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**OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE**  
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## Administrative Directive

### Section 1

<b>Transmittal:</b>	02 ADM 7	
<b>To:</b>	Local District Commissioners	
<b>Issuing Division/Office:</b>	Temporary Assistance	
<b>Date:</b>	August 16, 2002	
<b>Subject:</b>	Food Stamp Program Reauthorization Changes	
<b>Suggested Distribution:</b>	Temporary Assistance Directors Food Stamp Directors CAP Coordinators TOP Coordinators Staff Development Coordinators	
<b>Contact Person(s):</b>	Food Stamp Policy - Eastern Regional Team at 800-343-8859, extension 3-1469	
<b>Attachments:</b>		
<b>Attachment Available On – Line:</b>	<input type="checkbox"/>	

### Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
97 ADM-23 01 ADM-9 01 ADM-16			P.L. 104-193 P.L. 107-171		ABEL 02-05

### Section 2

#### I. Purpose

Public Law (P.L.) 107-171, signed into law May 13, 2002, included the Food Stamp Reauthorization Act of 2002. The law contains many mandatory and State-option provisions that will improve program access and promote program integrity. This directive describes provisions of the Food Stamp Reauthorization Act that will affect social services districts' administration of the Food Stamp (FS) Program.

#### II. Background

Title IV of P.L. 107-171 amended the Food Stamp Act of 1977 and the Personal Responsibility and Work Opportunity and Reconciliation Act of 1996 to make numerous changes to food stamp program eligibility requirements. In addition to the mandates contained in the legislation, New York State is implementing many of the optional provisions that will make the FS program simpler for districts to

administer and easier for eligible households to access. The policy changes, implementing instructions and systems implications are provided in sections IV. and VI. of this directive.

### III. Program Implications

Districts' implementation of the policy changes may result in increased program participation and benefit amounts. At the same time, districts should experience decreased volumes of case change processing.

### IV. Required Action

The various FS policy changes are presented below, and are grouped by policy area: budgeting; change reporting and processing; immigrant eligibility; resources and transitional benefits. Districts must implement the required changes by the effective dates specified. To every extent possible, the Office of Temporary and Disability Assistance (OTDA) has programmed Welfare Management System (WMS) support to automatically apply the changes for applicants and recipients.

#### A. Budgeting

**1. Standard deduction: Effective October 1, 2002**

The former, fixed standard deduction will be replaced with a deduction that varies according to household size and is adjusted annually for cost-of-living increases. Larger households will receive a higher deduction than they formerly did. The law sets the deduction at 8.31 percent of the applicable net income limit (poverty level) based on household size. No household would receive an amount less than the former deduction or more than the standard deduction for a household of six. The following standard deduction amounts will be applied for FS budgets with an effective date of October 1, 2002 or later, and will be used in the annual FS mass rebudgeting for October 1, 2002:

Household Size	Standard Deduction
1	134
2	134
3	134
4	134
5	147
6+	168

**2. Child support paid as income exclusion: October 1, 2002**

Legally obligated child support payments made by a FS household to non-household members will be treated as income **exclusions** rather than deductions from income. Districts will continue to enter total gross income received and amounts of child support paid by FS households into the ABEL input screens, but ABEL will subtract the child support payments from total household gross monthly income before comparing income to the applicable gross and net income limits. For participating households with child support deductions in their stored ABEL FS budget, this change will be made in the FS mass rebudgeting for October 1, 2002.

