

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



January 21, 1987

ALL COUNTY LETTER NO. 87-12

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP CATEGORICAL ELIGIBILITY ORD #1186-54
TREATMENT OF EDUCATIONAL LOANS AND GRANTS ORD #1186-51

The purpose of this letter is to provide the County Welfare Departments (CWDs) with information and instructions concerning the implementation of food stamp regulation changes contained in the above referenced regulation packages. Regulations have been filed with and approved by the Office of Administrative Law (OAL). The Office of Regulation Development (ORD) will transmit copies of these regulations under separate cover to all CWDs shortly. Specifically, this letter provides:

- 1) Details of the regulation changes;
- 2) Procedures for informing recipients of the availability of restored benefits;
- 3) Procedures for processing applications for restored benefits;
- 4) Procedures for determining eligibility for and issuing retroactive benefits; and,
- 5) Forms related information.

ORD #1186-54

Categorical Eligibility

The categorical eligibility regulations are effective for all new food stamp applications filed on or after February 1, 1987. These regulations also provide for restoration of benefits to entitled households retroactive to December 23, 1985. When determining the amount of retroactive benefits to which a household is entitled, the coupon issuance tables effective July 1, 1986 should be used for the period December 23, 1985 through September 30, 1986. Those tables include benefit levels for households that are categorically eligible. The tables effective October 1, 1986 should be used to determine benefits for the period October 1, 1986 forward. The coupon issuance tables will be released in handbook form January 20, 1987. These tables will be released in SDSS Manual Letter Nos. FS-86-06 and FS-86-07.

Determining Household Composition

These regulations change SSI recipients and ineligible students from nonhousehold members to excluded members for the purpose of determining household composition. The household composition provisions are not retroactive.

Penalty of Perjury

Addition of a penalty of perjury statement to the food stamp application (DFA 285-A2) is now required. The penalty of perjury statement must be signed by an adult household member or an authorized representative. The only exception to this would be when the household is composed only of minors. In this situation, a responsible minor may sign, if there is not an adult available to sign on their behalf.

ORD #1186-51

Treatment of Educational Loans and Grants

The new regulations concerning the treatment of educational loans and grants are effective for all new food stamp applications filed on or after February 1, 1987. These regulations also provide for restoration of benefits to entitled households back to August 22, 1986 except for the Job Training Partnership Act (JTPA) provisions which are retroactive to August 1, 1986.

FSQUADS

Because of the many changes in these regulations and other recent changes, some of the FSQUADS are outdated or obsolete. Affected FSQUADS will be deleted or revised during the next FSQUAD update. Questions regarding the applicability of individual FSQUADS should be directed to the Food Stamp Policy Implementation Unit.

ATTACHMENTS

Attachments to this letter include:

- 1) General Instructions for Restoration of Benefits
- 2) Specific changes in Food Stamp Categorical Eligibility -
ORD #1186-54
- 3) Specific changes in Treatment of Educational Loans and
Grants - ORD #1186-51
- 4) Forms Related Information
- 5) Household Concept Chart

If you have any questions regarding the implementation or restoration procedures in this letter, please contact the Food Stamp Policy Implementation Unit at (916) 322-5330. If you have any questions regarding the forms, please contact the AFDC and Food Stamp Compliance Unit at (916) 323-4954.



ROBERT A. HOREL
Deputy Director

Attachments

cc: CWDA

GENERAL INSTRUCTIONS FOR RESTORATION OF BENEFITS

The following guidelines are provided to clarify the specific requirements for restoring benefits for both categorical eligibility and student educational loans and grants. Guidelines for restoration of benefits specific to individual packages are contained in Attachments 2 and 3.

Requesting Restoration

When a nonparticipating household claims entitlement to lost benefits, it is suggested that the CWD use the top portion of the DFA 285-A1, Application for Food Stamps Part-1, to document the request. A separate form should be used for each county in which the household was denied benefits and from which the household is requesting restored benefits.

