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Administrative Directive

Section 1

Transmittal:	01 ADM 9
To:	Local District Commissioners
Issuing Division/Office:	Temporary Assistance
Date:	July 13, 2001 Correction Issued February 12, 2002
Subject:	Six-Month Reporting Rules for Food Stamp Households With Earned Income
Suggested Distribution:	Temporary Assistance Directors Food Stamp Directors CAP Coordinators TOP Coordinators Staff Development Coordinators
Contact Person(s):	Food Stamp Policy - Eastern Regional Team at 800-343-8859, extension 3-1469
Attachments:	A: LDSS-4791: "Important Information About What Changes You Must Report" B: Table of 130% of Poverty Levels (October 2001)
Attachment Available On – Line:	<input checked="" type="checkbox"/>

Filing References

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
93 ADM-9 99 INF-12 95 INF-19			7 CFR 273.12(a)(1)		GIS 01 TA/DC024 GIS 01 TA/DC010 GIS 00 TA/DC012

Section 2

I. Purpose

This directive implements new change reporting and processing requirements, called six-month reporting, for Food Stamp (FS) households with earned income.

II. Background

Most FS cases with earned income formerly were subject to quarterly reporting and rebudgeting, and had six-month certification periods. Recent amendments in federal FS rules permit states to adopt the six-month reporting option for households with earnings. New York is implementing this

option to simplify the reporting rules for employed participants, lessen the administrative burden on districts and improve program payment accuracy.

Social services districts (SSDs) were notified, in a GIS message on April 2, 2001, that temporary assistance/FS (TA/FS) cases were no longer required to quarterly report for Food Stamp purposes. The TA/FS cases were readily converted to six-month reporting because, by virtue of the TA quarterly reporting requirement, TA/FS households were already meeting the FS requirement to report income in excess of 130 percent of poverty. For Non-TA/FS cases, the quarterly reporting requirement is replaced by the six-month reporting rule effective July 1, 2001. SSDs were notified of the conversion of Non-TA/FS cases to six-month reporting in a GIS message on June 25, 2001.

III. Program Implications

For FS purposes, households who have earned income and a six-month certification period are not required to report changes in household circumstances between recertifications except when total (earned plus unearned) gross monthly income exceeds 130 percent of poverty. FS households with earnings and certification periods of seven months or longer are required to complete a reporting mailer in their sixth month, in addition to reporting when total income exceeds 130 percent of poverty. FS households that are subject to Able-Bodied Adults Without Dependents (ABAWD) requirements as well as the six-month reporting rule also must report when their work hours fall below 80 hours per month. No additional reporting requirements between recertifications can be imposed on FS households subject to six-month reporting.

The simplified change reporting rules for households with earnings will result in better compliance by households, fewer changes for SSDs to process, and more accurate and stable benefit amounts.

The six-month reporting system will be most successful when SSDs thoroughly explain the reporting requirement to earned income households. The system also depends on careful interviews and documentation at recertification to ensure correct calculations of benefits.

IV. Required Action

A. The Six-Month Reporting Rule

Under the provisions of the six-month reporting rule, the only change that a FS household that has earned income, a six-month certification period, and is not subject to Able-Bodied Adults Without Dependents (ABAWD) requirements, is required to report between recertifications is a total gross income that exceeds 130 percent of the poverty level. The term "FS household with earnings" includes a household whose only earned income is their countable portion of an ineligible alien's earnings. A household must report income over 130 percent of poverty within ten days after the end of the month in which their income exceeded the 130 percent report threshold. A household's applicable poverty level is based on its household size at last recertification, unless the SSD has processed a change in household size as described in section IV.C of this directive. Please note that a household that is subject to six-month reporting must report when its income exceeds 130 percent of poverty even if it is exempt from the FS gross income limit because it is categorically eligible for FS or includes a member age 60 or older.

FS households with earned income and certification periods of seven full months or longer are required to complete and return a WMS-generated periodic report (LDSS-4310) by the tenth day of the sixth month of their certification period, in addition to reporting whenever their total gross income exceeds 130 percent of poverty.