**3. Additional income exclusions: October 1, 2002**

The Reauthorization Act permits the exclusion of certain sources of income that are excluded for Family Assistance or for federal Medicaid. In addition to existing FS income exclusions, districts must **exclude** the following sources of income for purposes of determining FS eligibility and benefit amount:

- a. educational grants, loans or scholarships** for educational purposes other than general living expenses. Previously, districts applied complex criteria to exclude portions of educational income after evaluating funding sources, earmarking, and student expenses. Net countable educational income was budgeted as Upstate WMS ABEL unearned income source code '05' and NYC WMS ABEL income

source code '17'. This change categorically exempts educational grants, loans and scholarships;

- b. **Individual Development Accounts (IDAs):** contributions made by a district or a not-for-profit organization to an individual development account to enable a FS household member to save for postsecondary education, first home purchase or business capitalization are excluded as FS income. Withdrawals from an IDA for purposes other than postsecondary education, home purchase or business capitalization are counted, less any penalties assessed, as unearned income in the month withdrawn, and any remaining balance in the account would be considered an available resource;
- c. **adoption subsidy payments** (Upstate unearned '01' and NYC '13');
- d. **foster care payments**, including foster care payments for individuals included in the FS household. For households that include foster children and their income, districts must remove the foster care income effective October 1, 2002. For households that currently exclude foster children residing with them as boarders, districts must advise them no later than next recertification that they may continue to exclude the foster care children as boarders, or may include them as household members with the foster care payments not counted as income. Unless a foster care child has other income, most households should benefit from including the foster child. (Upstate unearned '09' and NYC '59');
- e. **dividends from insurance policies;**
- f. **interest from bona fide funeral agreements or funds;**
- g. **HUD community development block grant funds:** funds received from the Department of Housing and Urban Development (HUD) community development block grants are excluded as FS income;
- h. **VISTA payments:** payments made to applicants for or recipients of FS benefits under title (I) of P.L. 93-133 (VISTA volunteers) are excluded as FS income. Formerly, VISTA payments were only excluded for individuals already in receipt of FS when they joined VISTA, but counted as income for FS applicants. (Upstate earned '07' and NYC '10');
- i. **German reparation payments:** all reparation payments received from the Federal Republic of Germany are excluded. Formerly, food stamp program rules only excluded reparation payments received by individuals who were victims of Nazi persecution;
- j. **Austrian General Social Insurance payments** made under paragraphs 500 to 506 of the Austrian General Social Insurance Act;
- k. **infrequent or irregular unearned income of up to \$20 per month; and**
- l. **aid and attendance benefits and housebound benefits received from the Veteran's Administration.**

As indicated in the list above, several of these incomes are identified by specific WMS ABEL codes, and future WMS modifications will preclude counting them for FS budgeting. In addition, as part of the Upstate mass rebudgeting for October 1, 2002 and in a subsequent report in NYC, lists of cases with these income sources budgeted for FS will be provided to districts. Districts must rebudget the affected cases to remove the excluded income for October 1, 2002, and provide notices to the households.

#### 4. **Simplified standard utility allowance: October 1, 2002**

Three changes are related to the standard utility allowance (SUA). These changes will be implemented for current recipients in the mass rebudgeting for October 1, 2002. Districts must apply these policies for applicants and recipients beginning October 1, 2002:

- a. The SUAs for Heat/Air conditioning (H/AC), Non-H/AC Utilities, or telephone, as applicable to household circumstances, are mandated. Actual expenses will no longer be used in calculation of the excess shelter deduction, even in the unlikely event that they exceed the mandated standard.
- b. Households in shared living arrangements are now entitled to the full applicable level of SUA. Formerly the SUA was prorated based on the number of households residing in the shared living situation, regardless of their participation in the food stamp program.
- c. Households consisting of FS-eligible members and other individuals who are not participating only because they are ineligible (ineligible aliens, ineligible students, and individuals prohibited from participation for failure to provide or apply for a social security number) now are entitled to the full applicable level of SUA. The

SUA was formerly prorated on an individual basis with the ineligible individual's share withheld.

- d. Residents of public or subsidized housing with shared meters, who formerly received allowances only for the actual amounts of excess charges, are now entitled to the applicable SUA. For example, a tenant of public housing with heat included in the rent and who pays a monthly excess charge for air conditioning is now entitled to the H/AC SUA.

## 5. Simplified determination of deductions: October 1, 2002

Districts will not **reduce** the deductions listed below for households between recertifications. All reported and verified increases in deductible expenses must continue to be processed between recertifications, and all changes in deductions must be processed at recertifications.

