(1) Definition

A striker is anyone involved in a strike or concerted stoppage or slowdown of work by employees. Individuals affected by a lockout are not considered strikers. For the Food Stamp Program, individuals on strike who were exempt from work registration the day prior to the strike for reasons other than employment are not considered strikers.

(2) Eligibility

Households with striking members shall be ineligible to participate in the Food Stamp Program unless the household was income and resource eligible the day prior to the strike. Households eligible prior to the strike will not receive an increased allotment as a result of a decrease in the household's income due to the strike. Eligible strikers must be registered for work unless they are exempt the day of application.

(3) Budget

Calculate the striker's regular monthly income as though the day prior to the strike was the application date and the strike had not occurred. Compare the striker's income prior to the strike to the striker's current income. Add the higher of the two incomes (pre-strike or current) to the remaining household members' current income. Proceed as usual to determine eligibility and allotment amount.
STUDENTS

(1) Definition

Under Food Stamp Program rules, a student is defined as:

(a) Anyone age 18 to 49; and

(b) Physically and mentally fit; and

(c) Enrolled at least half-time (as defined by the institution) in an institution of higher education. See definition at MS 600-2.

Physically and mentally fit means that the person is:

• Capable of engaging in gainful employment;
• Not a disabled individual meeting the definition of Special Category Individual at MS 600-2; and,
• Not incapacitated (permanently or temporarily) as defined at MS 602-1F(1)(c).

Enrollment status begins on the first day of the school term. Once begun, enrollment status continues through normal periods of class attendance, vacation and recess unless the student graduates, is suspended or expelled, drops out, or does not intend to register for the next normal school term (excluding summer school).

If a person does not meet this definition of student, that person may receive food stamps, if otherwise eligible.

Example #1: A household applies for food stamps on June 2. The 18-year-old son recently graduated from high school, and is currently enrolled to attend the University of Alaska beginning the fall semester that starts September 13th. This 18-year-old is not a student until September 13th and would be included as an eligible household member.

Example #2: A household consisting of two adults applies for food stamps on December 20. One member has been attending the local college in town but is currently on winter break until January 20th. This member is a student, and would not be eligible to receive food stamps unless he met one of the exemptions listed at MS 605-1B(2).
(2) **Eligibility**

Students, as defined above, are ineligible to participate in the Food Stamp Program unless at least one of the following criteria is met:

(a) Be age 17 or younger or age 50 or older.

(b) Be employed a minimum of 20 hours per week and be paid for such employment, or be engaged in a self-employment work activity a minimum of 20 hours per week and receive weekly earnings at least equal to the federal minimum wage multiplied by 20 hours.

(c) Participate in a state or federally financed work-study program during the regular school year.

(d) Be responsible for the physical care of a dependent household member under age six. If both adults are students, only one adult is eligible under this exemption.

(e) Be one of two adults responsible for care of a dependent household member who has reached the age of six but is under age 12 when adequate (determined by the case worker) childcare is not available.

(f) Receive TANF (Alaska Temporary Assistance or Native Family Assistance) for children and/or self.

(g) Be assigned to or placed in an institution of higher education through a program under the Workforce Investment Act (WIA).

(h) Be the only adult in the household responsible for the care of a dependent child under age 12 regardless of the availability of adequate childcare.

An ineligible student living with a food stamp household is considered a nonhousehold member even if related. The income and resources of a nonhousehold member are not considered in determining the eligibility or benefit level of the household. See MS 605-2C for policy on how to consider income and resources of a nonhousehold member.
Budgeting Countable Educational Income

(a) Total all countable education assistance. Do not add any other type of earned or unearned income unless it is received specifically because of the student's status and is intended to pay education-related expenses.

(b) Subtract from the above the costs for tuition and fees charged by the school.

(c) Subtract the costs for books, school supplies, and any special clothing, tools, or other expenses of the student that are related to the cost of attending school.

(d) Subtract costs for childcare necessary for the student to attend school. The childcare limits at MS 602-4C do not apply.

(e) Subtract costs for transportation (actual costs, such as bus pass or parking fees, or standard mileage rate permitted by IRS).

(f) Divide the remaining amount by the number of months the money is intended to cover.