If a request is received for a month in which the CWD neither paid nor denied benefits to the household and it appears that the benefits were lost in another county, the CWD shall forward the request to the appropriate CWD, if known. If the appropriate CWD is not known, the household shall be advised that the request must be processed by the CWD where the benefits were lost. It is ultimately the responsibility of the household to request restoration of lost benefits from the appropriate CWD.

How to Establish Eligibility for Restoration of Benefits

The CWD shall determine eligibility by requesting that the household provide whatever information the CWD needs to determine eligibility and compute benefits.

If a complete application was not taken at the time of the denial, the CWD shall update the incomplete application or request a new application reflecting the circumstances for the original month of application.

For each month during the restoration period after the original month of application, the CWD shall request any required CA 7s or change reports, as appropriate.

The household must submit complete CA 7s and all required verification. In the event that documentation is no longer available for the restoration period, an affidavit may be accepted as the required verification for the application, CA 7 or change report.

Any questionable or inconsistent information identified in this process shall be handled in accordance with existing regulations 63-300.53 and 63-504.342 as appropriate for the situation.

Households Determined Ineligible for Restoration

Food Stamp regulations do not require the CWD to deny the household's request for restored benefits in writing. However, it is suggested that the CWD use the denial section of the DFA 377.1, Notice of Action, or the comments section of the DFA 377.4, Notice of Change for this purpose. Use of a written notice facilitates the household's ability to request a state hearing if it disagrees with the denial as provided in M.S. 63-802.41.

Other

Additional provisions concerning notice, issuance and accounting requirements when restoring benefits are contained in M.S. 63-802 and shall apply to these restorations.

The CWD should report the activities associated with these restorations on the DFA 296 Caseload Movement Status Report in the same manner that all other restorations are reported.

FOOD STAMP CATEGORICAL ELIGIBILITY -
ORD #1186-54

Summary of Major Provisions

Households Eligible for Categorical Eligibility

Households in which all members are applying for public assistance (PA) shall be entitled to apply for food stamps at the same time. Any household in which all members receive or are authorized to receive PA are categorically eligible for food stamps. Any households that have members who are currently disqualified for an intentional Program violation, who fail to comply with monthly reporting requirements, or who fail to comply with work requirements will not be considered categorically eligible. The categorical eligibility of a household will not be affected by ineligible aliens, ineligible students, SSI recipients, SSN-disqualified persons or a person institutionalized in an unauthorized facility. For example, if a household contains a person disqualified for an intentional Program violation, the household is not entitled to categorical eligibility. However, if the household contains an ineligible alien, the remaining members would not lose their right to categorical eligibility. Households that receive General Assistance, households that are State only AFDC cases, Refugee Cash Assistance (RCA), Refugee Demonstration Project (RDP) or Entrant Cash Assistance (ECA) (Categories 01, 77, 78, 08), and mixed households are not considered categorically eligible.

Application Processing

When a household applies for PA and is determined to be categorically eligible, the household's resources, gross and net income limits, social security number information, sponsored alien information and residency do not need to be further verified for food stamps.

When determining if a household is categorically eligible, the CWD shall verify the following factors, only when questionable:

- 1) The household contains only food stamp eligible members that are PA recipients;
- 2) The household meets the definition of a food stamp household;
- 3) All persons in the food stamp household purchase and prepare meals together; and,
- 4) The household does not include members who have been disqualified for participation in the Food Stamp Program.

If a household is approved for PA and determined categorically eligible within 30 days, the county shall provide food stamp benefits to the household from the date of the application. If a household's PA determination has not been made by the 30th day, then the case should be processed as a nonassistance (NA) food stamp case.

A potentially categorically eligible case cannot be denied before the 30th day. If an NA case is denied after the 30th day, the county must inform the household on the denial notice, that it must notify the county if it is later determined eligible for PA (see Attachment 4). Once eligible for PA the county will use the original application and any subsequent information to determine food stamp benefits. Benefits must be provided from the date of the original FS application, or from the date the PA benefits are paid, whichever is later. The household is not to be interviewed again; however, the county may contact the household through the mail or by telephone to update or clarify any information. The CWD may send a copy of the original application to the household. Any changes on the updated application are to be initialed and re-signed by an authorized household member or authorized representative.

