



Department of Human Resources  
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## FIA ACTION TRANSMITTAL

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

**FROM: *K. Ash for Kevin Mahon*  
KEVIN MAHON, EXECUTIVE DIRECTOR, FIA**

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

**PROGRAM AFFECTED: FOOD STAMP PROGRAM**

**ORIGINATING OFFICE: OPA/ DIVISION OF PROGRAM POLICY AND  
REGULATION**

### BACKGROUND

The Food Stamp Program regulations were amended to prohibit an increase in food stamp benefits when a household's benefit from another means-tested assistance program decreases because of a penalty imposed for intentionally failing to comply with a requirement of the other program. The Food and Consumer Service (FCS) refers to this provision as the Riverside Rule.

### CURRENT POLICY

Currently, when a household does not comply with the rules of Aid to Families with Dependent Children (AFDC) or Supplemental Security Income (SSI) the cash benefit is reduced and, unless a determination of intentional program violation (IPV) is made, the food stamps increase.

### NEW POLICY

According to the Riverside Rule a food stamp allotment will not increase when a household's benefit received under another means-tested federal, State, or local welfare or public assistance program has been reduced, suspended or terminated due to an intentional failure to comply with a requirement of the program. Although the regulation applies to any cash benefit which meets the definition, Temporary Cash Assistance (TCA) and SSI are the only benefits currently available in Maryland to which it applies.

This provision applies to all applicable cases. If the local department is unsuccessful in obtaining the necessary cooperation from another State, federal or local means-tested program, it will not be held responsible for noncompliance as long as a good faith effort has been made to get the information.

Although this policy does apply to SSI benefits the penalties in this program are limited and may be difficult to identify. Money subtracted from SSI benefits to repay an overpayment is not considered a penalty and the Riverside rule does not apply. Continue to exclude the amount of income subtracted due to an overpayment unless it is the result of an intentional program violation.

When the Riverside Rule is applied, the TCA or SSI income is frozen at the same amount received before the penalty.

### **PENALTY PERIODS FOR TCA**

#### **Failure to Comply with a Child Support Requirement**

Failure to comply without good cause results in a full family sanction. The penalty will end upon compliance with the program requirement.

#### **Failure to Comply with a Work Requirement**

For noncompliance with a work activity the penalty period will end as follows:

- For the first instance of noncompliance, the penalty ends upon compliance.
- For the second instance of noncompliance, the penalty ends 10 days after compliance with the activity.
- For the third and subsequent instance of noncompliance, the penalty period ends after 30 days of compliance with the work requirement.

#### **Finding of Fraud**

An assistance unit is ineligible for the following periods of time upon a finding of fraud by a court of law:

- For six months after the first finding of fraud or until full repayment of the overpayment.
- For 12 months after the second finding of fraud or until full repayment of the overpayment.
- Permanently after the third finding of fraud.

After a finding of fraud in the TCA program, continue the food stamp certification period until it expires. If the household reapplies for food stamps during the TCA penalty period, when possible, establish a certification period which ends at the same time the TCA fraud penalty ends.

Example: An assistance unit which had received \$521 TCA grant is terminated because of a second fraud finding. The family is ineligible for TCA for 12 months. The TCA amount countable for food stamps until the end of the penalty period is \$462 (\$521-\$59 Energy Heating Need).

### Ending a TCA Penalty Period Without Compliance

In the following limited situations a penalty period for noncompliance with a requirement is ended and the sanction is considered cured even though an individual does not technically comply with the TCA program requirement:

- When an individual who fails to comply with a work requirement goes to work and earns a net income which exceeds the TCA allowable amount for the assistance unit size, the net amount is calculated by subtracting 20% of the gross earned income and allowable child care expenses from the gross earnings. If the net income exceeds TCA eligibility, the frozen income is not counted.

Example: A customer refused to participate in a work requirement. The TCA grant in the amount of \$373 was terminated effective May 1. The food stamp allowable TCA amount of \$330 (\$373-\$43 Energy Heating Need) was entered on the system as income for the food stamp benefit calculation. On June 3, the customer reported a new job with biweekly earnings of \$400. She has a \$100 monthly child care cost. The gross monthly earnings are \$800. The net earnings are \$540 (\$800 - 20% of earnings or \$160 - \$100 child care cost=\$540). Since this amount exceeds the frozen TCA amount the penalty period ends and earned income is the only countable income .

- When an individual who fails to comply with a child support requirement and subsequently begins receiving child support payments which exceed the TCA allowable amount for the assistance unit size.

Example: When a customer refused to comply with a child support requirement without good cause, the \$292 TCA grant was terminated. The food stamp allowable amount of \$259 was entered on the system for the food stamp benefit calculation. Subsequently, the customer reported receipt of child support in the amount of \$300 per month. Since the child support exceeds the frozen TCA amount, the penalty period ends.

### Questions and Answers

#1 Question. Does the Riverside Rule apply during the entire period of the public assistance program penalty?

Answer. Yes, with the exception of the situations listed above. The prohibition against increasing the food stamp benefits applies for the duration of the penalty. In TCA the penalty, except for these situations, lasts until there is compliance even if the family no longer wants TCA. While the cash benefit is reduced due to the noncompliance, the local department must insure that the food stamp benefits do not increase due to the reduction.

