



## Letter to Regions Modifying Status Reporting and Offering Quarterly Reporting to All States

July 14 1999

**Subject:** FSP - Modifying the Status Reporting Waiver and Offering the Quarterly Reporting Waiver to all State Agencies

**To:** Regional Administrators All Regions

As you know, Food and Nutrition Service (FNS) has been working closely with our many partners and stakeholders to improve service to working families. We are pleased to announce the Administration's approval of an Agency policy initiative which will enhance program access for low-income working families. We are now prepared to approve State agency requests to:

- Implement a quarterly reporting system for households with earned income, and allow quarterly reporting of unearned income for such households.
- Modify the existing status reporting policy to allow 6-month certification periods as opposed to 3-month certification periods.
- Modify the existing status reporting policy to increase the reporting threshold from \$25 to \$100.

As more families move from welfare to work and the proportion of the caseload with earnings rises, we are concerned that the increased income fluctuations put States at greater risk of food stamp QC error and make it more difficult for States to serve working families. We believe that a quarterly reporting system for households with earned income offers the following advantages:

- Access to nutrition assistance for working families, especially families with children, will be improved as wage earners can obtain food stamps without visiting the food stamp office as often.
- States will be able to process changes in food stamp household circumstances with greater accuracy and timeliness.
- Households with earned income will have more clearly defined reporting responsibilities.

Current Food Stamp Program regulations at 7 CFR 273.12 require certified households to report changes in the sources of income and in the amount of gross monthly income of more than \$25 dollars. As you know, for several years we have been approving waivers of these requirements for earned income that are in accordance with three options discussed in the proposed rule, "Anticipating Income and Reporting Changes," published December 17, 1996. In addition, four States have waivers which permit them to use a quarterly reporting system which requires households to submit a report in the 3rd month of the quarter which is used to determine benefits for the following quarter. Quarterly reporting, however, is not one of the options discussed in the proposed rule. FNS stopped approving requests for quarterly reporting in 1995 but is making this change now to help address the barriers faced by States in serving working families.

State agencies that already have status reporting waivers with 3-month certification periods can simply notify the regional office in writing that they will be instituting 6-month certification periods for some or all households currently covered by the waiver. Likewise, State agencies which have implemented waivers increasing the reporting threshold from \$25 to \$80, may notify the regional office that they will be further increasing the reporting threshold to \$100.

State agencies desiring to apply for a quarterly reporting waiver must do so using the regular waiver request process. We have outlined below the essential questions each State agency needs to answer in its waiver request. We believe this minimal information will enable us to respond quickly to each request, to process such requests fairly and consistently, and to provide a uniform data base to share with State agencies serving working families under the new quarterly reporting system.

- Which households with earned income will the waiver cover?

**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.**

- Will the report cover earnings only or other types of income?
- When will the State agency mail the report form to the household and when should the household return it?
- What will happen if the household does not timely submit the quarterly report form?
- What period of time does the quarterly report cover (e.g., just the current month's situation, or information from the past 2-months and anticipated circumstances for the third)?
- How does the State agency intend to determine the allotments for the next quarter (e.g., will they be determined prospectively based on information reported on the quarterly report or retrospectively)?
- What verification procedures will the State agency use (e.g., does a recipient send in just the current month's pay stubs as verification, or pay stubs for all the months covered in the quarter)?
- How, if at all, will the State agency adjust quality control procedures?
- How will the State agency determine the effectiveness of the waiver?

We hope that modifying the status reporting waivers and extending the quarterly reporting waiver will simplify reporting requirements for both State agencies for low-income working families. In addition, this new policy initiative demonstrates our commitment to providing State agencies greater administrative flexibility and to harmonizing Agency policies with effective State agency error reduction strategies.

Please work closely with your State agencies to develop their waiver requests or modifications. If you have any questions, or need additional information, please call Patrick Waldron of my staff at 703-305-2805.

/S/ Bonny O'Neil, for

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