A household will remain categorically eligible when:

- 1) PA benefits have been approved but not yet issued;
- 2) PA overpayment adjustments result in zero (\$0) PA benefits;
- 3) a household is entitled to less than \$10 in PA benefits which results in no grant being paid;
- 4) the household is suspended from PA; or
- 5) a food stamp household with 3 or more members is entitled to zero (\$0) benefits.

When a categorically eligible household is entitled to zero (\$0) food stamp benefits, the CWD must so inform the household (see Attachment 4).

Determining Household Composition

Under the new regulations there are now two categories of excluded members:

- 1) SSI recipients and ineligible students; and,
- 2) Ineligible aliens, individuals who are SSN disqualified, intentional Program violation disqualified or workfare sanctioned.

Regulations now require that SSI recipients and ineligible students be treated as excluded members when determining the household composition. An example of this change is as follows:

Two sisters and their children live together. Sister A and her children receive AFDC. Sister B is an SSI recipient but her children receive AFDC. Under the new regulations there is only one food stamp household. Siblings living together and parents living with their children are required to be in the same food stamp household. Sister B's receipt of SSI would not break the food stamp household link. The food stamp household would consist of sister A, her children and sister B's children. This household would also be considered categorically eligible.

The attached household concept chart shows the treatment of all excluded members (Attachment 5).

Monthly Reporting

Categorically eligible households must continue to submit a complete CA 7 monthly report for Food Stamps. For items that require verification, the verification provided for AFDC is all that is required. Those households that are categorically eligible but entitled to zero benefits must also continue to meet food stamp monthly reporting requirements.

Recertification

The joint processing requirements for categorical eligibility will also apply at recertification. If the PA redetermination is not completed timely, the food stamp recertification is not to be delayed and categorical eligibility will be assumed.

Client Informing

Regulations require that clients be informed of the availability of retroactive benefits under the categorical eligibility provisions (M.S. 63-064.2). In February 1987, the Department will forward to the CWDs a general notice (TEMP 1695) to be used for this purpose. Counties have the option of doing a separate mailing or mailing the general notices with the March, April or May 1987 AFDC check for PA cases or for NA cases with the Food Stamp allotment or the Authorizations to Purchase. If counties wish, they can stagger the issuance of the notice over the three months rather than mailing them all out at once. FSOLIS counties may send the notice to recipients in any mailing but no later than during May 1987.

Restoration of Benefits

Any household that applied for and was denied benefits, or was receiving benefits and had them terminated since December 23, 1985 may be entitled to a restoration of benefits. If the household was categorically eligible, the restoration of benefits is retroactive to the date of application, the date of termination, or December 23, 1985, whichever is later. The CWD is required to review cases for retroactive categorical eligibility in situations in which the household requests a review or the CWD otherwise becomes aware that a household may be entitled to a restoration of lost benefits.

A request by a household for review of the case for restoration of lost benefits is not to be considered an application for ongoing benefits unless the household requests to apply.

For each month that the household cannot provide the necessary information/verification for a deduction, the deduction will not be allowed when computing the benefits to be restored.

TREATMENT OF EDUCATIONAL LOANS AND
GRANTS - ORD#1186-51

Summary of Major Provisions

Job Training Partnership Act (JTPA)

Students assigned to or placed in an institution of higher education through a program under the Job Training Partnership Act (JTPA), meet the student eligibility criteria which will allow them to be considered for participation in the Food Stamp Program. This change is retroactive to August 1, 1986.

Changing Disabled to Unfit

Retroactive to August 22, 1986, for student eligibility purposes, the term "disabled" has been changed to "unfit" in order to eliminate confusion between unfitness related to student eligibility and disability related to the general Food Stamp Program eligibility. For any student claiming mental or physical unfitness which is not clearly evident, the CWD must verify proof of unfitness. Acceptable evidence for establishing mental or physical unfitness includes proof of receiving temporary or permanent disability benefits from private or government sources or statements from a physician, a licensed or certified psychologist. This is consistent with the verification requirement in the work registration provisions (M.S. 63-407.21b).