A FS household that is subject to Able-Bodied Adults Without Dependents (ABAWD) requirements, if it has earnings and is certified for at least six months, will be a six-month reporting household. ABAWD households, however, have an additional obligation to report when their work hours fall below 80 hours per month. The ABAWD household must report the reduction in work hours within 10 days after the end of the month in which they fell below 80 hours. For ABAWD households that have used at least one of their three months of eligibility without working, SSDs may send monthly requests for verification of hours worked. If the ABAWD household fails to comply with the request for verification of compliance with

ABAWD eligibility requirements, the SSD must issue a timely notice of adverse action to delete the ineligible individual or, for a one-person household, to close the case.

Under the six-month reporting rule, all other changes must be reported at a household's next recertification. SSDs must be particularly vigilant at recertifications to verify and correctly budget income and household circumstances, to ensure payment accuracy throughout the certification period.

Non-TA/FS households were notified of the six-month change reporting requirement in a mass mailing during the week of June 25, 2001. A sample of the letter was provided with GIS message 01 TA/DC024. The mass mailing was not sent to TA/FS households with earnings because they were still subject to quarterly reporting for TA.

Attachment A: LDSS-4791: "Important Information About What Changes You Must Report" is a notice of the FS six-month reporting requirements for TA/FS and Non-TA/FS households. SSDs must provide this notice, filling in the poverty level amounts appropriate to a household's size from Attachment B: "Table of 130% Poverty Level Values". This notice replaces the letter attached to GIS TA/DC024. **SSDs must provide this notice to all FS households that have earnings, at the following times:**

- when they are opened for FS after June 25, 2001. This also applies to Non-TA/FS cases opened as result of separate FS determination after TA case closings, but not to Transitional Benefits Alternative (TBA) case openings;
- in the first month of Non-TA/FS *after* TBA;
- when they report new employment, and no earned income was previously budgeted; and
- at each recertification.

The Food Stamp Change Report Form (LDSS-3151) and client informational booklet LDSS-4148A have been revised to include the six-month reporting rule for six-month reporting households. The Food Stamp Change Reporting Form (LDSS-3151) with the revised six-month reporting rules will be required to be given whenever a manual notice of change of benefits to clients has been issued. The CNS notice language has already been revised to include an explanation of the the new six month reporting rules when benefit change actions are taken.

B. Households Subject to Six-Month Reporting

The following households are subject to the six-month reporting rule for FS:

- TA/FS households with earnings budgeted and a certification period of at least six months (effective 4/1/01 Upstate and in New York City).
- New York City (NYC) TA/FS cases in which only Non-TA individuals have earnings (effective 4/1/01).
- Upstate Non-TA/FS and Mixed FS households (case type 31 and 32) with earnings budgeted and a certification period of at least six months (effective 7/1/01). May 2001 is the last month in which quarterly report mailers will be sent to Non-TA/FS households.
- NYC Non-TA/FS households with earnings budgeted and a certification period of at least four months (7/1/01)
- Recipients of SSI and FS with earnings and the requisite certification period, except those who reside in group homes (effective 7/1/01). All SSI recipients formerly were exempt from quarterly reporting, and SSI/FS recipients in group homes will remain exempt from six-month reporting.
- Seasonal/migrant farmworkers certified for six months (7/1/01). These households formerly were exempt from quarterly reporting. SSDs must assign certification periods of six months or less to seasonal/migrant farmworkers households, because federal statute does not permit SSDs to require seasonal/migrant farmworker households to submit periodic reports.
- Households with earnings from **non-annualized** self-employment income, such as those who provide child care in their own homes. SSDs are reminded that self-employment income is counted after allowable costs for producing the income have been excluded. Please further note that providers of child care in the child's home are considered to be employees, not self-employed. As such, they also are subject to six-month reporting. Their total gross earnings are counted, however, with no self-employment costs excluded.
- Households subject to six-month reporting that lose their employment remain on six-month reporting for the balance of their certification period.

