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| LOCAL COMMISSIONERS MEMORANDUM |
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DSS-4037EL (Rev. 9/89)

Transmittal No: 98 LCM-21

Date: March 30, 1998

Division: Temporary Assistance

TO: Local District Commissioners

SUBJECT: Food Stamp Earned Income Deduction

ATTACHMENTS: None

CONTACTS: Region I (518) 473-0332; Region II (518) 474-9344;
Region III (518) 474-9307; Region IV (518) 474-9300;
Region V (518) 473-1469; Region VI (212) 383-1658

I. BACKGROUND

This is to notify local districts that as a result of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 there has been a change to food stamp policy on the treatment of the twenty percent earned income deduction. This change was inadvertently not included in 96 LCM-83-Food Stamp Impact of New Federal Welfare Law.

Currently, the twenty percent earned income deduction is allowed for individuals in TEAP. As of September 21, 1996, the twenty percent earned income deduction is not allowed for any portion of income earned under a work supplementation or support program (TEAP) that is attributable to public assistance. Department Regulation 387.10(b)(2) has been amended to reflect this change. The twenty percent earned income deduction will be allowed for any amount over and above the diverted grant paid by the employer to the client.

II. IMPLEMENTATION DATES

This provision is effective September 21, 1996 and applies to:

- a) all new food stamp applicants;
- b) all recipient households at earliest recertification for food stamps on or after September 21, 1996.
- c. all changes to recipient cases during a certification period that require a new budget.

III. SYSTEMS IMPLICATIONS

A. UPSTATE

Local districts will be notified when modifications to WMS have been scheduled. Workers should enter the amount of the diverted grant as Earned Income Source Code "31-Earnings from TEAP." When a worker enters Earned Income Source code "31-Earnings from TEAP" for budgets with an Effective Date of September 21, 1996 or later the twenty percent earned income deduction will not be allowed.

Any amount over and above the diverted grant paid by the employer to the client should be entered as Earned Income Source Code "01-Salaries, Wages, Employer-Provided Sick Pay." The twenty percent earned income deduction will be allowed.

B. NEW YORK CITY

The methodology for rebudgeting New York City cases will be developed.

Patricia A. Stevens
Deputy Commissioner,
Division of Temporary Assistance