



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

Family Investment Administration
ACTION TRANSMITTAL

Control Number: #04-28 Revised

Effective Date: April 1, 2004

Issuance Date: MAY 15, 2004

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF**

FROM: KEVIN M. MCGUIRE, EXECUTIVE DIRECTOR

**RE: FAILURE TO COMPLY WITH TEMPORARY CASH ASSISTANCE OR
UNEMPLOYMENT INSURANCE WORK REQUIREMENTS**

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY:

Revised Action Transmittal 04-28 includes corrected CARES procedures. It does not change policy. Please destroy copies of the original action transmittal.

Currently, when a Temporary Cash Assistance (TCA) customer fails to comply with a work requirement that is comparable to a food stamp work requirement, the customer is considered to have failed to comply with food stamp work requirements. This has been expanded. Under the new policy the TCA work component does not have to be comparable to a food stamp work requirement to cause a disqualification. Additionally, the rule now applies to an individual's failure to comply with an unemployment insurance work requirement.

ACTION REQUIRED:

General Policy

- Applicants or recipients are exempt from food stamp work registration requirements when they are subject to TCA work requirements or are receiving unemployment insurance (UI) benefits. When an individual fails to comply with the work requirements of these programs, the local department must treat the household member as if he or she failed to comply with food stamp work requirements.
- The rule does not apply if the non-complying customer meets a food stamp work registration exemption (see Food Stamp Manual Section 130.5), other than the exemptions for complying with TCA or UI work requirements.

Note: Even if the penalty for not complying with a TCA work requirement closes the TCA case, only the member who is not complying is removed from the food stamp case.

Steps to Applying the Policy

- When the case manager learns about the loss or denial of UI, or a TCA denial, reduction or termination, the case manager must take the following steps:

Step 1 – Determine if the non-complying member was exempt from food stamp work requirements solely due to receipt of unemployment benefits or TCA. If this is the case, go to Step 2. **If the member is exempt from food stamp work registration requirements for another reason, take no action.**

Example: Mrs. A failed to comply with a TCA work requirement and her TCA case was closed. She has a 3-year old child. Mrs. A is not disqualified. She is exempt from food stamp work registration requirements because she is responsible for the care of a dependent child under age 6.

Reminder: Even though Ms. A is not disqualified from the food stamp case, she is subject to phantom income rules. The case manager would continue to count TCA income for the food stamp case.

Step 2 – If the customer was exempt from food stamp work requirements solely due to receipt of UI or TCA, determine if he or she has good cause for failure to comply. (See Food Stamp Manual Section 130.13 for good cause reasons) **If the customer had good cause for failure to comply, take no action.**

Step 3 – If the customer did not have good cause, he or she is removed from the food stamp household.

Example: Mr. B is applying for food stamps. He lost his job and was getting UI. He failed to make the required job contacts so his UI ended. He has no other work registration exemption. He could not demonstrate good cause for failure to comply with UI work requirements. The case manager denies the food stamp case because Mr. B is the only person in the household.

Ending a Disqualification

- A disqualified person can resume participation during the disqualification period if he or she becomes exempt from food stamp work registration requirements.

Example: Ms. C receives food stamps for herself and her 14-year old child. Ms. C's UI was terminated because she did not complete her work contacts. The case manager removes Ms. C from the food stamp case effective November. In January, she reports that she broke her leg. She is exempt from food stamp work requirements because of her temporary disability. Her case manager adds her to the case.

Note: Do not use phantom income when a customer's UI is terminated for failure to comply with UI work requirements. Unemployment insurance is not a means-tested public benefit.

- A disqualification for failure to comply with TCA or UI work requirements will end before the end of mandatory food stamp disqualification period if the customer complies with the TCA or UI requirement. The customer has regained the work registration exemption.

Example: Ms. D received TCA for herself and child. She failed to comply with her TCA work requirement. This was her first instance of failure to comply with the TCA work requirements. Her TCA case was closed effective November 1. She is removed from the food stamp household and TCA phantom income is included in the benefit calculation. In December, Ms. D complies with the TCA work requirement. The case manager opens the TCA case, adds her to the food stamp case and removes the phantom income.

- At the end of the disqualification period, the customer may resume participation if the person reapplies and is determined to be in compliance with work requirements.

POLICY REMINDERS:

Statutory Exemptions to Work Registration

The following persons do not have to be work registered:

- A child younger than age 16. Individuals age 16 and 17 are exempt if they are not the head of household or if they are attending school or are enrolled in an employment training program at least half-time.
- A person 60 years of age or older.
- A person physically or mentally unfit for employment
- A household member subject to, and complying with, any work requirement under Title IV of the Social Security Act. This includes compliance with Temporary Cash Assistance work requirements.
- A parent or other household member who is responsible for the care of a dependent child under age 6 or an incapacitated individual.
- A person who is receiving unemployment compensation.
- A regular participant in a drug addiction or alcoholic treatment program.

