualification Penalties

Description: The following disqualification penalties are being imposed for the listed offenses.

Offense	Penalty
<i>Food Stamp IPV (Intentional Program Violation)</i>	Ineligible: One year for 1st finding Two years for 2nd finding Permanently for 3rd finding
<i>Cash Program IPV</i>	Cash program penalty also imposed on food stamp portion of the case.
<i>Receipt of Multiple FS Benefits</i>	Ineligible: Ten years
<i>Trading Food Stamps for Controlled Substances</i>	Ineligible: Two years for 1st finding Permanently for 2nd finding
<i>Trading Food Stamps for Firearms, Ammunition or Explosives</i>	Ineligible: Permanently
<i>Trading Food Stamps Having Value of \$500</i>	Ineligible: Permanently
<i>Drug Felony</i>	Ineligible: Permanently
<i>Fleeing Felons/ Violating Probation or Parole</i>	Ineligible: While in a Fleeing/ Violating status

Impact: Adds to the reasons and accelerates the penalties for program disqualification. Be sure to have applicants and recipients sign a revised Food Stamp Penalty Warning (FSP-1B) form.

Questions

Policy questions should be referred to the Policy Hotline at (617) 348-8478. Systems questions should be referred to Systems Customer Support Services at (617) 348-5290.
