



Guidance on State Option Food Stamp Programs

The Fiscal Year 1997 Supplemental Appropriations Act (P.L. 105-18) gave States the option of purchasing Federal food stamps for use in State-funded food assistance programs that provide nutrition assistance to legal immigrants and childless, able-bodied adults ineligible for the Food Stamp Program because of the three-month food stamp time limit. Below are guidelines States should observe when operating State-funded programs that utilize Federal food stamps.

State Plan

States that opt to purchase coupons to use in a State-run nutrition program must submit for approval a State plan to the Food and Consumer Service (FCS) describing the conditions and procedures under which Federal coupons will be issued under the State system. The following information must be addressed in the State plan:

Eligibility Standards: Only legal aliens made ineligible by Sections 402 or 403 of the Personal Responsibility and Work Opportunity Reconciliation Act and able-bodied adults without dependents (ABAWDs) ineligible under section 6(o)(2) of the Food Stamp Act are eligible to participate in the State program. The State must detail in its plan financial and other eligibility criteria that legal immigrants and ABAWDs must meet in order to be eligible for the State program.

Benefit Levels: The State must describe in its plan the methodology for determining the benefit amount issued to individuals that participate in the State program.

Case Records: The State must describe in its plan how it will track that portion of a household's allotment charged to the Federal Food Stamp Program and that portion charged to the State program. The State must explain how this determination will be supported by case records.

Certification Procedures: The State must describe in its plan the procedures it will follow when certifying households for the State program. The State may adopt the certification rules and procedures of the Federal Food Stamp Program, a hybrid of those rules, or it may establish its own unique rules and procedures. In certifying mixed households (i.e., households in which one or more members participate in the Federal Food Stamp Program and one or more members participate in the State program), the State may treat those participating in the Federal Food Stamp Program and those participating in the State program as separate households. The State, however, must follow regular Federal Food Stamp Program rules in regard to treating the income and resources of members that participate in the State program. Benefits provided under the State program to household members ineligible for the Federal program will not be counted as income when determining the eligibility and benefit level of households members eligible for the Federal program. Case records must clearly support and differentiate between the benefits authorized under the Federal Food Stamp Program and the State program.

Quality Control Procedures: Cases which are classified as receiving only State funded food stamps will be "Not Subject To Review." Those which are receiving any amount of Federally funded food stamps would continue to be subject to review under normal quality control procedures to determine the accuracy of the Federal portion of the food stamp allotment.

Treatment of Benefits: For the purposes of Section 8(b) of the Food Stamp Act, benefits issued under the State program are to be treated as benefits provided under the Food Stamp Act. The benefits, therefore, are not to be considered income or resources for any purpose under any Federal laws, including, but not limited to, laws relating to taxation, welfare, and public assistance programs.

Use of Coupons: Use of State-funded coupons is subject to the same terms and conditions as govern use of Federal food coupons. These include the limits on eligible foods and the following restrictions:

- Cash change is allowed only up to 99 cents in a transaction. For any amount due over 99 cents, the store must give \$1 coupons.
- Except for \$1 coupons, all coupons are to remain in the original food coupon booklet until they are used at the store check-out register for food stamp purchases.
- Sanctions, disqualifications, fines, or other penalties pr with Federal food stamp coupons issued under the Sta will apply to coupons purchased by the State for use in

The contents of this guidance document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Claims: Unlike Federal Food Stamp Program claims, claims under the State program are not Federal debts. Accordingly, claims under the State program are not to be included on the FCS-209 (Status of Claims Against Households) report and, if pursued, must be established, collected and accounted for in accordance with State procedures for State debts. Where a joint claim exists, general unspecified collections are to be posted to the Federal FSP claim first.

Reporting Requirements

FNS-250 Food Coupon Accountability Report: The following requirements apply to States with consolidated reporting (i.e., submit a single FNS-250 to FCS). States that do not consolidate reporting of the FNS-250 must either do so, or must have the individual issuance sites that complete FNS-250s include in the "remarks" section of the report actual issuance of State-funded coupons at the site.

For States with consolidated reporting, reporting requirements for Sections I and II of the FNS-250 States will not be changed. Section III will be changed as follows:

- Lines 19 through 21: States should complete coupon inventory information using standard procedures through line 21 of the report. Line 21 is a calculated number which provides the total value of all coupons issued either under the regular program and under the State-funded optional program.
- Line 22: States should report ONLY total Federal issuance on Line 22, i.e., the portion of benefits issued to recipients qualified under the Federal Food Stamp Program. The value of coupons issued to State Program participants shall be subtracted out.
- Line 23: Line 23 is a calculated number and represents the difference between line 21 actual issuance (inventory) and line 22 documented issuance. It includes any overissuance or underissuance for the Federal portion of the FCS-250 and the State Food Stamp program issuance. To determine any State liability for the Federal portion of the FCS-250 the amount (stated in the remarks section) of the State Food Stamp Program will be subtracted from line 23.
- Remarks: The final value of coupons issued under the State Food Stamp Program, certified by the State, for the FNS-250 reporting month, will need to be shown separately in this section. This is the amount that will be used for final monthly issuance reconciliations.