Vendor Payments as Income

Retroactive to August 22, 1986, educational loans, grants, and other benefits which are paid to a third party on behalf of the household for normal living expenses are not excluded as vendor payments and must be counted as income. This provides regulatory clarification of existing policy.

Institutions of Post-secondary Education

The new provisions expand income exclusions to include tuition and mandatory fees at institutions of post-secondary education, which do not require a high school diploma or equivalency certificate, (M.S. 63-502.2(c)(1)).

Treatment of Loans

For purposes of determining the amount of an educational loan to be counted as income, loan origination fees and insurance premiums are excluded. The new provisions also allow an income exclusion for nonfederal educational assistance beyond that used for tuition and mandatory fees to the extent it is earmarked for educational expenses and is not provided for normal living expenses. An income exclusion for federal educational assistance beyond that used for tuition and mandatory school fees is prohibited. These provisions are effective retroactive to August 22, 1986.

Client Informing

No general informing notice will be required.

In February 1987 the Department will forward posters (TEMP 1696) alerting recipients and applicants of the availability of retroactive benefits. The posters must be displayed prominently in all AFDC and Food Stamp certification and issuance offices.

In addition, the Department will issue a statewide press release and public service radio announcements to radio stations in March in an effort to reach potentially eligible clients who have been denied benefits previously.

Restoration

Affected continuing cases must be converted to the new provisions and have benefits restored upon request by the household or no later than recertification or termination.

CWDs are required to review cases of nonparticipating households only upon request for a review of their entitlement to restored benefits.

The CWD must determine the household's resource and income eligibility and compute benefits for the affected months.

For each month that the household cannot provide the necessary information/verification, it shall be considered ineligible and shall not be entitled to a restoration of lost benefits for that month.

FORMS RELATED INFORMATION

FOOD STAMP CATEGORICAL ELIGIBILITY - ORD#1186-54

At the present time the CWDs will implement the items in the categorical eligibility package by using existing forms.

DFA 285-A1

If the DFA 285-A1 is used as an application for restored benefits, it is recommended that the application be annotated to show "Categorical Eligibility" and the specific period for which restoration of benefits is being requested.

It is also recommended that counties which choose to use the DFA 285-A1 as an application for restored benefits monitor stock levels of the DFA 285-A1(12/83) as a revised DFA 285-A1(2/87) is scheduled for an April 1, 1987 implementation.

DFA 285-A2

Based upon input from several counties, the decision has been made to continue to use both the DFA 285-A2, Application for Food Stamps-Part 2, and the CA 2, Statement of Facts, at least during the beginning months of implementation. During the next several months the Department will analyze application forms from both Food Stamps and AFDC to determine whether a supplement to the CA 2, rather than a separate DFA 285-A2, is appropriate.

Also, please note that a revised DFA 285-A2(2/87) is scheduled for an April 1, 1987 implementation. However, this pending revision contains only one change relating to categorical eligibility: the County Use Only Section on page 3 has been revised to add "YES" AND "NO" check boxes for the statement "Categorically Eligible".

Additionally, the DFA 285-A2(2/87) includes the penalty of perjury statement that must be signed by an adult household member or an authorized representative. The only exception to this requirement would be when the household is composed only of minors. In this situation, a responsible minor may sign, if there is not an adult available to sign on their behalf.

The Eligibility Worker instructions for the DFA 285-A2(2/87) will be modified to reflect the new categorical eligibility regulations.

DFA 377.1(12/83)

Categorical Eligibility regulations contain notice requirements which necessitate the addition of two data elements to the DFA 377.1(12/83), Food Stamp Notice of Action. The additional data elements will provide the counties with the ability to:

- (1) provide approval notice for a household of 3 or more when zero benefits are determined for the initial month and subsequent months;
- (2) request a denied household to contact the welfare office if their AFDC case is approved.