The following deductions will not be decreased between recertifications:

- a. Child care deduction;
- b. Medical deduction;
- c. Excess shelter deduction, unless the shelter and/or SUA change because the household has moved or the shelter-related changes are being budgeted for TA.

## B. Change reporting and processing: October 1, 2002

Formerly, most FS households with earned income were subject to six-month reporting rules. Under authority of the FS Reauthorization Act, effective October 1, 2002, most FS households are now subject to six-month reporting rules. Only the exceptions listed below will remain subject to change reporting rules, which require them to report certain changes within ten days of becoming aware of the change.

**All FS households except the following are now subject to six-month reporting rules for FS:**

- Migrant or seasonal farm workers households;
- Homeless (undomiciled – ABEL shelter code 23) households;
- Households with no income;
- Households certified for less than four full months;
- SSI FS Autopay Project (standardized benefit) participants (future project);
- Group home residents in receipt of Supplemental Security Income (SSI) or Social Security Disability (SSD); and
- Households in receipt of transitional FS benefits.

As explained in 01 ADM-09, the only change that all households subject to six-month reporting rules are required to report between recertifications is if their total household income exceeds 130% of the poverty level for their household size. In addition, a household that includes an individual who is subject to the able-bodied adult without dependents (ABAWD) time limits must report when work activity falls below 80 hours per month.

**Certain households that are subject to six month reporting rules and are certified for seven full months or more are required to return a completed periodic report or a change report form in their sixth month.**

- For a TA/FS household without earned income and certified for 12 months, this requirement is fulfilled when the household completes and returns their TA six-month eligibility questionnaire. If a household's TA case is closed for failure to return the TA six-month eligibility questionnaire, FS must continue under normal FS separate determination procedures or as transitional food stamp benefits if the household qualifies.
- For Non-TA/FS and Mixed FS households without earned income, WMS has been modified to send the FS Change Report Form (LDSS-3151) in the fourth weekend of the fifth month. Non-TA/FS and Mixed FS six-month reporters without earnings must return a completed FS Change Report in the sixth month only if they have changes to report. **Failure to return a change report form is not a basis for case closing.** Households that incur an overpayment due to their failure to report changes, however, will be liable for the resulting claims.

- Six-month reporters with earned income budgeted are sent a periodic mailer (LDSS-4310), which they must complete and return. Districts must process changes reported in the returned mailers, and must send timely notice of intent to close cases of households who fail to complete the required mailer.

At application and each recertification, districts must explain the six-month reporting rules to FS households affected by them, and must explain which mailer they will receive. As described in the July 26, 2002 “WMS Coordinator Letter”, in districts other than New York City, CNS will generate an equivalent of the LDSS-4791: “Important Information About What Changes You Must Report for Food Stamps” at case opening, re-opening, undercare change and recertification for NPA/FS and PA/FS cases with earnings and a certification period of six months or more. In addition, the WMS notices that will be provided to FS households regarding the October 2002 mass-rebudgeting will include information about six-month reporting rules.

### **WMS Reporting Systems Implications:**

All unearned income households who are converting to six-month reporting rules and have certification periods of seven full months or greater will get a change report form mailer sent from Albany at the end of the 5<sup>th</sup> month of their certification period. The WMS system will automatically exclude from sending periodic or change report mailers at six-month contact points for those households cited above as excluded from six-month reporting rules.

Because annualized self-employment is no longer a valid reason to exclude households from the new six-month reporting rules, Upstate districts must review annualized self-employment cases at the next client contact to remove the “E” on section 1 on the 3209 (labeled as “PA/FS REP CODE” on the data entry screen 1). These annualized earned income cases, if certified for 12 months, will receive a periodic report at the six-month point and the worker will continue the current annualized budget unless the household reports a significant change in the annualized amount of earnings from self-employment.

### **C. Restoration of FS eligibility to certain legal immigrants**

Three changes affecting qualified immigrants’ FS eligibility are phased in, beginning October 1, 2002.