The following households are NOT subject to six month reporting. Instead, these households must continue to report changes in circumstances within ten days of the date the household is aware of the change:

- Households with no FS earned income. These households must report new employment within ten days after receiving their first pay. The month for which the earnings are first counted in determining their benefit amounts is the first month that these households would be subject to the six-month reporting rule.
- Households with certification periods of less than six months (less than four months for NYC Non-TA/FS).
- SSI recipients and Social Security Disability (SSD) recipients residing in group homes (Upstate shelter type codes 10, 12, 13, 15, 16, 17 or 44; NYC shelter type codes 15, 16, 17, 27, 28, 29, 31 or 32).
- Households whose only source of earned income is annualized self-employment, such as self-employed farmers. For Non-TA/FS households that are certified for more than six months and whose only earnings are from annualized self-employment, Upstate SSDs must enter Code "E" (Exempt) in the Quarterly Contact field in WMS screen I to exclude them from receiving periodic mailers (LDSS-4310). TA/FS households with any earnings other than TEAP remain subject to quarterly reporting for TA.

C. Acting on Reported Changes Under the Six-Month Reporting Rule

1. TA/FS Cases (Effective April 1, 2001)

Many TA recipients remain subject to quarterly reporting for TA purposes. TA/FS households will report changes pursuant to the TA ten-day timely reporting requirement; the TA quarterly reporting requirement; the FS six-month reporting rule (income over 130 percent of poverty); at recertification; or they may voluntarily report a change, such as an increase in shelter costs. **For a TA/FS case subject to the FS six-month reporting rule, the worker must act on information that affects FS eligibility and benefit amounts only in the following circumstances:**

- The information resulted in a change in the TA grant amount, including when total household gross monthly income exceeds 130 percent of poverty. When a FS household reports *in person or in writing* that their income exceeds 130 percent of poverty, the SSD must act on the reported change. When a FS household informs the SSD *by telephone* of income over 130 percent of poverty, the SSD must immediately send the household a written request to confirm the reported information, either with documentary evidence or a written and signed statement, allow ten days for the household to provide verification and act on the additional information when received. If a household fails to comply with the request for verification, the SSD must provide timely and adequate notice to discontinue FS benefits;
- The information is considered verified upon receipt (Please see section IV.C.3 of this directive for a definition of "verified upon receipt");
- The information is reported at recertification;
- The information is reported on the FS six-month periodic report (LDSS-4310) by a household with a certification period longer than six months; or
- The household voluntarily reports and verifies information that will increase the FS benefit;
- The household voluntarily requests to have its FS case closed. Districts are reminded that, when a household requests in writing to have its FS benefits terminated, they may close the case without further notice. Districts must send an adequate notice of discontinuance confirming a household's oral request to close its FS case.

SSDs must provide an adequate notice sent no later than the date of the proposed action resulting from information furnished in a periodic report, or case closing for failure to return a periodic report. In addition, SSDs must continue to process non-financial changes that households may voluntarily report during their certification periods, such as address changes and corrections of demographic information.

For TA/FS six-month reporting households, workers must not act on, or compute FS overpayment amounts for, change reports other than those listed above. When a six-month reporting household notifies the SSD of, but does not verify, a change other than income over 130 percent of poverty, the SSD cannot require the household to verify the change for FS purposes. If the change would increase benefits, however, the SSD must inform the household that FS benefits cannot be increased until the household verifies the change, and encourage the household to provide verification.

During its certification period, a TA/FS household's failure to report a change does not result in a FS overpayment or loss of FS eligibility unless the household:

- Has total gross monthly income over the 130 percent of poverty threshold;
- Has a certification period of more than six months, and fails to return a completed periodic reporting mailer (LDSS-4310) in the sixth month; or
- Is subject to, and fails to meet, Able-Bodied Adults Without Dependents (ABAWD) eligibility requirements.