(g) Count the prorated amount as monthly income for each month in the period of intended use. If the money is received after the period it is intended to cover has already begun, prorate the money over the entire period of intended use and apply the prorated amount only to the months in which it was received and the remaining months it is intended to cover.

(h) Any money amount retained after the period of intended use is a countable resource.

These deductions from countable education income are also given to excluded household members whose income is used to determine eligibility and benefit amount. Verification of source, amount, period of intended use, and allowable education expenses is required.
BOARDERS/FOSTER CARE CHILDREN AND ADULTS

(1) Boarders

A boarder is an individual to whom a household furnishes meals and lodging in exchange for money. To be considered a boarder for food stamp purposes, the monthly payment for meals must be at least equal to the maximum food stamp allotment for the size of the boarder household. If the household furnishes two or less meals a day, the amount paid must be at least equal to two-thirds of the maximum food stamp allotment for the size of the boarder household. Parents and children, spouses, and siblings living together cannot be considered a boarder arrangement for food stamp purposes unless one of the individuals is a foster care child or foster care adult. Persons paying for room only are not considered boarders, and may be eligible as a separate food stamp household. Persons not meeting the definition of a boarder should be treated as defined under the food stamp household concept at MS 602-1A.

Boarders who are not included in the household are treated as nonhousehold members. The income and resources of nonhousehold members are not considered available to the household. See MS 605-2C. The boarder payment for lodging and meals is treated as self-employment income to a food stamp household if the boarder is not included as part of the food stamp household. An amount equal to the maximum food stamp allotment for the boarder household size represents the allowable costs of doing business for the food stamp household. If the boarder is included as part of the household, the boarder payment is an exchange of money between household members, and as such, is not considered income to the household.

Boarders are not eligible for food stamps as a separate household. Boarders may be eligible as part of the household providing the board if the household requests the boarder to be included and the boarder meets all other eligibility criteria.
(2) Foster care children/adults: Foster care children/adults are considered nonhousehold members, unless the host household requests that the foster child/adult be included as a member of the food stamp household.

(a) The foster care payment is considered income to the foster care child/adult even if the payment is made directly to the household. If the foster care child/adult is not included in the household, the foster care payment will not be included in the food stamp budget. If the foster care child/adult is included in the food stamp household, the foster care payment will be included as income in the food stamp budget.

(b) Guardianship payments may be referred to as Kinship Care and subsidized guardianships. The household has a choice to include the child as a member of the food stamp household. If the child is included in the food stamp household, the guardianship payment made for that child is counted as unearned income. If the child is not included, this payment is not counted as income to the household.

(c) Subsidized adoption payments are intended to cover expenses incurred due to the special needs of an adopted child. These payments are exempt. See MS 602-3D(33).

Note: Adopted children and their adoptive parents must be included in the same food stamp household. See MS 602-1A(2).
INSTITUTIONS

(1) Definition and Eligibility

Individuals are considered residents of an institution when the institution provides the majority of their meals (over 50 percent of three meals daily) as part of the institution's normal services. Residents of all institutions certified by the Food and Nutrition Service (FNS) as a retailer/wholesaler or meeting one of the following definitions of an eligible institution may participate in the program if the resident meets all other eligibility criteria. Residents of institutions not meeting the following criteria or not certified as a retailer/wholesaler by FNS are not eligible to participate in the Food Stamp Program.

(a) Federally Subsidized Housing for the Elderly

Residents of federally subsidized housing for the elderly built under section 202 of the Housing Act of 1959 or Section 236 of the National Housing Act may participate if eligible.

(b) Alcohol Abuse and Drug Addiction Treatment Centers

Drug addicts or alcoholics who reside at a private nonprofit institution or a publicly operated community mental health center approved by the Division of Behavioral Health, Department of Health and Social Services, may participate if otherwise eligible.

See Addendum 9, State Approved Substance Abuse Programs, for a list of approved programs in Alaska. Approved program status can also be verified by contacting the Program Integrity Unit at the Division of Behavioral Health in Anchorage at 269-3600, or toll-free 1 800 770-3930.

- Adult and minor residents of these institutions can only participate using the authorized representative designated by the institution. Residents are certified as one-person households. Exception: Children living with their parents who are residents of the center will be included in their parent's food stamp household.