- 1. Immigrants receiving disability assistance: Effective October 1, 2002**, any qualified alien who is otherwise eligible and who receives disability or blindness benefits, regardless of the date of entry into the U.S., is eligible for FS. The disability assistance or benefits must be predicated on a disability determination using criteria at least as stringent as the criteria used under title XVI of the Social Security Act. This includes qualified immigrants who receive Supplemental Security Income (SSI) or Social Security Disability (SSD), or Medicaid if a disability determination has been made (WMS Individual Categorical Code 11 or 12).
- 2. Immigrants in the United States for five years: Effective April 1, 2003**, any individual who has lived in the U.S. for at least five years as a qualified alien, beginning on the date of entry into the U.S., may receive FS if otherwise eligible. Districts participating in the Food Assistance Program (FAP) must re-code FAP recipients who become eligible for federal FS based on this provision effective April 1, 2003. In NYC, FAP participants whose date of entry is April 1, 1998 or earlier will be automatically recoded for federal FS in a mass rebudget for April 1, 2003. The April 1, 2003 change also eliminates the seven-year limit for refugees, asylees, Cuban/Haitian entrants, Amerasian immigrants and immigrants with deportation or removal withheld.
- 3. Immigrant children: Effective October 1, 2003**, any qualified alien who is otherwise eligible and is under 18 years of age, regardless of the date of entry into the U.S., is eligible for FS. In addition, this provision eliminates the deeming requirements to count the income and assets of the immigrant’s sponsor in determining food stamp eligibility and benefits for the immigrant’s child.

## D. Resources

1. **Increased resource limit for disabled individuals: October 1, 2002**  
Districts must apply the \$3000 resource limit to households that include an elderly **or disabled** member. Formerly, only households that included an individual aged 60 or older were subject to the \$3000 resource limit instead of the \$2000 limit.
2. **Additional resource exclusions: October 1, 2002**  
The Reauthorization Act permits the exclusion of certain resources that are excluded for Family Assistance or for federal Medicaid. In addition to existing FS resource exclusions, districts must exclude the following resources when determining FS eligibility:
  - a. **Individual Development Accounts (IDAs):** an individual development account to enable a FS household member to save for postsecondary education, first home purchase or business capitalization is excluded as a FS resource. If a withdrawal is made from an IDA for purposes other than post-secondary education, home purchase or business capitalization, however, any remaining balance would be considered an available resource;
  - b. **educational grants, loans or scholarships,** as long as they remain identifiable as such (not commingled with other savings);
  - c. **HUD community development block grant funds:** funds received from the Department of Housing and Urban Development (HUD) community development block grants are excluded as FS resources;
  - d. **Earned Income Tax Credit (EITC) refunds,** as long as they remain identifiable. Formerly, these payments were excluded as resources for either two or twelve months, depending on whether the individual was an applicant or recipient and whether the EITC was federal or State;
  - e. **children's savings accounts of under \$500,** if accumulated from gifts from non-legally responsible relatives or from the child's own wages. For purposes of this exclusion, a child is a household member under the age of 21;
  - f. **German reparation payments:** all reparation payments received from the Federal Republic of Germany are excluded as long as they remain identifiable as such. Formerly, food stamp program rules only excluded reparation payments received by individuals who were victims of Nazi persecution;
  - g. **Austrian General Social Insurance payments** made under paragraphs 500 to 506 of the Austrian General Social Insurance Act are excluded as long as they remain identifiable as such.

## E. Transitional FS Benefits: October 1, 2002

Three changes affect households that begin receiving transitional FS benefits on October 1, 2002 or later:

1. **Five-month transition period:** Districts must authorize five months of transitional benefits for Family Assistance and Safety Net-Federally Participating leavers who are eligible for transitional benefits. The five months must be issued even if it results in extending a household's certification period beyond the 12-month limit imposed on most cases. WMS modifications will support the five-month transition period for households starting their transition period on October 1, 2002 or later.