In addition, a TA/FS household that fails to return a completed quarterly report for TA must have its FS continued for the duration of its original certification period if otherwise eligible, based on the most recent verified information (including removal of the TA grant as income from the FS budget).

2. Non-TA/FS Cases and Upstate Mixed FS Cases (Effective July 1, 2001)

Non-TA/FS and Mixed FS households subject to six-month reporting must report when their income exceeds 130 percent of poverty, and must report changes on their periodic reporting mailer (LDSS-4310) if they are certified for more than six months. They also may voluntarily report additional changes. **For a Non-TA/FS case subject to the FS six-month reporting rule, only the following reported changes can be reflected in its FS benefit calculation:**

- Total household gross monthly income exceeds 130 percent of poverty. When a FS household reports *in person or in writing* that their income exceeds 130 percent of poverty, the SSD must act on the reported change. When a FS household informs the SSD *by telephone* of income over 130 percent of poverty, the SSD must immediately send the household a written request to confirm the information, either with documentary evidence or a written and signed statement, allow ten days for the household to provide verification, and act on the additional information when received. If a household fails to comply with the request for verification, the SSD must provide timely and adequate notice to discontinue FS benefits;
- The information is considered verified upon receipt (Please see section IV.C.3 of this directive for a definition of "verified upon receipt");
- The information is reported at recertification;
- The information is reported on the FS six-month periodic reporting mailer (LDSS-4310) by a household with a certification period longer than six months; or
- The household voluntarily reports and verifies information that will increase the FS benefit. Before increasing benefits, changes that would potentially increase a household benefits must be verified with the primary source. For earned income, verification may be from the employer or from pay stubs, but the district must not contact the employer directly without the household's permission;
- The household voluntarily requests to have its FS case closed. Districts are reminded that, when a household requests in writing to have its FS benefits terminated, they may close the case without further notice. Districts must send an adequate notice of discontinuance confirming a household's oral request to close its FS case.

SSDs must provide an adequate notice sent no later than the date of the proposed action resulting from information furnished in a periodic report, or case closing for failure to return a periodic report. In addition, SSDs must continue to process non-financial changes that households may voluntarily report during their certification periods, such as address changes and corrections of demographic information.

Workers must not act on, or compute overpayments for, changes reported by a Non-TA/FS six-month reporting household other than those changes listed above. When a

six-month reporting household notifies the SSD of, but does not verify, a change other than income over 130 percent of poverty, the SSD cannot require the household to verify the change for FS purposes. If the change would increase benefits, however, the SSD must inform the household that FS benefits cannot be increased until the household verifies the change, and encourage the household to provide verification.

During its certification period, a Non-TA/FS household's failure to report a change does not result in an overpayment or loss of FS eligibility unless the household:

- Has total gross monthly income over the 130 percent of poverty threshold;
- Has a certification period of more than six months, and fails to return a completed periodic reporting mailer (LDSS-4310) in the sixth month; or
- Is subject to, and fails to meet, Able-Bodied Adults Without Dependents (ABAWD) eligibility requirements.

3. Changes Considered Verified Upon Receipt

For purposes of processing changes for FS households subject to six-month reporting, information is considered to be verified upon receipt if it is not questionable and the provider is the primary source for the information. A report of a change in income cannot be considered as verified upon receipt unless it includes exact new income amount, effective date of receipt and any other information needed to recalculate the food stamp benefit amount. Examples of information that is verified upon receipt include the following:

- Computer match information about federal benefits received from the Social Security Administration, such as SDX and BENDEX. SSDs are reminded that computer matches from secondary sources, such as quarterly wage matches or earned income information on the SDX, are not considered verified on receipt, and would be resolved at households' next six-month contacts;
- Information from the Department of Labor or local district employment contractor that a recipient failed to comply with a FS work requirement;
- A determination by a court, administrative hearing or disqualification consent agreement of an Intentional Program Violation (IPV);
- Actions taken by other programs under the authority of the SSD that affect budgeted FS expenses, such as changes in child care subsidies that affect FS dependent care deductions, and changes in Medicaid spenddown amounts that affect FS medical deductions;