The FNS-250 Report will be entered into FSPIIS through normal procedures. The original report should be mailed to the FNS Regional office. The Regional Office will fax a copy to the Program Information Division. This report is due within 45 calendar days after the last day of coupon issuance each month, but in any event should be mailed to reach the Food and Consumer Service by the 15th day of the second month following the last day of coupon issuance.

FNS-388 State Issuance and Participation Estimates: A separate monthly FNS-388 report must be submitted for each type of program issuance. The FNS-388 report representing the Federal Food Stamp Program issuance and participation data will be processed through the normal FSPIIS procedures. In addition to the Federal Food Stamp issuance this FNS-388 will include the Federal portion of mixed households. The second report will represent the State Option Food Stamp Program (SOFSP). This form will include the issuance for the SOFSP issuance and State portion of mixed households. For the SOFSP FNS-388, item 5 "Remarks" should reflect "State Option Food Stamp Program." Data for the SOFSP should be reported in line 1, 2, 3, and 4. **DO NOT** report State Option data in items 3a, 3b, 4a, or 4b. The State will fax one copy of the report to the Regional Office. This report is due by the 19th of the report month. If the 19th falls on the weekend or a Federal holiday, it will be due the next working day. The official signed copy should be mailed to reach the State's FNS regional office by the end of the reporting month. The State Option report will **not** be entered into FSPIIS. The SOFSP FNS-388 will be used and stored in paper form until such time as it can be automated.

The SOFSP FNS-388 will be used to determine the amounts owed the Food and Consumer Service under the State Option program. In addition to State Food Stamp issuance the State **must** track and note in the remarks section all coupon returns and replacements and adjust certification records accordingly to insure:

FNS is paid for replacement coupons issued to State-option participants; and

FNS is not paid for State-funded coupons that are returned in the mail and are unclaimed at the end of the period of intended use.

SF-269 Financial Status Report for Food Stamps: The SF-269 Financial Status Report for Food Stamps (Federal program) will **exclude** the cost of operating and certifying participants for the State Option FS Program. The State agency will need to modify its cost allocation plan to reflect this new program.

FSI-3 Report: For the Redemption Account (FSI-3 Report) -- Add two pages to the report and label them:

- FSI-4a "State Option FS Program", Coupon Issuance.
- FSI-4b "State Option FS Program", EBT

Reports Not to be Submitted: The following reports are not required for submission for the State Option FS Program. **Do Not** include any State Option data when submitting these reports for the Federal Food Stamp Program:

- FNS-46 Issuance Reconciliation Report
- FNS-101 Project Area Racial Report
- FNS-209 Status of Claims Against Households
- FNS-259 Food Stamp Mail Issuance Report
- FNS-366A Budget Projections Requests
- FNS-366B Program Activity Statement
- FNS-388A Project Area Issuance and Participation
- FNS-583 Employment and Training Program Report
- SF-269 Financial Status Report Food Stamp

NOTE:

FNS plans to automate the State reporting process which will incorporate the use of electronic transmission of data. Details will be worked out by FNS and State staffs.

Accounting Requirements

Reimbursable Agreement: The State must enter into an agreement with FNS to repay the value of coupons and the cost of printing, shipping and redeeming the coupons. The signed reimbursable agreement shall be submitted to the State's FNS regional office which will record the accounting entries.

Costs for printing, shipping, and redeeming coupons will be redetermined yearly. In the first year of program operations, the cost for printing, shipping, and redeeming coupons will be \$2,800 for every \$1 million in coupons.

FNS has determined that the administrative cost to FNS of starting up the State Option FS Program will be \$38,000. Ongoing FNS administrative costs for the first year of program operation will be \$1,032 per month per State. Pending approval by our Office of the General Counsel and other Department officials, we will not require States to reimburse us for these costs.

Billing and Collection: When the State submits the FNS-388 for State issuance and participation estimates to the regional office, a payment equal to the cost of benefits reported on the FNS-388 will be attached. The State must identify how much of the payment represents the value of the benefits, printing, shipping, storage, redemption and administrative costs. When the State submits the FNS-250 45 days later, an adjustment must be processed to liquidate the advance.

Reconciliation/Adjustments: Based upon the reconciliation of the FNS-388 anticipated participation and the FNS-250 actual issuance and an adjustment for benefits presumed never to be unredeemed, the state will be reimbursed annually or will accumulate an adjustment to be applied to the payment submitted with the next FNS-388.