**Example:** A Family Assistance (FA) household is certified from 10/1/02 to 09/30/03. The household closes FA effective 8/31/03 due to excess earned income. The household would receive transitional food stamp benefits from 9/1/03 to 1/1/04. The original TA/FS certification period is extended four months beyond the 12-month limit to allow five months of transitional food stamp benefits.

2. **Simplified transitional benefit computation:** All transitional FS benefits will be calculated by removing the TA income from the pre-TA closing FS budget. No other changes or budget comparisons will be made and transitional benefits remain frozen at the set level until the household recertifies. Transitional households are not required to report changes during the transition period. Households experiencing changes that would result in benefit increases may request to be recertified before the expiration of the five-month transitional period, thereby ending their transitional period early. Households will

be notified that they may voluntarily report changes that may result in an increase in FS benefits, but that they must recertify to receive the increase and end their transitional benefit period.

**The following rules apply to client-requested recertifications for transitional FS households :**

- Households must be allowed to file a client-requested recertification at any time during the transition period.
  - Unless conducted on the same day as the recertification filing date, client-requested interviews must be scheduled as soon as possible, but no later than 10 days prior to the end of the month following the month in which the recertification is requested. A transitional FS household that fails to show for a scheduled interview must have their transitional FS benefits continued until the end of the transition period.
  - Only changes voluntarily reported and verified through a client-requested recertification that will result in an increase in food stamp benefits will “unfreeze” the FS benefit. These households will be recertified and the increased FS benefit will be issued for the new certification period that will begin with the month after the month in which the household completes all recertification requirements. A transitional FS household that requests an early recertification, but fails to provide required verification or reports changes that result in a decrease in benefits, will continue to receive its transitional FS benefits unchanged until the end of the transition period.
- 3. Recertification:** All transitional FS households must recertify in order to continue to receive FS after the five-month transitional period. In some instances, this will require districts to shorten the original FS certification period. The authority to shorten the FS certification period for transitional households only is the result of the statutory change in P.L. 107-171.

**Example:** A FA household is certified from 10/1/02 to 09/30/03. The household closes FA effective 11/30/02 due to excess earned income. The household qualifies for transitional FS benefits from 12/1/02 to 4/30/03 and the household must recertify to receive (non-transitional) FS benefits beyond 4/30/03.

#### **IV. Temporary Assistance Implications**

There are no TA policy changes resulting from the FS changes described in this directive.

#### **V. Systems Implications**

##### **A. Upstate WMS and ABEL**

Please refer to Upstate ABEL Transmittal 02-05 for detailed systems instructions. Changes to the periodic mailer and six-month reporting criteria will be addressed in a forthcoming Upstate WMS Coordinator letter. The final phase II run of the ALL 2002 MRB/A, scheduled for the weekend of August 31, 2002, will include the standard deduction, child support exclusion and SUA changes, as well as the October changes to the income and allotment standards.

##### **B. New York City WMS and ABEL**

1. ABEL changes to support the new methodology for the calculation of the FS Standard Deduction Amount and budgeting Code 78 "Child Support For Someone In Another Household" as an income exclusion instead of a deduction will be migrated into the Production environment during the weekend of September 21, 2002. The October Food Stamp MRB, that is also run on the weekend of September 21, 2002, will apply the new methodology to all FS cases and stored budgets for those cases. The methodology for the Quarterly Reporting field (QR) on Screen NSBL02 will be modified to output a Code "U" for cases that have unearned income and meet other current criteria to receive a Food Stamps Periodic Mailer. Code "S" will continue to be output for any case with earned income or for any case with both earned and unearned income. Workers will be notified by an ABEL Transmittal when this change will be available in Production.

