



Letter to Regions on Categorical Eligibility

July 14 1999

Subject: FSP - Categorical Eligibility

To: Regional Administrators - All Regions

Food stamp law provides that individuals receiving benefits under Title IV-A of the Social Security Act (SSA) are categorically eligible for food stamps. As States implement welfare reform and use the Temporary Assistance for Needy Families (TANF) funds in new ways, numerous questions have arisen regarding categorical eligibility. In particular, because many States allow families moving from welfare to work to own a car and remain eligible for TANF, many States have asked under what circumstances can a working family own a car and obtain food stamps to help provide their children with nutritious meals. This memo clarifies that any time all members of a household receive benefits under a program for needy families funded primarily through TANF, whether cash or other benefits such as services, the TANF resource rules apply and thus an income eligible working family can both own a car and obtain food stamps. By helping working families obtain important supports like transportation and food stamps, this guidance will help families move from welfare to work, retain their jobs, and succeed in the work force.

Section 5(a) of the Food Stamp Act provides that households in which all members are receiving benefits under a program funded under Part A of Title IV of the Social Security Act are categorically eligible for food stamps. Section 5(j) provides that the resources of individuals who are receiving such benefits are not counted for the purpose of determining food stamp eligibility. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) did not change categorical eligibility rules; however it replaced Title IV-A of the SSA with a new, more flexible block grant program called TANF, and many States have used this flexibility to put in place higher vehicle exemptions and resource limits.

PRWORA provides that the four purposes of the TANF block grant are to: (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and (4) encourage the formation and maintenance of two-parent families. States have great flexibility in using TANF funds to achieve these goals. While funds spent to meet the first and second purposes must be spent on "needy" families, as defined by the State, the third and fourth purposes of the TANF statute are not limited to "needy" families or individuals and hence funding can be used to provide benefits with no means test.

As noted above, the food stamp law requires that any time all members of a food stamp household receive or are certified to receive cash, in-kind, or other benefits funded under a State TANF program, the household is categorically eligible for food stamps. This includes only TANF programs primarily funded with Federal money under Title IV-A and programs primarily funded with State money that are counted for maintenance of effort (MOE) purposes under the TANF program. MOE programs are included even if the program eligibility criteria are different than the TANF cash eligibility criteria.

State agencies must determine whether TANF benefits are provided to all or only some members of the food stamp household. Each agency must, therefore, determine whether other people in the household are benefiting from a TANF payment or service (for example if TANF benefits are used to subsidize a job for the head of household, the entire household may benefit). If the entire household is not receiving or eligible for benefits, the State shall disregard only the resources of the person(s) receiving or eligible for the benefit. This means that the resources, such as the value of any vehicle, of an individual who is determined to be receiving or eligible for TANF will not be counted as an asset in determining if the household meets the food stamp asset test. The State agency shall confer categorical eligibility to the entire household if all members are receiving or are eligible for TANF benefits. See the attachment for additional questions and answers.

Because the intent of the categorical eligibility provision in the Food Stamp Act is to deem eligibility for food stamp families already subjected to an income and resource test under Title IV-A, States have discretion over whether or not they confer food stamp categorical eligibility to a recipient of TANF-funded benefits that are not limited to needy families. For example, if a State does not have eligibility criteria for benefits provided under the TANF law's third and fourth purposes, a State may at its option choose not to confer categorical eligibility to recipients of those benefits.

As noted above, assets and resources such as automobiles and household's income will be considered in determining how mu

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know, households with gross income over 130 percent of poverty or \$17,748 for a family of three in FY 1999 are generally ineligible for food stamps.

State agencies will need to identify what programs are funded under Title IV-A and MOE which confer categorical eligibility and instruct their workers to document case records to indicate the basis for categorical eligibility determinations. In the case of a mixed household (i.e., one in which some members are receiving TANF and some are not), the eligibility of an individual for the resource exclusion also will be determined using the above criteria. This policy may be implemented at the time of certification and recertification. A casefile review is not necessary.