Example: Ms. Jones is a recipient of \$373 TCA and \$293 in food stamp benefits. She is required to participate in a work activity and does not comply. The local department determines that she has intentionally failed to comply with a work requirement without good cause and closes her TCA case. The food stamp benefits remain at \$293 based on the countable food stamp TCA amount of \$330 (\$373-\$43 Energy Heating Need) that was received at the time of termination. The benefit will continue at that rate until the individual complies with the requirement or another change not related to the penalty occurs.

The Riverside rule does require that action be taken on other changes which may require an adjustment to the food stamp allotment. These changes would include changes in household circumstances which are not related to the penalty imposed by the local department.

Example: A customer receiving a \$450 TCA grant was found to have intentionally failed to comply with a TCA work requirement and the TCA grant was terminated. The food stamps are calculated based on the countable food stamp TCA income of \$400 (\$450 - \$50 Energy Heating Need) she received prior to the termination plus the full amount of child support received in the amount of \$350. The shelter cost was \$400. Subsequently she reported decreases in child support to \$300 per month and in shelter cost to \$260. The change in income and shelter cost must be acted upon within current time frames. The prior TCA income continues to apply.

Example: A customer receiving a \$373 TCA grant for herself and two children was found to have intentionally failed to cooperate with child support and TCA was terminated. The food stamps were calculated based on the countable food stamp TCA income of \$330 (\$373-\$43 Energy Heating Need) received prior to the termination. Subsequently, she reported that one of the children who had been included in the TCA grant moved away from home. The countable food stamp TCA income is reduced to \$259 (\$292-\$33 Energy Heating Need) and the food stamp household size is reduced to two.

#2 Question. Should the food stamp benefits be adjusted if a child is born more than 10 months after signing the Child Specific Benefits rights and Responsibility Form?

Answer. Yes. The food stamp benefit would be adjusted to reflect the new member and the amount of the child specific benefit and child support received for that child.

Example: Ms. Johnson is in receipt of TCA for herself and 2 children. Twelve months after signing the Child Specific Rights and Responsibilities form, she gave birth to her

third child and began receiving a child specific benefit through a third party representative. This is not a program violation and the Riverside Rule does not apply. Her food stamps will reflect the amount of the child specific benefit and the additional household member.

#3 Question. Does the Riverside Rule apply to denied cases?

Answer. No. The rule applies to a food stamp household that is also receiving benefits from a federal, State, or local means tested assistance program. This rule applies whenever the public assistance has been decreased, suspended or terminated.

Example: Ms. Smith is an applicant for TCA. When told she must file for child support at the same time she applies for TCA, she refuses and is denied TCA. The new rule does not apply. Ms. Smith's food stamps will be determined based on her income and expenses under regular rules.

Question #4 What would happen if a household member was removed from both the TCA and food stamp household?

Answer. If someone in the household intentionally does not comply with a non-work related requirement of both programs, then that individual is removed from the household and sanctioned as required by each program's rules. The Riverside Rule does apply in that a reduction in the public assistance program's benefit can not cause an increase in the food stamp allotment.

Example: A member of a PA/FS household refuses to apply for a social security number. The household member is ineligible for TCA. The individual is also removed from the food stamp household. The assistance grant to be counted as income to the household is the pre-sanctioned amount.

\$373 Payment standard for 3

After deducting \$134 and considering \$150 rent, the allotment for 3 is \$250.

\$373 remains the countable income.

\$373 Includes \$292 and phantom income of \$81

-134 Standard deduction

\$239 ÷ 2 = \$119

\$150 Rent

-119

\$ 31 Shelter deduction

\$239

- 31

\$208

\$218 TFP for 2

- 63 30% of \$208

\$155 Benefit

### ACTION REQUIRED

- Do not increase the food stamp benefit, even though the cash income has decreased or stopped, when a TCA assistance unit is sanctioned for intentionally failing to comply with a requirement of Family Investment Program (FIP) or when an assistance unit member has been found guilty of fraud.
- Take action on changes in household circumstances which are not related to the penalty imposed by another means-tested program.
- To maintain the food stamp benefits at the same level during the period of reduction, suspension, or termination of TCA or SSI benefits due to noncompliance:

### AIMS

- ▶ Subtract the energy heating need from the TCA income and enter the amount on the AIMS 3 with unearned income type F10. Enter the countable SSI income as income type F11.
- ▶ Upon compliance with program requirements, remove the coded TCA "phantom" income by placing a "Y" in the Financial Screen Required field and reentering the correct information.
- ▶ Document the case record clearly.

### CARES

- ▶ On the UINC screen enter the ACTUAL TCA BENEFIT AMOUNT (do not subtract the energy heating need) using the code PH (phantom income). Enter code PS for countable SSI income.
- ▶ Document all actions clearly in the case narration by using the PF21 key from the head of household's ADDR screen.
- ▶ Remove the phantom income from the UINC screen when the household complies with the requirement or the penalty period has ended.

### PAYMENT ACCURACY

**The process of counting income not actually received by a household is highly error prone. It is extremely important to follow the steps listed in Action Required and to act on all changes reported by the household and changes in status of TCA or SSI penalties.**

**ACTION DUE**

The change in policy is effective October 1, 1996.

**INQUIRIES**

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

cc: DHR Executive Staff  
IMA Management Staff  
Constituent Service  
OIM Hotline