



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: 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

This transmittal replaces Action Transmittal FIA/OPA 97-20 which was issued September 3, 1996, and the corrected pages included in FIA/OPA 97-45 issued November 1, 1996. The transmittals informed local departments of an amendment to food stamp regulations to prohibit an increase in food stamp benefits when a household's benefit from another means-tested assistance program decreased because of a penalty imposed for intentionally failing to comply with a requirement of the other program. This was referred to as the Riverside Rule. As a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the policy changed slightly.

OLD POLICY

An increase in food stamp benefits is prohibited when a household's benefit from another means-tested assistance program decreased because of a penalty imposed for intentionally failing to comply with a requirement of the other program.

NEW POLICY

An increase in food stamps is prohibited when a household's benefit is reduced because of a penalty imposed under a Federal, State, or local means-tested public assistance program for failure to perform a required action.

The failure to comply with a requirement of the means-tested program does not have to be intentional.

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 with the rule as long as a good faith effort has been made to get the information.

When the PRWORA rule is applied, the income from the means-tested program 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 penalty ends.

Example: An assistance unit which had received \$527 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 \$527.

Ending a TCA Penalty Period Without Compliance

In some 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 a penalized household becomes technically or financially ineligible for TCA or another means-tested benefit, the frozen income is no longer counted in the calculation of the food stamp benefit.

Example 1: Ms. Smith failed to participate in a work requirement. The TCA grant in the amount of \$377 was terminated effective May 1. The food stamp allowable TCA amount of \$377 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 for the food stamp calculation.

Example 2: Ms. Brown failed to comply with a child support requirement without good cause, the \$295 TCA grant was terminated. The TCA amount of \$295 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.

Example 3: Mr. Jones did not comply with a work requirement and the \$295 TCA grant was terminated. The food stamp benefit was calculated using the \$295. In the following month he reported the only child in the assistance unit moved away from his home to live with the child's mother. Since the customer is no longer technically eligible for TCA, the frozen TCA income is no longer counted for the food stamp calculation.

Example 4: Ms. Johnson failed to comply with a child support requirement without good cause and her \$455 TCA grant was terminated. The TCA amount of \$455 was entered on the system for the food stamp benefit calculation. Subsequently, the customer reported a job with biweekly earnings of \$500. After all allowable deductions, the income exceeds the allowable amount for TCA. The TCA income is no longer counted toward the food stamp calculation.

Questions and Answers

#1 Question. Does counting the frozen income for the food stamp benefits apply during the entire period of the public assistance program penalty?

Answer. Yes, with the exception of the situations listed above, it applies for the duration of the penalty 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.

The PRWORA rule does require food stamp recipients to report other changes and for the agency to act on changes in a household's circumstances which may require an adjustment to the food stamp allotment.

Example: A customer receiving a \$455 TCA grant was found to have failed to comply with a TCA work requirement and the TCA grant was terminated. The food stamps are calculated based on the countable TCA income of \$455 she received prior to the termination plus the amount of child support received in the amount of \$350. The shelter cost was \$400. Subsequently, the customer 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 \$377 TCA grant for herself and two children was found to have failed to cooperate with child support and TCA was terminated. The food stamps were calculated based on the prior TCA benefit of \$377. 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 \$295 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 Responsibilities 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 rule does not apply.

#3 Question. Does the PRWORA 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 or stopped.

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.

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

Answer. If someone in the household does not comply with a requirement of both programs, then that individual is removed from the household and sanctioned as required by each program's rules. This 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 3-person TCA/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 pre-sanctioned assistance grant of \$377 for three is counted as income to the household in calculating the food stamp benefit. The food stamp household size is reduced from three to two.

ACTION REQUIRED

- Include the TCA benefit received prior to the reduction or closure of TCA as income for food stamps when a TCA assistance unit is sanctioned for 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 a means-tested program.
- Count TCA or SSI benefits to maintain the food stamp benefits at the same level during the period of reduction, suspension, or termination:

AIMS

- ▶ Enter the prior TCA amount on the AIMS 3 with unearned income type F10 - "Frozen" TCA income. Enter the countable SSI income as income type F11 - "Frozen" SSI income.
- ▶ Upon compliance with program requirements or when considered cured, remove the coded TCA "frozen" income by placing a "Y" in the Financial Screen Required field of the AIMS 3 and entering the correct financial information.

- ▶ Document the case record clearly.

CARES

- ▶ On the UINC screen enter the ACTUAL TCA OR SSI BENEFIT AMOUNT using the code OF (Food Stamp only income).
- ▶ Document all actions clearly in the case narration by using the PF21 key from the head of household's ADDR screen.
- ▶ Remove the Food Stamp countable only 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 policy is effective upon receipt of this transmittal.

INQUIRIES

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

cc: DHR Executive Staff
IMA Management Staff
Constituent Services
Help Desk