

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



January 8, 1979

ALL-COUNTY INFORMATION NOTICE I-4-79

TO: All County Welfare Directors

SUBJECT: PROCEDURES FOR THE ELIMINATION OF THE FOOD
STAMP PURCHASE REQUIREMENT

REFERENCE:

The purpose of this notice is to provide clarification on the elimination of the food stamp purchase requirement (EPR), which will be the first step in the overall implementation of the reform regulations resulting from the Food Stamp Act of 1977. As you know, EPR will become effective on January 1, 1979. This department has developed an emergency regulation package for this purpose which will soon be distributed to all counties.

With the implementation of EPR, all requirements pertaining to the purchasing of food stamps by eligible households will obviously be discontinued. Our intention is to minimize all other changes that will have to occur in county operations during this first step in the implementation of the new regulations. With the exception of a minor modification that had to be made in the determination of immediate need, all current eligibility criteria will remain in effect until the implementation of the new eligibility and benefit determination rules resulting from the Food Stamp Act of 1977. The only change that will be made in the area of immediate need is a rewording of the requirement that eligibility be at the "zero purchase level" (Manual Section 63-2314.12). This requirement will now state that eligibility be at the "full coupon allotment level."

We have also attempted to keep forms changes to a minimum during the EPR implementation period. FNS has indicated that they will supply all counties with new versions of those forms that will be modified due to both EPR and the availability of a new \$10 coupon book. Counties that do not receive supplies of the modified forms should manually revise those forms that record coupon books by denomination.

With respect to the FNS 250 and FNS 250.1 forms, counties that do not receive the new versions should draw in a column for the \$10 book between the \$7 and \$40 book columns. The initial shipment of \$10 coupons shall be reported on line 9, "Shipments Received from FNS". Every month thereafter, an entry

shall be made on line 8, "Beginning Inventory", for \$10 coupon books held in inventory. In addition, coupon issuers that still have cash receipts on hand which have not been deposited to FNS must continue to use the current Form FNS 250 to report on the collection and deposit of cash received. This will be the case even if the new version of this form is received by January 1. Coupon issuers are urged to obtain and deposit all outstanding cash receipts to FNS during the first month of EPR implementation. However, if deposits are still needed after the first month, the current Form FNS 250 must continue to be used. If, upon implementation of EPR, a coupon issuer has no cash remaining but has not yet received the new FNS 250, the current version should be used with lines 20 through 25, line 27, and line 28 in Section III being left blank. Actual issuances shall be entered as before on line 19; issuance documented by transacted ATP or HIR cards on line 26; and the difference, if any, on line 29. Section IV shall also be left blank. If the coupon issuer completes the depositing of cash receipts prior to the first month of EPR implementation and the new Form FNS 250 has been delivered, the new form must be used to report on issuance activities during the first month of implementation.

If copies of the new FNS 256 report are not received, the term "participation at the zero purchase level" shall be redefined as "participation at the full coupon allotment level". In addition, references to "cash received" and "value of bonus coupons issued" (items 3b and 3c) shall be disregarded; item 3a, "total value of coupons issued," will still be completed.

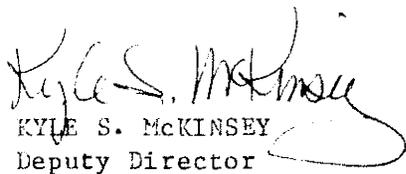
All forms currently used in the eligibility determination process will be maintained during the period from January 1 to the implementation of the new eligibility and benefit determination rules. Counties shall disregard all references to the purchase requirement on these forms. With the exception of the FNS 250 and the FNS 256, all requirements pertaining to deadlines for submission of state and federal reporting forms in effect prior to January 1, 1979 shall remain in effect during this period of time. Effective for the month of January, FNS has authorized the FNS 250 and FNS 256 reports to be submitted by the 45th day following the end of the report month. This is the deadline that is contained in the federal food stamp reform regulations. The reports for the month of December shall be submitted according to the requirements in effect prior to EPR.

Step II of the food stamp reform implementation process will consist of the changes to new eligibility and benefit determination rules, and is scheduled to begin March 1, 1979. We anticipate sending advance copies of these regulations to all counties in early January. On the effective date of the Step II regulations, the new eligibility and benefit determination rules must apply to all new applicants and to each household which is recertified. Households certified prior to the first day of this conversion period, but after the EPR date, shall receive the bonus amount provided under the Food Stamp Act of 1964 until recertified or desk reviewed. Counties will have 120 days from the day they begin implementing the new eligibility and benefit rules to complete the conversion of the existing caseload. This may be accomplished through recertifications or desk reviews.

