



Department of Human Resources  
311 West Saratoga Street  
Baltimore MD 21201

## FIA ACTION TRANSMITTAL

**Control Number:** #00-42

**Effective Date:** April 1, 2000

**Issuance Date:** March 24, 2000

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

**FROM: ROBERT J. EVERHARD, EXECUTIVE DIRECTOR**

**RE: FAILURE TO COMPLY WITH FEDERAL, STATE, OR LOCAL  
ASSISTANCE PROGRAM REQUIREMENTS**

**PROGRAM AFFECTED: FOOD STAMP PROGRAM**

**ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS**

### SUMMARY

Action Transmittal FIA/OPA 97-80, issued March 1, 1997 contained information about the section of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that prohibits an increase in food stamps when a household's benefit from a means-tested program is decreased for failure to perform a required action. Action Transmittal FIA/OPRS 99-28, issued February 16, 1999, Conciliation and Sanction Procedures Guide, includes information about how Temporary Cash Assistance (TCA) Sanctions affect food stamps. This action transmittal provides policy that clarifies and expands the application of the policy.

### CURRENT AND ONGOING POLICY

1. When a household's means-tested public assistance (see #2 below) is reduced or terminated because a household member fails to perform an action required under the assistance program the full money amount is counted as phantom income for Food stamps. This was previously called the Riverside Rule.

2. The most common examples of means-tested public assistance programs include TCA and SSI. Other programs are Transitional Emergency, Medical, and Housing Assistance (TEMHA) and Public Assistance to Adults (PAA).
3. The failure to comply with a requirement does not have to be intentional.
4. The income from the means-tested program is frozen (phantom income) at the same amount received before the penalty in the food stamp benefit and eligibility determination.

### **POLICY CLARIFICATION**

Prior transmittals may not have been clear that this applies to **any** federal, State, or local means-tested program, not just TCA and SSI.

For the TEMHA program noncompliance is failure to:

1. Cooperate with the State Review Team when referred by the local department,
2. Cooperate with the Disability Entitlement Advocacy Program (DEAP) when referred by the local department, or
3. Pursue eligibility with SSI with the Social Security Administration when referred.

The individual is ineligible until he or she complies with the requirement.

An individual convicted for fraud is ineligible for 36 months.

TEMHA benefits are not subject to recoupment.

### **NEW POLICY**

**This rule now applies to failure to comply with the Primary Prevention Initiative (PPI) requirements and to household caused overpayments.**

1. The case manager must apply this policy when there is a reduction in TCA benefits because of a PPI preschool health or education disallowance.

Example: Ms. A's TCA household includes herself and 2 children. Her TCA grant was \$417. She did not provide proof that her two-year old had been to the doctor. The case manager reduced her TCA to \$392 but counts \$417 as food stamp income.

2. If the household has an established overpayment being recouped, the case manager must count the full amount of the public assistance payment when the household caused the overpayment.

**Examples:**

The local department authorized a \$400 TCA grant for Mr. B's assistance unit. He receives only \$350 because \$50 is recouped to repay a prior overpayment caused by the household's failure to timely report income. The case manager must base the food stamp benefits on a \$400 TCA grant.

Same scenario as above except the TCA overpayment was caused when the case manager failed to enter reported information. Since the agency caused the overpayment, \$350 is the countable income.

Ms. C receives a \$350 SSI benefit. The SVES screens show that the Social Security Administration (SSA) recoups \$50 each month to repay an overpayment. The case manager verifies that SSA caused the overpayment when they failed to include social security income. Since the household did not cause the overpayment, the case manager will use \$350 in the benefit calculation.

Mr. D receives a \$325 SSI benefit. The SVES screens and award letters from SSA shows a \$25 recoupment caused by the household's failure to report VA benefits. Since the household caused the overpayment, the case manager will use \$350 SSI in the food stamp benefit calculation.

**Reminder: If the case manager is unable to verify that the household caused the overpayment, do not include the overpayment amount as income in the food stamp benefit calculation.**

**PAYMENT ACCURACY**

- ***Counting income that the household is not receiving is extremely error prone.***
- ***The case manager must review the amount entered as phantom income at every recertification and whenever there is an interim change.***

Example: When household is given a preschool health PPI disallowance but then provides proof of the health visit, the case manager must go to the UINC screen to delete the phantom income.

CARES procedures follow on page 5.

**ACTION DUE**

The new policy is effective for new applications, interim changes and recertifications after April 1, 2000.

**INQUIRIES**

Please direct policy questions to Kay Finegan at (410) 767-7939. This is especially important when a case manager is not sure about whether it is appropriate to count phantom income. Direct systems questions to Gina Roberts at (410) 238-1297.

cc: FIA Management Staff  
Constituent Services  
OIM Help Desk  
CIS Testing Facility

## **CARES PROCEDURES**

To issue the correct food stamp benefit amount to a household with a sanction or a household-caused public assistance overpayment, use the following procedure:

- **TCA full family sanction:** On the UINC screen of the head of household, enter the full TCA benefit amount as "phantom" income using code "OF" (Other unearned income, food stamp countable only).
- **TCA individual sanction and PPI disallowance:** On the UINC screen of the head of household, enter the difference between the full TCA benefit amount and the amount actually issued as "phantom" income using code "OF" (Other unearned income, food stamp countable only).

**Ex:** Ms.'s TCA grant amount for a household of 3 is \$417. Her grant was reduced to \$392 because of a PPI disallowance. On the UINC screen enter \$25 as "phantom" income.  $\$417 - \$392 = \$25$

- **Household caused TCA overpayment:** On the UINC screen of the head of household, enter the TCA recoupment amount as "phantom" income using code "OF" (Other unearned income, food stamp countable only).
- **TEMHA or other public assistance program noncompliance:** On the UINC screen of the penalized individual, enter the full benefit amount as "phantom" income using code "OF" (Other unearned income, food stamp countable only).
- **Household caused SSI overpayment:** On the UINC screen of the SSI recipient enter the gross amount of the SSI payment.
- **Once a household or individual takes required action and is in compliance with the program requirement or recoupment for an overpayment has ended, go the UINC screen on which the phantom income is coded. To delete the phantom income place a "y" in the DEL field on the UINC for the income to be removed and press PF24.**