Quality control review of categorical eligibility will be based upon the State agency's identification of the programs in their State which result in categorical eligibility in the Food Stamp Program. Reviewers should accept documentation of eligibility for benefits which would result in categorical eligibility without seeking verification that such benefits were received.

Beginning 60 days following issuance of this guidance or upon implementation, whichever is sooner, there will be a 120-day variance exclusion for this policy in Quality Control reviews. The 120 day variance exclusion period will be administered in accordance with 7 CFR 275.12(d)(2)(vii).

We encourage you to move quickly toward implementation. Please inform us about the choices the State agency makes in this area and when this policy is implemented. We plan to share this information among the State agencies. We have consulted with State agencies in an effort to make sure that this policy guidance addressed as many of their implementation concerns as possible.

/S/ Bonny O'Neil, for

Susan Carr Gossman
Deputy Administrator
Food Stamp Program

Attachment:

Questions and Answers:

Q. If a household is certified for TANF case management consultations on an as-needed basis, for example 12 months, is the household considered categorically eligible for the entire period of time it is certified for such benefits?

A. Yes, it is categorically eligible for the entire period it is certified to receive TANF benefits even if it does not actually receive them.

Q. If funds are not designated as MOE money until the end of the year, will the households that have been denied prior to that time be considered to be in error based on categorical eligibility?

A. If this information could not be anticipated by the State agency at the time of the denial, the cases will not be considered to be in error.

Q. If a TANF payment is paid into a work program or a wage pool on behalf of all members of the household, is the household categorically eligible?

A. Yes, even if only one person is working.

Q. If a TANF grant is not increased when a new child is born because of a family limit or cap, is the child considered to be receiving part of the TANF grant the household is receiving?

A. Yes, if the State agency has determined that the new child is included in the TANF grant even if the amount has not been increased.

Q. If a payment, such as a payment for transportation costs or child care, is made to one member of a family, are all members considered to be receiving TANF?

A. Yes, if the State has determined the needs of all family members were considered in making the TANF payment or all members benefit from the payment. If a payment is made only to one person in the household and the State considers others in the household to be receiving or certified to receive the payment, then all members will be categorically eligible.

Q. What about funds transferred to other programs and/or agencies?

A. Funds transferred to Title XX or CCDBG are no longer considered funding under Title IV-A of the Social Security Act, and are thus not subject to categorical eligibility, but all other TANF funds are, no matter which agency administers them. This interpretation is consistent with Section 404(d)(3)(A) of the Social Security Act, as amended by PRWORA, which provides that any amount transferred to Title XX or CCDBG may not be considered to be an expenditure under Part A of Title IV or subject to the requirements of this Part.

Q. In determining whether or not a program is funded under Title IV-A, can the State agency chose to exclude programs whose primary funding comes from another source?

A. Yes.

Q. If less than half of a program's funds come from Title IV-A, may the State agency determine that receipt of benefits under that program confers categorical eligibility?

A. Yes, this is a State option.

Q. Do all programs funded under Title IV-A confer categorical eligibility?

A. States must decide which programs provide benefits to needy families. Some programs do not entail a means test, such as programs aimed at reducing out-of-wedlock pregnancies or forming two-parent families. Because these programs do not appear to meet the intent of categorical eligibility in the Food Stamp Program, a State may choose not to confer categorical eligibility to those who receive only these benefits.

Q. Do the same rules apply to the Simplified Food Stamp Program (SFSP)?

A. No. While categorical eligibility for food stamps is contingent upon a household receiving "benefits" under TANF, legislation governing the SFSP specifically requires that a household member must be receiving "assistance" under TANF for the household to be eligible to participate in an SFSP. Therefore, for purposes of the SFSP, "assistance" means assistance as defined in 45 CFR 260.31. Unless a form of support to a household qualifies as assistance under the TANF program, the household will not be eligible to participate in an SFSP.