- Persons residing in the treatment center not receiving treatment are ineligible for food stamps if the majority of meals are provided.
(c) **Group Homes**

A group home is a public or private nonprofit residential setting that serves no more than 16 residents, and is certified by the State under regulations issued under Section 1616 (e) of the Social Security Act. Residents of group homes are blind or disabled as defined at MS 600-2, paragraphs (2) through (11) of the definition of "Special Category Individual". Residents of these institutions may participate if otherwise eligible.

Group homes may offer meals for sale on an individual basis to residents for food stamps, or purchase food with food stamps through a wholesaler. Residents may apply for benefits as a group or individually depending on the eating and cooking arrangements or through the authorized representative designated for the group home. If an authorized representative is used, the client must be certified as a one-person household.

(d) **Shelters for Battered Women and Children**

Residents of a public or private nonprofit residential facility that serves battered women and their children may participate if eligible. If such a facility serves other individuals, a portion of the facility must be set aside on a long-term basis to serve only battered women and children. Residents may apply on their own behalf or through an authorized representative.

(e) **Public or Private Nonprofit Shelters for Homeless Persons**

Homeless persons residing in a public or private nonprofit shelter may participate if otherwise eligible. Residents may apply on their own behalf or through an authorized representative.
(2) **Certification Procedures for Residents of Institutions**

The case worker is responsible for the following activities:

(a) Verify the treatment center is authorized as a retailer by FNS or eligible under the criteria listed above prior to determining the eligibility of the resident.

(b) Check the applicant for current certification as a recipient in another food stamp household. Applicants currently participating in another food stamp household may not be issued benefits causing duplicate participation unless the applicant is a resident of a shelter for battered women and the household she is currently certified in contains the person who abused her. In this situation, the resident of the shelter for battered women may participate as a separate household only once a month. In all cases where the resident applicant is already participating, follow time frames and procedures for effecting changes in food stamp cases addressed at MS 604-3.

(c) Determine if the shelter resident should be provided expedited service. See MS 605-3B. If the resident is entitled to expedited service, benefits will be authorized by the fourth calendar day following the application date.

(d) Determine work registration status for residents of shelters for battered women. Apply work registration exemptions to residents of alcohol/drug rehabilitation centers and to group home residents.

(e) Use normal processing standards for verifying information and determining eligibility and basis of issuance through financial and nonfinancial program requirements.

- In cases where the participant claims neither income nor resources and the former situation indicates possible income or resources, investigate the possibility of unreported income or resources.

- Budget households on the basis of all income and resources currently available. Residents of battered women and children shelters should be budgeted based on the current resources and income available. Income of their former household and jointly held resources are not counted.
(f) Determine allowable income deductions. Room payments are allowable as a shelter expense.

(g) Provide appropriate notices, establish certification periods, process changes and recertification as provided to all other food stamp households.

(3) Institution Residents Participating on Their Own Behalf

Residents of group homes and shelters for battered women are permitted to apply on their own behalf. However, residents of alcohol/drug rehabilitation centers must apply using the institution as the authorized representative. The following procedures apply to institution residents completing their own application.

(a) The resident is responsible for completing the application process, reporting changes, notifying the district office of departure from the residence, and repaying any overissuances which occur. The household size and eligibility are determined by the same criteria and procedures used to process regular food stamp applications. Resident women or women with children in shelters for battered women will be considered separate household units. Residents of group homes may apply as separate households or one household.

(b) The allotment may be used by resident recipients in the following ways:

- The entire allotment may be given to the facility to be used for purchasing food to prepare resident meals. Upon the client's departure from the institution, the institution must provide the resident the full allotment if no food stamps have been spent on the client's behalf. If food stamps have been spent on food for the individual, the client is only entitled to one-half the monthly allotment if the departure occurs prior to the 16th of the month.

- The allotment may be used to purchase and prepare food for household consumption. If several residents are certified as one household in a group home, upon departure, the individual shall be given one-half of the prorated share of the allotment if the departure occurs prior to the 16th of the month.
(4) **Institution Residents Participating Through an Authorized Representative**

Residents of alcohol/drug rehabilitation centers must apply through the institution's authorized representative. This means the authorized representative must submit a complete application on behalf of the resident, attend the required interview, and ensure all information and documentation needed to determine the resident's eligibility is provided. The Alaska Quest card, containing the resident's food stamp benefits, is retained by the institution and used to purchase food for the resident.