2. ABEL changes to support the new methodology for the calculation of the FS SUA will be migrated into the Production environment during the weekend of September 21, 2002. SUA Codes S "Excess Charge" and 2 through 9 "Prorated Standard" will no longer be valid entries on Screen NSBL02. In addition, workers will no longer be allowed to enter amounts in the fields Heat Amount, Disposal Amount, Utility Amount and Telephone Amount on Screen NSBL02. ABEL will now calculate a full unprorated SUA amount appropriate for the shelter situation. As part of this change, FS Ineligible Alien Codes 93 and 95 and FAP Food Stamp Codes 70 and 74 will also now be invalid entries on Screen NSBL06. The October Food Stamp MRB, that is also run on the weekend of September 21, 2002, will apply the new methodology to all FS cases and stored budgets for those cases. The MRB will remove Codes S and 2 through 9 from all affected cases and stored budgets. In addition, cases and stored budgets with Alien & FAP Codes 70, 74, 93 and 95 will have the codes changed to 73, 72, 86 and 92 respectively.
  
3. ABEL and CEM changes to support the new methodology for the budgeting and determining eligibility for aliens will be migrated into the Production environment during the weekend of September 21, 2002. They include the following changes:
  - a. Ineligible Alien Codes 86, 92, 93 & 95 will be invalid entries on Screen NSBL06, with an Alien/Involvement Code = Y, if the following Income Source Codes are also input: 18, 19, 27, 31 or 55.
  - b. Food Assistance Program (FAP) Codes 70, 72, 73 or 74 will be invalid entries on Screen NSBL06, with an Alien/Involvement Code = Y, if the individual is 60 years of age or greater. This change will only allow the entry of FAP Codes 70, 72, 73 or 74, with an Alien/Involvement Code = Y, if the individual is greater than 60 and does not also have Income Source Codes 18, 19, 27, 31 or 55.
  - c. Individuals with Alien/Citizenship Codes (ACI) equal to A, B, F, G, H, J, K or R, who are also disabled (SSI Indicator = 1, 4 or 5), can now be activated for Federal Food Stamps regardless of their Date of Entry. Formerly, these individuals had to have entered the country on or before 8/22/96.
  - d. A mass change that will be run on the weekend of September 21, 2002, will also impact the following group of cases:
    - Cases with Ineligible Alien Codes 86, 92, 93 & 95, with an Alien/Involvement Code = Y and Income Source Codes 18, 19, 27, 31 or 55, will be processed as follows:  
Ineligible Alien Code 86 or 92 or 93 or 95 will be removed;  
Alien/Involvement Code Y will be changed to N unless another case situation requires the involvement code;  
The FS Individual Status for the individual will be changed to AC, with a corresponding increase to the number in the FS Household;  
If the Income Source Code equals 18 or 19, the ACI Code will be changed to M;  
If the Income Source Code equals 55, the ACI Code will be changed to V; and the case will be rebudgeted.
    - Cases with FAP Codes 70, 72, 73 or 74, with an Alien/Involvement Code = Y and Income Source Codes 18, 19, 27, 31 or 55, will be processed as follows:  
Ineligible Alien Code 70 or 72 or 73 or 74 will be removed;  
Alien/Involvement Code Y will be changed to N unless another case situation requires the involvement code; and the case will be rebudgeted.

Workers will be notified in about the changes to Alien processing effective in April and October, 2003 via future ABEL transmittals
  
4. Effective October 1, 2002, the FS Transitional Benefit period will be extended from three months to five months following current criteria for cases that are eligible to receive an extension. Benefits will be recalculated and frozen at the higher amount.

## VI. Additional Information (Optional)

The following forms will be revised to support the changes described in this release. These revised forms will be transmitted under separate cover:



LDSS-3151: "Food Stamp Change Report Form" (Until this is revised, a cover letter explaining the reporting requirement will accompany this form when WMS sends it to six-month reporting households without earned income)

LDSS-4579: "Alien Eligibility Desk Aid"

LDSS-4148A "Client Information Book"

LDSS-4791: "Important Information About What Changes You Must Report for Food Stamps"

**VII. Effective Date:** Districts must implement the changes on the effective dates specified, beginning **October 1, 2002.**

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**Issued By**

**Name:**

**Title:**

**Division/Office:**