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**Administrative Directive**

**Section 1**

<b>Transmittal:</b>	08-ADM-09
<b>To:</b>	Local District Commissioners
<b>Issuing Division/Office:</b>	Center for Employment and Economic Supports
<b>Date:</b>	October 29, 2008
<b>Subject:</b>	Farm Bill Reauthorization Provisions of Food Stamp Program for 2008
<b>Suggested Distribution:</b>	Temporary Assistance Directors Food Stamp Directors Employment Coordinators Staff Development Coordinators
<b>Contact Person(s):</b>	For Food Stamp Policy Changes: Food Stamp Bureau at 518-473-1469 For Upstate WMS Systems: Tom Walkuski at 518- 473-9780 For Downstate WMS Systems: Patricia Bennett at 212-961-8185
<b>Attachments:</b>	none
<b>Attachment Available On – Line:</b>	<input type="checkbox"/>

**Filing References**

<b>Previous ADMs/INFs</b>	<b>Releases Cancelled</b>	<b>Dept. Regs.</b>	<b>Soc. Serv. Law &amp; Other Legal Ref.</b>	<b>Manual Ref.</b>	<b>Misc. Ref.</b>
02 ADM-7 01 ADM-16 01 ADM-9		NYCRR Part 387	P.L. 110-246 - Food, Conservation, and Energy Act of 2008		ABEL Transmittal 08-2; NYC ABEL Transmittal (PA/FS 2008.3; NPA/FS 2008.3); LDSS-4148B; 97 ADM-23; GIS 08TA/DC019

## **Section 2**

### **I. Summary**

This Administrative Directive (ADM) provides information on the implementation of mandatory provisions of the Food, Conservation, and Energy Act of 2008, commonly referred to as the 2008 Farm Bill. The Act was signed into law on June 18, 2008 [Public Law 110-246, (FCEA)]. This Act changes the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP), and also renames the Food Stamp Act of 1977 as the Food and Nutrition Act of 2008 (FNA). A number of changes authorized by the Act take effect at the beginning of the new Federal Fiscal Year (FFY) on October 1, 2008.

Several provisions are intended to maintain the purchasing power of food stamp benefits by providing annual increases, indexed to inflation, to the minimum benefit and the standard deduction. This is in addition to the annual adjustment to the Thrifty Food Plan amount. Other provisions uncap dependent care deductions, periodically index resource limits, improve program integrity, and aim to better target nutrition education efforts. This ADM does not address certain optional provisions addressed in the re-authorization, or provisions that require federal regulations to be in place prior to implementation. These optional provisions regarding the expansion of simplified reporting requirements and Transitional Benefits Alternative (TBA) currently are being evaluated by the Office of Temporary and Disability Assistance (OTDA) for implementation at a later date. The provisions cited in Section IV, Program Implications, must be implemented effective October 1, 2008.

### **II. Purpose**

The purpose of this ADM is to inform districts of the Food, Conservation, and Energy Act of 2008 provisions that are being implemented effective October 1, 2008.

### **III. Background**

The Food, Conservation, and Energy Act of 2008 reauthorizes and amends the original Food Stamp Act of 1977, and expands upon subsequent reauthorizations done on a five-year basis. The “Farm Bill” will be up for reauthorization again in 2012.

As noted above, the Act changes the name of the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP). This change is only effective at the federal level. This means that all federal references to the program will be to SNAP, effective October 1, 2008. In New York State, the program will continue to be called the Food Stamp Program unless specifically referring to the federal SNAP. While OTDA is also considering a name change to SNAP, no such change is being made at this time.

### **IV. Program Implications**

Upstate, all budgetary changes in Program Implications Section A through C (below) have been implemented as part of the 2008 ALL MRB/A for FS ABEL budgets calculated on or after 8/25/08 with “FROM” dates of 10/1/08 or later (ABEL TRANSMITTAL 08-2). Downstate

ABEL changes were done as part of the 2008 Thrifty Food Plan Mass Re-budgeting on 9/21/08 for budgets with saved and authorized effective dates of 10/1/08 and later. Other mandatory changes, cited in D through J, will be implemented in local districts as discussed in Section 2.V, Required Action.

Changes to administration of the Food Stamp Program in New York State are as follows:

**A. Increase to The Standard Deduction**

The Standard Deduction for households with 1-3 persons has been increased from \$134 to \$144, effective October 1, 2008. It will be adjusted annually along with the annual adjustments to the Thrifty Food Plan and other allowances and deductions. Food stamp (FS) households of more than three persons already receive annual indexed increases to the Standard Deduction. (Note: The Standard Deductions, effective for 10/1/08, for a household of four persons will be raised to \$147, for a household of five to \$172, and for households of six or more to \$197.)

**B. Lifting of Cap on Dependent Care Deduction**

The cap on the amount of out-of-pocket dependent care costs that can be allowed as an income deduction has been lifted, effective October 1, 2008. Previously, the deduction for out-of-pocket expenses was capped at \$175 per dependent age 2 years of age or older, and at \$200 for dependents under 2 years of age. The full amount of out-of-pocket dependent care costs paid by a household is now deductible from a household's income.