In group homes or battered women shelters, use of the authorized representative is not required. However, residents may use the authorized representative to receive and spend food stamps for food prepared by and/or served to the recipient or to obtain the allotment for the recipient.

Institutions acting as authorized representatives are responsible for:

(a) Notifying the district office of changes in the household's income, circumstances, or residence.

(b) Providing the resident participant's Quest card to the client at departure, if the institution retains the resident participant's Quest card. If the participant leaves the institution prior to the 16th day of the month, the center must ensure at least one-half of the participant's monthly allotment remains on the card balance.

(c) Informing the participant that the institution can no longer act as an authorized representative when a household leaves the institution.

(d) Providing a change report form or monthly report form to any client leaving the institution to report the new address and circumstances to the district office.
(5) **Institution Responsibilities**

The institution must complete the following activities:

(a) Obtain authorization as a retailer from FNS or meet criteria for an eligible institution as defined in MS 605-1D(1). Loss of certification as an alcohol/drug rehabilitation center means the institution can no longer act as an authorized representative. If an institution no longer meets the acceptable criteria, a notice of adverse action is not required to be sent to participating residents but they should receive a written notice explaining the case closure and the effective date.

Residents of alcohol/drug rehabilitation centers may no longer participate in the Food Stamp Program if the center loses authority to act as an authorized representative. However, residents of group homes or shelters for battered women may apply on their own behalf when residing in an institution losing authority to act as an authorized representative if the institution still meets the criteria of an eligible institution in MS 605-1D(1).

Institutions authorized as a retail food store may be penalized or disqualified if it is determined that food stamps were misappropriated or used for purchases that did not contribute to a certified household’s meals. The district office should inform the program officer of any institution suspected of misusing stamps in its possession. No action can be taken prior to an FNS investigation or hearing. However, claims against the institution acting as authorized representative can be made for any overissuances of food stamps held on behalf of the clients discovered during investigation or hearing for redemption violation.

(b) Provide a periodic list of currently participating residents to the district office. Alcohol/drug rehabilitation centers must provide this list monthly. The list must contain a statement signed by a responsible center official attesting to the validity of the list.

(c) Return to the district office any household's Alaska Quest cards, food stamps or ID cards received after the household left the institution.

(d) Act as an authorized representative for clients as detailed in 605-1D(4). As such, the institution is responsible for any misrepresentation or fraud it commits while acting as an authorized representative for the residents. The institution is liable for all losses or misuse of food stamps held on behalf of resident households and all overissuances that occur while the household is a resident of the center.
SPONSORED ALIENS

A sponsored alien is an alien admitted into the United States for permanent residence as defined in the Immigration and Nationality Act and, as a condition of entry, was "sponsored" by a person who executed an affidavit of support for the alien.

(1) Sponsor-to-Alien Deeming

Sponsors are required to execute an affidavit of support with the Immigration and Nationalization Service (INS) and demonstrate that they can provide enough financial support to the sponsored alien so he or she does not have to rely on public assistance benefits.

One way of showing financial support is to count part of the sponsor’s income and resources as the alien’s own when determining the alien’s food stamp eligibility and benefit level. This attribution of income and resources is called “deeming”.

When a sponsored alien applies for food stamps, a portion of the income and resources belonging to the sponsor (and sponsor’s spouse if the spouse is living with the sponsor) who has signed a legally binding affidavit of support is required to be deemed to the alien, regardless of actual availability.

The deeming rules apply only to eligible lawful permanent residents (LPRs) whose sponsor has signed a legally binding affidavit of support (Form I-864 or I-864A) on or after December 19, 1997.

See MS 605-2A(2) for a list of aliens who are not subject to sponsor deeming.

If necessary, the caseworker may verify whether an alien has a sponsor by submitting INS Form G-845 and G845 Supplement (Document Verification Request and Supplement) to INS and requesting completion of block #7 – Affidavit of Support.
(2) **Aliens Not Subject to Sponsor-to-Alien Deeming**

The following aliens are not subject to sponsor-to-alien deeming.

(a) Aliens without sponsors, including refugees, asylees, parolees, persons granted withholding of deportation, Amerasians, Cuban or Haitian entrants. **Note:** Although some of these aliens may be “sponsored” by an organization such as a church, they are not sponsored on an I-864 Affidavit of Support and that organization does not have to sign a legally binding affidavit of support that would subject that individual to deeming requirements.