- A person who is employed or self-employed and working a minimum of 30 hours weekly or receiving weekly earnings at least equal to the federal minimum wage multiplied by 30 hours.
- A student enrolled at least half time with any recognized school, training program, or institution of higher education.

Length of Sanction for Failure to Comply with Work Requirements

An individual who fails to comply with work requirements is ineligible for the following periods of time:

- First violation - one month or the date of compliance, whichever is later.
- Second violation - three months or the date of compliance, whichever is later.
- Third or subsequent violation - six months or the date of compliance, whichever is later.

Treatment of Income, Resources and Deductions

- During the period the member is ineligible, determine the eligibility and benefit level for any remaining household members as follows:
 - ✓ Resources – Consider as available to household the total value of the resources of the ineligible member.
 - ✓ Income – Count the income of the ineligible member in its entirety.
 - ✓ Deductions – The entire household’s allowable earned income deduction, standard deduction, medical deduction, dependent care deduction, child support deduction and excess shelter deduction continue to apply to the remaining household members.

CARES PROCEDURES:

The following are the procedures to issue the correct Food Stamp benefit to a household or individual that is sanctioned for failure to comply with TCA work requirements, the following procedure must be used to issue correct FS benefits:

- On the **UINC** screen for the head of household, enter the TCA benefit amount as “phantom” income using code “**OF**” (Other unearned income, FS countable only).
- This will maintain the FS allotment at the level prior to the sanction.

Implementing Penalties

Work Penalty:

On the **WORK** screen, enter a violation type in the **Viol Type** field, using one of the following valid values:

- ◆ **VQ1** – Voluntary Quit – 1st Violation
- ◆ **VQ2** – Voluntary Quit – 2nd Violation
- ◆ **VQ3** – Voluntary Quit – 3rd Violation
- ◆ **VR1** – Voluntary Reduction in Hours – 1st Violation
- ◆ **VR2** – Voluntary Reduction in Hours – 2nd Violation
- ◆ **VR3** – Voluntary Reduction in Hours – 3rd Violation
- ◆ **NC1** – Non-Cooperation with Work Requirements – 1st Violation
- ◆ **NC2** – Non-Cooperation with Work Requirements – 2nd Violation
- ◆ **NC3** – Non-Cooperation with Work Requirements – 3rd Violation

Adverse action in processing will be performed for customers with work penalty requirements. The penalty period will begin on the first day of the benefit month following the month in which adverse action expires. CARES will calculate the penalty period based on the violation type indicator and set the “Customer Penalty End Period” to the minimum allowed by the violation type and number of offenses. If the customer is in compliance with policy before the end of the minimum sanction period, the minimum period will be enforced. If the customer is not in compliance at the end of the minimum period, the sanction will continue. The sanction will terminate on the last day of the benefit month in which the customer becomes compliant.

NOTE: Customers residing in Allegany and Garrett counties (District Offices 010 and 110) are required to register for Work Registration, but are not subject to sanctions. CARES will not impose sanctions on these customers.

Removing Penalties

Penalties can only be removed on customers with a financial responsibility of “ID” (disqualified due to IPV or work)

To remove a work penalty on the **WORK** Screen:

- ◆ If the penalty period has not expired, a supervisor must enter a “Y” in the **Del Ind** field and press PF24. Re-verifications will not be required for the customer if the penalty is removed before the penalty end date.
- ◆ If the penalty period has expired, a case manager must enter a “Y” in the **Del Ind** field and press PF24. Since the penalty has passed, the case manager will be required to re-verify data for the customer being processed.
- ◆ Enter the date of compliance in the **Compliance Date** field.
- ◆ Enter the verification type in the **Ver** field using one of the following valid values:
- ◆ **EM** – Obtained New Employment
- ◆ **IH** – Increased Employment Hours
- ◆ **CW** – Cooperated with Work Requirements
- ◆ **EX** – Became Exempt

Successful completion of this process will cause eligibility to reset the “Client Financial Responsibility” to “**RE**.”

MABS:

If a person has a UI disqualification "07" will appear in the "Pay Type" field on the Z03 screen. The H07 screen provides a detailed statement as to the nature of the disqualification.

ACTION DUE:

This policy is effective with new applications and recertifications taken on or after April 1, 2004.

INQUIRIES:

Please direct questions to Kay Finegan at 410-767-7939.

cc: FIA Management Staff
Constituent Services
DHR Help Desk