D. Additional Information About Six-Month Reporting

1. Prospective budgeting of income

- When budgeting six-month reporting cases, SSDs will continue to use the "best estimate practice" to project average monthly income to prospectively calculate FS benefits for six-month reporting households. SSDs use monthly amounts of income that is paid on a monthly or semi-monthly frequency. For income received on a weekly or biweekly basis, guidelines for using the most recent four weeks' income information, not including atypical weeks, or using new information if income has significantly and permanently changed, still apply. Please refer to 93 ADM-9 for a more detailed explanation of the "best estimate practice".
- When determining whether a household's income exceeds their 130 percent of poverty threshold, such that the change must be reported and processed, the total gross monthly income is derived by adding the last four weeks of earned income (regardless of whether four or five weekly, or two or three biweekly pays were received) to any unearned income received in the month.

2. Closing six-month reporting households' cases

SSDs must discontinue FS benefits of a six-month reporting household when the household:

- becomes ineligible based on a reported change in income that exceeds the 130 percent threshold;

- requests to have its case closed;
- is certified for more than six months, and fails to return a completed periodic reporting mailer (LDSS-4310) in their sixth month;
- no longer resides in New York State;
- all household members have died; or
- is otherwise ineligible for reasons such as failure to meet ABAWD requirements, because all household members are sanctioned or disqualified, or for a reason that is voluntarily reported by the household such as ineligible student status.

3. Leaving six-month reporting

A household that loses its earned income or otherwise becomes exempt from six-month reporting, will remain on six-month reporting until its next recertification.

4. When household members leave

When an eligible member of a six-month reporting household leaves during the certification period, the individual is not removed from the case count unless:

- the certification period is longer than six months and the change was reported on a six-month periodic reporting mailer (LDSS-4310);
- removing the individual (and his or her income) will result in increased benefits and the change is verified; or
- the leaver has joined another FS household, which requests that the individual be added to their case.

5. Periodic reporting

Households that are subject to six-month reporting and have certification periods of seven full months or greater will be required to complete periodic change report mailers. The periodic reporting mailer is the same LDSS-4310 form used for the quarterly reporting program. The periodic reporting mailer will be generated by WMS at the end of the fifth month of the certification period for households with certification periods of seven months or greater. The household must return the periodic report by the 10th day of the sixth month of the certification period. The changes reported on that form must be processed by the SSD and budgeted effective with the seventh month of the certification period.

6. Reminder notices

Systems support is being developed to send targeted reminder notices to Non-TA/FS six-month reporting households whose total gross monthly income is between 100 and 130 percent of poverty. Further information regarding this targeted group will be released when the system support becomes available.

7. Reporting changes in child support

A Food Stamp household that formerly quarterly reported solely due to their FS deduction for legally obligated child support will not transition to six-month reporting rules because they have no earned income. These households will now be subject to 10-day reporting, i.e., they must report any changes, including changes in the amount of legally obligated child support they pay, within 10 days of the change.

E. Establishing FS Claims Under Six-Month Reporting

Most employed FS households will not have changes that they are required to report between six-month contact points. The six-month contact is the face-to-face recertification or, for households certified for seven months or more, the periodic reporting mailer (LDSS-4310). Due to the reduction in changes that must be reported and processed, fewer overpayments should occur. However, SSDs must calculate an overpayment and establish a claim in the case of a six-month reporting household in the following two circumstances:

- The household does not provide accurate information at application, recertification, or on a periodic reporting mailer, and the discrepancy results in an overpayment. The overpayment

amount is computed by rebudgeting with the correct income amount for the month when the change would have taken effect, and "freezing" that benefit amount until the next change reporting point.