(b) Aliens with 40 qualifying quarters of work.

(c) Aliens who became lawful permanent residents before December 19, 1997 and aliens whose sponsors signed affidavits of support before December 19, 1997.

(d) Aliens who are in the same food stamp household as the sponsor. Deeming does not apply because the sponsor’s income and resources are already counted. There is, however, no deeming exemption if the sponsor receives food stamps in a different household than the alien.

(e) Aliens who are ineligible for food stamps.

(f) Aliens who are a battered spouse, battered child, or parents or a child of a battered person. Deeming does not apply during any 12-month period providing the battered alien lives in a separate household from the person responsible for the battery. The exemption can be extended for additional 12-month periods if the alien demonstrates that the battery is recognized by a court, administrative order, or by the INS and if the Division of Public Assistance determines that the battery has a substantial connection to the need for benefits.

(g) Indigent aliens, whose total income and any cash or in-kind assistance provided by the sponsor or others are less than the gross income limit for the alien’s household. Notify the Food Stamp Policy Unit in Juneau if such determinations are made. Each indigence determination is effective for 12 months and may be renewed for additional 12-month periods.

(h) Aliens who are children under 18 years old.
(3) **PERIOD OF DEEMING**

Sponsor deeming lasts until:

(a) The sponsored alien becomes a naturalized citizen;

(b) The sponsored alien can be credited with 40 quarters of work;

(c) The sponsored alien is no longer in the U.S. and is no longer a lawful permanent resident;

(d) The sponsored alien meets one of the exceptions listed in MS 605-2A(2); or,

(e) The sponsor or the sponsored alien dies.

(4) **DEEMING SPONSOR RESOURCES**

A portion of the resources belonging to a sponsor (and sponsor's spouse if the spouse is living with the sponsor) is deemed to be the resources of a sponsored alien. The resources belonging to the sponsor’s spouse will be counted even if the sponsor and spouse were married after the signing of the sponsorship agreement.

All but $1,500 of the total countable resources belonging to the sponsor and sponsor’s spouse is deemed to the sponsored alien.

The amount of resources deemed to the sponsored alien is considered in determining the eligibility of the household in which the alien is a member.

If the sponsor signs an affidavit of support for more than one alien, the sponsor's deemed resources are pro-rated among the sponsored aliens.

(5) **DEEMING SPONSOR INCOME**

A portion of the total gross income of a sponsor (and sponsor's spouse if the spouse is living with the sponsor) is deemed to be the unearned income of a sponsored alien. The income belonging to the sponsor’s spouse will be counted even if the sponsor and spouse were married after the signing of the sponsorship agreement.

The amount of the sponsor's income that is deemed to the sponsored alien is calculated as follows:
(a) Total the monthly countable earned income of the sponsor and sponsor’s spouse.

(b) Subtract 20 percent of this total gross earned income.

(c) Add the total monthly countable unearned income of the sponsor and sponsor’s spouse.

(d) Subtract the amount equal to the Food Stamp Program’s gross income eligibility limit for a household equal in size to the sponsor’s household. The sponsor’s household includes the sponsor, the sponsor’s spouse if living with the sponsor, and any person claimed or could be claimed as a dependent for Federal income tax purposes.

(e) If the sponsor signs an affidavit of support for more than one immigrant, the sponsor’s deemed income is pro-rated among the sponsored aliens.

The amount of income deemed to the sponsored alien is considered unearned income in determining the eligibility and benefit level of the household in which the alien is a member.

Actual money given to the alien by the sponsor or the sponsor’s spouse is not considered as income to the alien unless the amount exceeds the amount attributed to the alien as deemed income. The portion of the amount that actually exceeds the amount deemed is considered income to the alien in addition to the deemed income amount.

(6) **CHANGES IN SPONSOR**

(a) If the alien reports during the certification period that the sponsor has changed, the deemed income and resources is recalculated based on the income and resources of the new sponsor and sponsor’s spouse.

(b) If an alien loses his/her sponsor and does not obtain another, the deemed income and resources of the previous sponsor continue to be attributed to the alien until another sponsor is obtained or until the period of deeming ends, whichever occurs first.