For your further information, we are providing the following list of common questions that have been asked about the implementation of EPR, along with the corresponding answers.

We hope this information will be helpful in your planning for the implementation of the new food stamp regulations. Please direct any further questions that you may have to your Food Stamp Program Operations Analyst at (916) 322-5475.

Sincerely,


KYLE S. MCKINSEY
Deputy Director

cc: FNS-WRO
CWDA

1. Q: Will coupons be issued any differently under EPR?

A: With the elimination of the purchase requirement, the public assistance withholding (PAW) method of food stamp issuance will be discontinued. All current requirements on PAW issuance may thus be disregarded. As of January 1, counties shall issue coupons to those households that previously received PAW using methods that are provided to the rest of their food stamp recipient population. Counties may still issue coupons with the assistance payment if they so choose. In addition, counties will have the option of implementing an issuance system in which coupons are mailed to eligible households without the use of an authorization document. This will be referred to as "Non-ATP Mail Issuance". Counties that choose to use this method must comply with all current requirements relating to record maintenance, reporting requirements and return mail procedures, but will also have to meet the following new requirements:

- a. Such issuances shall be staggered through the 10th day of the month and may be staggered through the 15th;
- b. A system will have to be established to assure that recipients will receive their coupons on the same date each month; and
- c. Counties will have to ensure that coupons are not mailed to concentration of households within the same zip code area on the same day.

With respect to staggered issuances, we will allow counties to establish the volume of coupons which are to be mailed on each day, so long as some coupons are mailed on the first and some on the 10th. The "1st and 10th" days will be interpreted as working days. Regarding receipt of coupons, we recognize that delivery to recipients on the exact same day each month may not be possible due to Sundays and holidays. In this case, a one- or two-day variance may occur. Counties having problems with any of these additional requirements will be allowed to submit waiver requests to the Food Stamp Program Management Branch, SDSS.

2. Q: Will the current requirements pertaining to over-the-counter (OTC) and mail issuance still apply?

A: Yes. All counties must still provide OTC and mail issuance (either regular or non-ATP) unless a waiver has been obtained to eliminate mail issuance. Waiver criteria for mail issuance will continue to be as stated in Manual Section 63-3211.

3. Q: For counties that use non-ATP mail and thus stagger their issuances, will there be any changes in the requirements for responding to recipient-reported changes? For example, if a household that is scheduled to receive its coupons on the 10th reports a positive change in its circumstances (which would increase its benefits) on the 27th of the prior month, must that allotment be changed to reflect this change? What about negative changes?

A: No, there will be no changes in the requirements on responding to recipient-reported changes during the EPR implementation period. In the example given, the recipient's allotment would not have to be changed prior to its mailing. For positive changes, counties will still be required to complete the necessary change in time to be effective for the next issuance period following ten days from the date the change was reported. In those cases where the mailing of coupons is staggered, the effective date of the issuance would be the first of the month. The recipient would have to report a positive change ten days prior to the end of the month for a required adjustment to be made in the next month's issuance. For negative changes requiring a reduction or termination of benefits, a Notice of Adverse Action will still have to be issued within ten days from the date the change is reported, with the change becoming effective on the first of the month following expiration of the advanced notice period. In counties using non-ATP mail, the recipient would thus have to report a negative change by no later than the 20th of the month, with the county issuing a Notice of Adverse Action by the 20th, in order to require the change to be reflected in the next month's issuance.

4. Q: Can HIR counties establish a mail issuance system that does not use a monthly DFA 301?

A: Yes. HIR counties can use the provisions of 63-3721 in order to streamline their mail issuance system. Three key provisions must be met in this situation: (1) the household must indicate its willingness to receive its coupon allotment directly in the mail each month, (2) the county must establish a control system to ensure that the household does not participate twice in the same month (such as separating mail HIR cards from OTC HIR cards) and (3) the household must be informed that it has the option to change to over-the-counter issuance if it wishes.