Example: The Metzgers apply for FS on February 1 and report Mr. Metzger's earnings of \$100 per week. The worker uses the reported information to certify the household for six months, and informs the household of the six-month reporting rule. In March, Mrs. Metzger reports that she also has had earnings since January, and verifies that an additional \$50 per week should have been reported at application and budgeted for February 2002 forward. The worker provides timely and adequate notice, reduces their May benefit and establishes a claim for the overpayment in the months of February through April. The overpayment amount calculated for February also is the overpayment amounts for the months of March and April, because the correct certification information would have been used to compute and "freeze" the February benefit amount until the next change reporting point.

- The household fails to report that it has income over 130 percent of poverty, unless the case is closed by the end of the month following the excess income month. For a household whose income exceeds the 130% standard, the overpayment period begins with the 2nd month following the month in which the household exceeded the 130% limit, to allow for reporting, processing and timely notice timeframes. All subsequent months' benefits are included in the overpayment calculation, unless the household has since re-applied or recertified and been found eligible.

Example: In their October 25 recertification interview, an eligibility worker discovers that the Myersons' gross income currently exceeds 130 percent of their monthly poverty level. The worker determines that the household's income first exceeded 130 percent of poverty in July. Had the household complied with the requirement to report this by August 10, the worker would have closed their case effective August 31 and there would have been no overpayment. The worker must provide timely and adequate notice to discontinue benefits effective November 30, and calculate an overpayment to include the total benefits issued for September, October and November.

SSDs are reminded that, when evaluating for possible overpayment, the 130 percent comparison is based on a household's total gross countable income received from all sources. For determining whether an overpayment occurred, the gross monthly income is derived by adding the last four pay weeks of earned income to whatever unearned income was received in the month (regardless of whether four or five weekly pays were received). This monthly amount is then compared to the 130% monthly poverty level.

Example: Ms. Earnest, whose FS case was opened in June, received five \$200 paychecks in the month of July 2001. The eligibility worker adds the last four pay weeks of income to equal \$800, instead of the five weeks that would total \$1,000. As a household of one, Ms. Earnest's 130% poverty level for July 2001 was \$905. The worker therefore determines that Ms. Earnest was still eligible, was not required to report the change and did not incur an overpayment.

A six-month reporting FS household whose income changes but remains under the 130 percent threshold is not required to report, and does not accrue an overpayment, based on an income change during its certification period. Additionally, a household's loss of a household member, or gain of a new member with income, during its certification period is not a mandatory reportable change. The 130 percent threshold is fixed at their household size set at their last recertification (or periodic reporting mailer, for those certified for longer than six months).

For a six-month reporting household that is subject to, but fails to comply with, TA quarterly reporting, no overpayment is calculated unless the household's income exceeds 130 percent, or it fails to report changes at recertification or, if certified for more than six months, on its periodic interim reporting mailer.

V. Systems Implications

A. Upstate WMS and ABEL

Workers must enter Code "B" or "L" in the Quarterly Contact field in WMS Screen 1 to generate the periodic reporting mailer for six-month reporting households that are certified for seven full months or greater and are one of the following:

- A household with earnings in a bottom-line budget ("B");
- A household with sporadic earnings ("L"); or
- A household that loses employment, but remains subject to six-month reporting rules for the balance of its certification period ("L").

Workers must enter Code "E" in the Quarterly Contact field to exempt Non-TA/FS households from the periodic reporting requirement if they have a certification period of seven full months or greater and their only source of earned income is from **annualized** self-employment. Specifications for WMS generation of periodic reporting mailers have been modified to identify and exclude all other households who are exempt from the requirement to return completed periodic reporting mailers.

B. NYC WMS and ABEL

Any future modifications will be transmitted in a separate release.

VI. Additional Information

Temporary Assistance (TA) Implications

There has been no change in TA reporting requirements. TA households with earnings continue to be required to comply with semi-annual face-to-face recertifications and quarterly reporting (QRS) requirements, as outlined in 93 ADM-9, unless the SSD has secured a waiver from TA QRS requirements pursuant to 2001 ADM-14.

VII. Effective Date

The six-month reporting provisions are effective April 1, 2001, except as otherwise specified in this directive.

Issued By

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