Until this form can be revised, counties must insert the two required data elements to current stock of the DFA 377.1(12/83), effective February 1, 1987. Revised eligibility worker instructions and a sample revised form are included with this attachment.

TREATMENT OF EDUCATIONAL LOANS AND GRANTS - ORD#1186-51

At the present time the CWDs will implement the items in the Educational Loans and Grants package by using existing forms.

DFA 285-A1

If the DFA 285-A1 is used as an application for restoration of benefits, it is recommended that the form be annotated to show "Educational Loans and Grants" and the specific period for which restoration is being requested.

As appropriate, the counties should annotate the DFA 285-A1 with the case name and/or the name(s) of the individual(s) seeking restoration of benefits.

DFA 440(4/86)

Counties may use the DFA 440(4/86), Verification of Physical or Mental Disability (Food Stamp Program), to obtain verification of physical or mental unfitness. Although the title of this form indicates "Disability" rather than unfitness, the DFA 440(4/86) is still useable because the form specifically asks for verification that an individual "IS" or "IS NOT" "unfit for gainful employment". It should be noted that at present the DFA 440 is a recommended form and is, therefore, only one method of obtaining acceptable verification of physical and mental unfitness.

ELIGIBILITY WORKER INSTRUCTIONSDFA 377.1(12/83)

The following narrative must be added to the existing Forms Instructions (for the Eligibility Worker) contained in MPP 63-1230 (DFA 377.1(12/83)).

Approval

- If a categorically eligible household of 3 or more is entitled to zero benefits in the initial month and subsequent months because of income, add the data element outlined below in the space after "your benefits...suspended because:"

[] Your benefit level is zero (\$0) because
your income is too high.

Denial

- If a categorically eligible household has been denied food stamps before AFDC eligibility has been determined, add the data element outlined below:

[] If you become eligible for AFDC, contact the
county welfare department. Your food stamps
may be approved.

NOTE: This data element can be placed wherever space permits within the Denial section.

A sample DFA 377.1 with both of the required data elements follows.

FOOD STAMP NOTICE OF ACTION

*If you have any questions or want more information
out this action, please contact your worker.*

Case Name :
Case Number :
District :
Worker :
Phone :
Date of Notice :

APPROVAL. Your application for food stamps has been approved.

Your food stamp certification covers the period from _____ through _____.

Your benefits have been computed for your certification period based on the information you provided. Unless there are changes, you will receive the following benefits for each month:

\$ _____ for _____ through _____ ; \$ _____ for _____ through _____ ;
\$ _____ for _____ through _____ ; \$ _____ for _____ through _____ ;
\$ _____ for _____ through _____ ; \$ _____ for _____ through _____ .

- Your first allotment includes more than one month's benefits because of the date your application was approved.
- Your first-month benefits were prorated from the date you filed your application.
- Your benefits for _____ have been suspended because:

Your benefit level is zero (\$0) because your income is too high.

Even though you will not receive any benefits for this period, you must complete and submit your monthly report (CA 7) so we can determine the correct amount of your benefits for the next month. If you do not submit a complete CA 7 as required, your food stamp participation will be terminated.

Because you needed food stamp benefits right away, we did not require you to give us the following information:

If you do not give us this information by _____, you will not receive any benefits for _____ and your participation in the Food Stamp Program will be terminated without further notice. If the information requested results in a change in your eligibility or benefits, the change will be made without an additional advance notice.

IF YOU ALSO APPLIED FOR CASH AID, and it has not yet been approved, your food stamp benefits may be reduced or terminated without further notice if your cash aid is approved.

PENDING. Your application for food stamps is still being processed.

- You have done everything you need to do. We will continue processing your application and you will hear from us soon.
- You must do the following before we can finish processing your application:

If you do not do this by _____, your application will be denied and you will have to reapply if you want to receive food stamp benefits.

DENIAL. Your application for food stamps has been denied because:

If you become eligible for AFDC contact the county welfare department. Your food stamps may be approved.

If you do the following by _____, your application will be reopened:

If you do not take the required action by the above date, you will have to reapply if you want to receive food stamp benefits.