(c) If the sponsor dies, the deemed income and resources of the sponsor is no longer attributed to the alien.
SPONSORED ALIEN’S RESPONSIBILITIES

(a) Provide information and verification needed to calculate deemed income and resources at initial application and recertification.

(b) Provide the names (or other identifying factors) of other aliens for whom the alien’s sponsor has signed an agreement to support. If such information is not provided, the entire amount of the deemed income and resource amounts calculated will be attributed to the applicant alien until the information is provided.

(c) Report the required information about the sponsor and sponsor’s spouse if the alien obtains a new sponsor during the certification period.

(d) Report if the sponsor or the sponsor's spouse change or lose employment or die during the certification period.

CASE WORKER’S RESPONSIBILITIES

(a) Obtain at initial application the name, address, and phone number of the sponsor; verification of the income and resources of the sponsor and sponsor’s spouse (if living with the sponsor); the number of dependents who are claimed, or could be claimed as dependents by the sponsor or the sponsor's spouse for Federal income tax purposes; and the names or other identifying factors (such as an alien registration number) of other aliens for whom the sponsor has signed an affidavit of support.

(b) Verify the income, resources, and any questionable information needed to determine the household’s eligibility and benefit amount.

(c) Assist the alien in obtaining verification.

VERIFICATION OF SPONSOR’S RESOURCE AND INCOME

The alien is responsible for obtaining the information and documentation necessary to calculate the deemed income and resource amounts. The caseworker must help the alien obtain the verification, if necessary. INS, through SAVE, can provide the sponsor’s name, address, and SSN.

While awaiting verification, the sponsored alien is ineligible and considered an excluded household member. See MS 605-2B. In this situation, the deemed income and resources are not considered available in determining the eligibility and benefit level of the remaining household members. If the same sponsor is responsible for the entire household, the entire household is ineligible until the required sponsor information is provided and/or verified.
EXCLUDED MEMBERS

Excluded household members are persons disqualified for: failure to apply for or provide a social security number (SSN); being an ineligible alien; failure to declare citizenship status; failure to comply with work requirements; intentional program violation; being a convicted drug felon; or being a fleeing felon. If the only adult household member is disqualified, that person may apply on behalf of a household of minors as the head of household. See MS 601-2B.

(1) Counting Resources and Budgeting Income and Expenses

The calculations necessary to determine the excluded member’s resources, countable income, and allowable expenses are performed by EIS. **Exception:** Shared income (income belonging to more than one person, such as ATAP income) must be prorated manually by the caseworker and each portion entered next to the appropriate household members. See EIS Procedure 1991-3 for additional information.

**Example:** A woman and her son receive ATAP of $800. The woman is an ineligible alien for food stamp purposes, so is disqualified to receive food stamps and coded DI on the SEPA screen. The ATAP income belongs to both the woman and son, so the caseworker must manually prorate the $800. On the UNIN screen, enter $400 ATAP income next to the woman, and $400 ATAP income next to the son. EIS then calculates the portion of the woman’s share that counts in the food stamp budget according to (a) below.

(a) Excluded for failing to provide an SSN, for failing to declare citizenship, or being an ineligible alien or ineligible ABAWD.

**Note:** Code these excluded household members with a “DI” participation code on EIS.

- All of the excluded member’s resources count in total to the household.

- EIS subtracts the 20% earned income disregard from the excluded member’s earned income, and adds the balance to the excluded member’s unearned income. EIS prorates this total, dividing it evenly among the household members, including the excluded member. EIS excludes the excluded member’s portion, and counts the rest as countable unearned income in the food stamp budget.
• The household is entitled to the full standard deduction.

• Shelter expenses (excluding utilities) and dependent care expenses billed to or paid by the excluded member and child support payments made or anticipated to be made by the excluded member are coded on the DEMH screen next to the excluded member. EIS divides these expenses evenly among all household members, including the excluded member. EIS allows all the expenses, except the excluded member’s share, as deductible expenses for the household.

• Utility expenses billed to or paid by the excluded member are allowed in full.

  ✓ When the excluded household member is responsible for the home heating expenses, the household is entitled to the full standard utility deduction (SUD). Code the utility expense next to an eligible household member.