This change may increase benefit amounts received by the 7,850 households in NYC (52% of households receiving the deduction in NYC) and the 2,800 households in "Rest of State" New York districts (31.5% of households receiving the deduction) that currently have verified out-of-pocket dependent care expenses in excess of the previous caps.

**C. Increase to the Minimum Monthly Benefit**

The minimum monthly benefit amount for all eligible one- and two-person households has increased from \$10 monthly to \$14 monthly, effective October 1, 2008. The minimum benefit for one- and two-person households is now set at 8% of the Thrifty Food Plan amount (maximum monthly FS benefit amount), rounded to the nearest dollar, for a household with one member. The minimum monthly benefit amount will be adjusted annually along with the Thrifty Food Plan amounts. This adjustment to minimum regular monthly benefits for one- and two-person households does not affect the amount of a minimum benefit that may be issued for a prorated partial month benefit at initial certification. That minimum amount remains at \$10 monthly. Policy governing the issuance of prorated benefits remains as currently specified in the Food Stamp Source Book (FSSB) Section 10.

**D. Permanent Income Exclusion for Combat Pay**

The Act makes statutory the income exclusion for combat pay. This means that any portion of a household's income that is considered to be combat pay must be excluded as income. This policy already has been in place since 2005 under federal regulatory authority. Placing the exclusion in statute makes it permanent.

**E. Indexing of Resource Limits**

The reauthorization enacted a formula for indexing the current federal resource limits of \$2,000 for households without any aged or disabled members, and of \$3,000 for households with aged or disabled members. The formula indexes these amounts to inflation, but only in increments of \$250. In essence, this means that there is an “adjusted for inflation” threshold. Until the adjusted amount exceeds the current limit by \$250, no adjustment to the limits will occur. This formula will not affect resources before 2011. This indexing is mentioned for informational purposes only. It does not have any effect on current program operations. Districts are reminded that due to the expansion of categorical eligibility (see 07 ADM-09 and 08 INF-03) in New York State, relatively few households applying for or receiving FS benefits are subject to resource limits. This reminder also applies to items F and G immediately below.

**F. Exclusion of Tax Preferred Retirement Accounts**

The Act excludes “Tax Preferred” Retirement Accounts such as Keogh Plans, Individual Retirement Accounts (IRAs), Simplified Employer Plans, Profit Sharing Plans and Cash Balance Plans from countable resources for any households subject to resource limits.

**G. Exclusion of Tax Preferred Educational Accounts**

The Act excludes “Tax Preferred” Educational Accounts, such as 529s and Coverdell education savings accounts, from countable resources for any households subject to resource limits.

**H. Food Stamp Employment and Training (FSET) Activity**

Two provisions have been mandated in the Act for FSET Activity:

1. The Act allows FSET funds to be used for “Job Retention Services” for up to 90 days after FSET participants begin employment, and
2. The Act clarifies that FSET volunteer participants are not subject to the 120-hour per month participation limit.

**I. Expungement of FS Benefits from Electronic Benefit Transfer (EBT) Accounts**

The Act made statutory the regulatory requirement that food stamp benefits not be expunged from EBT accounts unless they have not been redeemed within 365 days of issuance. Previously, states such as New York had waivers to the regulation governing expungement. New York State, for example, expunged the unused portion of any monthly FS benefit after 270 days of inactivity. Effective October 1, 2008, New York increased the expungement threshold to 365 days. Local districts are reminded that expunged benefits may not be reissued.

Please note that expunged FS benefits will continue to be applied to overpayment claims in CAMS. Outstanding claims will continue to be reduced by the amount of the remainder of the expunged benefit.

**J. Phasing-Out of Food Stamp Coupons as Legal Tender**

The Act stipulates that no coupons may be redeemed as of one year after the date of enactment. This means that, after June 17, 2009, authorized food stamp retailers will not be able to accept FS coupons.

**V. Required Action**

**A. Increase to the Standard Deduction (System Supported by October 2008 Mass Re-budgeting)**

Budgets stored with effective dates on or after 10/01/08 or later, now reflect the increases to the Standard Deduction amounts. For existing budgets, the increase will be implemented, as part of the annual Thrifty Food Plan mass re-budgeting.

**B. Lifting of Cap on Dependent Care Deduction (System Supported by October 2008 Mass Re-budgeting)**

This change is fully supported by ABEL, meaning that as long as the actual dependent care costs are accurately captured on the ABEL budget, the proper benefit amount will be generated for budgets with effective dates of 10/01/08 or later. Households with verified out-of-pocket dependent care costs in excess of the previous caps to the deduction may receive increased benefits.

With the uncapping of the Dependent Care Deduction, it becomes even more important to fully explore this issue with applicants and recipients during the eligibility and recertification interviews to ensure that households are receiving the correct amount of benefits. At next agency contact, workers should review each household's information regarding out-of-pocket dependent care costs incurred by the household to ensure that the Dependent Care Deduction(s) allowed on ABEL accurately reflects the actual incurred monthly dependent care expenses.