5. Q: Will the reporting of mail losses be any different under EPR?

A: If the new FNS 250 reports are available, there will no longer be any need to use a separate FNS 259, Food Stamp Mail Issuance Report. This is because the new FNS 250 has been revised to include an item on the value of mail issuance replacements provided by the coupon issuer. If the current FNS 250 must be used, the current FNS 259 must still be completed and attached to the FNS 250 (with a copy sent to SDSS) to report any replacement issuance which may have been provided to program participants because of mail losses. This action will permit FNS' Finance Division to credit coupon issuers for replacement of such losses and prevent the replacement from being included in billings for an inventory imbalance caused by coupon overissuances.

6. Q: Can mailing of ATP's be staggered?

A: Yes. In order to even out the workload of issuance sites, counties may stagger the issuance of ATPs through the 15th working day of the month provided that each household is likely to receive its ATP at the same time each month and has an opportunity to obtain its coupons prior to the end of the month. Recipients should be notified that they will be receiving their ATPs on a staggered basis. Counties that intend to stagger the mailing of ATPs should first notify their Food Stamp Program Operations Bureau liaison.

7. Q: Will ATP formats have to be changed because of EPR?

A: The U.S. Post Office (USPS) has informed us that because of the extensive book mixes that will occur with EPR, counties using the post office as an issuance agent will have to print the coupon book mix on their ATPs. Those counties that use the post office and do not currently include the mix-of-books on their ATPs will thus have to make this change. The USPS has requested that all necessary ATP modifications be made within 60 days from the date of EPR implementation. Counties unable to make this change must notify the FSPMB-SDSS, as the USPS has indicated that they will face an increased transaction fee. No other changes to ATP format will be required during the EPR implementation period. Counties that continue to use their current format should leave the entry for the purchase requirement blank.

8. Q: Will the variable issuance option still have to be offered to recipients?

A: With the implementation of EPR, there will normally be no need for counties to issue more than one ATP per month to food stamp households or to offer a variable issuance option. Counties that wish to minimize operational changes during this period by continuing the issuance of more than one ATP per month per household must first obtain the approval of the Food Stamp Program Management Branch, SDSS.

9. Q: Since there will only be one ATP transaction per household per month, will issuance agent transaction fees have to be raised?

A: Counties will likely have to work out an adjustment with their agents due to the reduction in the number of transactions. However, the state's position on this issue will not change. As provided in Manual Section 63-3232, transaction fees of over \$1.10 must receive prior approval by the FSPMB. Requests for increases over this amount shall be considered on a case-by-case basis. All such requests must be accompanied by a detailed analysis of operational costs versus projected income for each agent that requests a rate increase. Extenuating circumstances such as inability or unwillingness of agents to continue operation and the resulting administrative problems will also be evaluated in making our decision.

Counties should immediately contact the Food Stamp Program Management Branch whenever it becomes known that an agent is terminating operations due to EPR. The FSPMB will then provide a detailed set of instructions on how close-out procedures are to be completed in this situation.

10. Q: With the elimination of the purchase requirement, how will the restoration of lost benefits be handled?

A: All requirements concerning the restoration of lost benefits which were in effect prior to EPR will still be applicable, except that lost benefits will be restored to the head of a household by issuing a lump-sum coupon allotment equal to the amount of benefits that were lost. The amount restored for this purpose will be issued in addition to the regular coupon allotment eligible households are entitled to receive. Counties will thus have to provide a supplemental ATP or otherwise provide the household with an opportunity to obtain the restored coupon allotment outside of the normal issuance cycle. The restored allotment shall be issued in monthly installments at the households' request.

11. Q: How will refunds be processed for those recipients that were overcharged for their coupons prior to EPR?

A: Households which, prior to EPR, were either assigned a purchase requirement that was too high or assigned an incorrect household size shall be entitled to a restoration of lost benefits if fewer bonus stamps were received as a result. The amount to be restored shall be equal to the difference between the amount of bonus stamps the household received and the correct amount the household should have received. Lost benefits for these cases will be restored in accordance with the procedures outlined in #10.

12. Q: What procedures should be used for lost, stolen, or destroyed coupons after EPR?

A: Counties should continue to follow the procedures for lost, stolen, or destroyed coupons that are outlined in Manual Section 63-2264.74 until the implementation of the new eligibility and benefit determination rules. Under EPR, there will obviously be no need to deduct an initial purchase requirement in determining the income on which a second coupon allotment is issued.