Based on the reason your application was denied, your household is also disqualified from participating in the Food Stamp Program until _____. You may reapply for benefits at the end of this disqualification period.

The above action(s) is required by the following Food Stamp Manual Section(s):

You have the right to request a state hearing if you believe this action is wrong. See the back of this notice for a hearing request.

Your Right to Appeal This Action

If you are dissatisfied with the action described on the other side, or any other county action, you may request a state hearing before a Hearing Officer of the State Department of Social Services. This hearing will be conducted in an informal manner to assure that everyone present is able to speak freely. Your county or adoption worker can help you request a hearing. If you decide to request a hearing you must do so WITHIN 90 DAYS OF THE MAILING DATE OF THIS NOTICE.

FOOD STAMPS AND CASH AID†: If this action stops or reduces your food stamps or cash aid and you ask for a hearing before the effective date of the action, your benefits may continue unchanged under certain circumstances until the hearing or until you receive your hearing decision. Food Stamps will not continue past the end of your current certification period.

Authorized Representative

You can represent yourself at the state hearing. You can also be represented by a friend, attorney or any other person, but you are expected to arrange for the representative yourself. You can get help in locating free legal assistance by calling the toll-free number of Public Inquiry and Response.

How to Request a State Hearing

The best way to request a hearing is to fill in and send this entire notice to:

**Office of the Chief Referee
State Department of Social Services
744 P Street, Mail Station 6-100
Sacramento, CA 95814**

You may also request a hearing by calling the toll-free number of Public Inquiry and Response.

Public Inquiry and Response (Public Information)

Toll-Free Number: (800) 952-5253*

For the Deaf Only TDD (800) 952-8349*

*You may have to dial "1" first.

The State Public Inquiry and Response Unit can provide you with further information about your hearing rights or files or other welfare-related matters. Assistance is also available in some languages other than English, including Spanish. You may phone, write or come in.

Public Inquiry and Response
State Department of Social Services
744 P Street, Mail Station 16-23
Sacramento, CA 95814

Request for a State Hearing

Name	Phone number		
Address		City	State
			Zip Code

I am requesting a state hearing because of an action by the welfare department of _____ county related to my family's: Cash Aid Food Stamps Medi-Cal Adoption Assistance Program Payments

Reasons for my request:

I speak a language other than English and need an interpreter for my hearing. (The state will provide the interpreter at no cost to you.)

Language	Dialect
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†If you request a state hearing and your benefits continue unchanged, the county can recover as an overpayment the cash aid and value of food stamps the hearing decision finds you were not eligible for. If you remain eligible to receive cash aid after the hearing, and you have no other income or resources, your grant will be reduced by 10% each month until the full amount of such overpayment is collected. If you do have other income or available property, the amount your grant will be reduced each month will be greater.

Check here if you want your benefits reduced or discontinued now, as described in this Notice of Action.

Cash Aid Food Stamps

If you checked the box(es) and the hearing decision is in your favor, any lost benefits will be made up.

Signature _____ Date _____

The information you provide on this form is needed to process your request for a hearing, and processing may be delayed if your request is incomplete. A case file will be set up by the Chief Referee. You have a right to examine the materials that make up the file and may

do so by contacting Public Inquiry and Response. Any information you provide may be shared with the county welfare department, with the U.S. Department of Health and Human Services, or the U.S. Department of Agriculture. Authority W&IC 10950.

HOUSEHOLD CONCEPT

	<u>Eligible to Participate as Separate Household</u>	<u>Income/Resource Available?</u>	<u>Member of Household for Purpose of Defining FS Household?</u>	<u>If applicable, remaining household member categorically eligible?</u>
<u>Excluded Household Members</u>				
- Ineligible alien	No	Yes	Yes	Yes
- SSN disqualified	No	Yes	Yes	Yes
- IPV disqualified	No	Yes	Yes	No
- Workfare sanctioned	No	Yes	Yes	No
- SSI Recipients	No	No	Yes	Yes
- Ineligible students	No	No	Yes	Yes