**C. Increase to the Minimum Benefit (System Supported by October 2008 Mass Re-budgeting)**

As noted above, the minimum monthly benefit for all eligible one- and two-person households is increasing from \$10 monthly to 8 percent of the Thrifty Food Plan (maximum monthly FS benefit) for a one-person household, rounded to the nearest dollar. This change is fully supported in WMS. For existing FS cases with budgets with effective dates of 10/01/08 or later, the change in the minimum benefit will be done as part of the annual Thrifty Food Plan mass re-budgeting. This adjustment to the minimum regular monthly benefit amount for one- and two-person households does **not** change the \$10 minimum monthly benefit threshold for partial month grants at initial certification. Pro-rations that yield a monthly benefit of less than \$10 will result in the household being ineligible for a benefit during the initial month of application. This policy is described in Section 10 of the Food Stamp Source Book.

**D. Income Exclusion for Combat Pay**

As noted above, the exclusion of any portion of a service person's income considered to be combat pay has now been made permanent. And, as also noted above, this policy has been effect since 2005, so there should not be any impact on current operations. Districts will continue to exclude from a household's gross income any portion of a household's income that is attributable to combat pay.

**E. Indexing of Resource Limits**

No required action at this time.

**F. Exclusion of Tax Preferred Retirement Accounts**

As noted above, the Act codified the exclusion of "Tax Preferred" Retirement Accounts such as Keogh Plans, Individual Retirement Accounts (IRAs), Simplified Employer Plans, Profit Sharing Plans and Cash Balance Plans from countable resources for any households subject to resource limits. Due to the expansion of Categorical Eligibility for the Food Stamp Program in New York State (see 07 ADM-09 and 08 INF-03), only the following applicant or recipient households are **not** categorically eligible for Food Stamps:

1. households that have a member who is either disqualified from the Food Stamp Program due to an Intentional Program Violation (IPV) or a sanction;
2. households that have members who are aged or disabled **and** income in excess of 200% of the poverty limit;
3. households that do **not** have any aged or disabled members **and** have income in excess of 130% of the poverty limit. (Note: In fact, households that do **not** have any aged or disabled members and are above the gross income limit for FS and will not be eligible.)

Only for these households must resource limits still be considered when evaluating eligibility for food stamp benefits.

**G. Exclusion of Tax Preferred Educational Accounts**

Again, The Act excludes "Tax Preferred" Educational Accounts, such as 529s and Coverdell education savings accounts, from countable resources for any households subject to resource limits. (See Required Actions item F, immediately above.)

**H. Food Stamp Employment and Training (FSET)**

FSET funds may be used to provide job retention services for up to 90 days to individuals who obtain employment **after receiving other FSET services**. Job retention services include, but are not limited to, case management, transportation assistance, clothing or equipment required for the job and test or licensing fees. Individuals who volunteer to participate in approved

FSET activities are no longer subject to the 120-hour per month participation limit or the requirement that the number of hours of participation not exceed the household's food stamp benefit divided by the higher of the applicable federal or state minimum wage. This includes volunteers working 30 or more hours per week. Mandatory FSET participants may only be **required** to participate in activities for 120 hours per month, but may volunteer to participate for an unlimited number of additional hours.

**I. Accrued Benefits that Remain Not Accessed by Households for 365 Days**

Changes to Client Informational Booklet #2, "What You should Know About Social Services Programs" (LDSS-4148B) will inform households that if a Food Stamp EBT account is not accessed for a period of 365 consecutive days, any benefits remaining in the account that are at least 365 days old will be expunged. As noted above, expunged benefits cannot be reissued, but will be applied to any outstanding food stamp benefit overpayment claims registered in CAMS.

**J. Phasing-Out Coupons as Legal Tender**

Changes to the Client Informational Booklet #2 will advise recipients who retain possession of paper coupons that coupons will no longer be accepted for purchases after June 17, 2009. Participating merchants have been instructed to accept these coupons until June 17, 2009.

**VI. Systems Implications**

**Upstate ABEL** – The following information is contained in ABEL TRANSMITTAL 08-2: the new FS Standard Deduction amounts, removal of the dependent care deduction caps, and establishment of a new \$14 minimum monthly FS benefit for one- and two-person households. All of these changes were implemented as part of the 2008 ALL MRB/A for FS ABEL budgets calculated as 8/25/08 with "FROM" dates of 10/1/08, or later.

**Downstate ABEL** - The following information is contained in NYC ABEL Transmittal (PA/FS 2008.3 Revised; NPA/FS 2008.3 Revised): the new FS Standard Deduction amounts, the removal of the dependent care deduction caps, and establishment of a new \$14 minimum FS benefit for one- and two-person households. These changes were implemented as part of the 2008 Thrifty Food Plan MRB for budgets with an effective date of 10/1/08 or later.

**VII. Additional Information (Optional)**

None.

**VIII. Effective Date:**

October 1, 2008.

**Issued By**

**Name:** Russell Sykes

**Title:** Deputy Commissioner

**Division/Office:** Center for Employment and Economic Supports