  ✓ If the household is not entitled to the SUD, and the excluded member is responsible for all or a portion of a non-heating utility expense, the household is entitled to the full non-heating utility standard. Code the utility expense next to an eligible household member.

(b) Excluded for an intentional program violation (IPV), being a convicted drug felon or fleeing felon, or failure to comply with a work requirement.

Note: Code household members excluded for an IPV or being an ineligible felon with a “DF” participation code. Code household members excluded for not complying with a work requirement with a “DJ” participation code. Ineligible ABAWDs are coded “DI” as described in (a) above.

• All resources belonging to the excluded member count.

• All income (minus allowable exclusions and the earned income deduction, if appropriate) belonging to the excluded household member counts.

• All deductions (earned income, standard, medical, dependent care, excess shelter, and child support) continue to apply to the remaining household members. The total expenses paid by the excluded member are allowed.
(2) **Eligibility and Benefit Level**

The excluded member shall not be included when determining the household's size for:

(a) Assigning a benefit level to the household; or,

(b) Comparing the household's monthly income with the income eligibility standards; or,

(c) Comparing the household's resources with the resource eligibility limits.

The food stamp allotment shall not be increased as a result of the exclusion of a household member for IPV, or for noncompliance with TANF and APA program requirements.

(3) **Certification**

When an individual is disqualified during the certification period, determine the eligibility of the remaining household members. Send a notice explaining the disqualification and the change in the food stamp benefit.

Adequate notice is acceptable for disqualification due to an intentional program violation. Adverse action notice is required before excluding a member for no social security number, a work requirement disqualification, or being an ineligible alien, ineligible ABAWD, or ineligible convicted drug felon or fleeing felon.
NONHOUSEHOLD MEMBERS

(1) Definition: Nonhousehold members are individuals living in the food stamp household's home but not included in the food stamp household. These include:

(a) Individuals, including live-in attendants, who do not purchase food and prepare meals with the household;

(b) Ineligible students, including those that purchase food and prepare meals with the food stamp household;

(c) Roomers; and

(d) Visitors whose visit is anticipated to last less than half the month.

(2) Income: Income belonging to a nonhousehold member is disregarded in the food stamp budget.

Cash payments from the nonhousehold member to other household members are income to the food stamp household. **Exception:** Monies received by the household from the nonhousehold member for a specific expense belonging to the nonhousehold member is excluded provided the household uses the money for the specified expense. For example, a nonhousehold member gives the household money to cover his share of the rent, and the household pays the landlord. This payment is excluded income.

When income of a household member and nonhousehold member is combined into one payment, count only the household's portion. If the food stamp household member's share is not identifiable, prorate the income evenly among those for whom it is intended and count the household member's allocation.

(3) Expenses: Expenses billed to or paid by the nonhousehold member are not allowed as a deduction. Only those expenses billed to or paid by the household are allowed. If the nonhousehold member pays a portion of an expense, that portion is not allowed. If the portion paid by the nonhousehold member cannot be identified, the expense will be prorated among the members actually paying or contributing to the expenses and only the food stamp household members' portions will be allowed.

(4) Resources: The resources of nonhousehold members are disregarded.
605-2D INCOME FROM SELF-EMPLOYMENT

Self-employment endeavors vary depending upon the nature of each self-employment enterprise. Exact instructions fitting every situation are impossible to provide. Therefore, case workers must use prudent person judgment in determining all factors related to budgeting self-employment income and must carefully and thoroughly document relevant information.

Relevant information includes the type of verification used to determine adjusted gross self-employment income and allowable costs of doing business (noting expenses which are not allowed), the budgeting method used, and for seasonal self-employment income, the period of self-employment.

(1) Definitions

(a) Definition of Self-Employment

Self-employment is the process of actively earning income directly from one’s own business, trade, or profession. Persons are considered self-employed if they:

- Are responsible for obtaining or providing a service or product; and,
- Earn income directly from their own business; and
- Are not required to have federal income tax and FICA payments withheld from their earnings; and
- Are not required to complete an IRS W4 form for an employer; and
- Are not covered by worker’s compensation.

Self-employment may include income from a trade or business, hobby, commercial boarding house, rental property, or other income producing property. Examples of self-employed individuals include:

- Grocers
- Farmers
- Subcontractors
- Ivory Carvers
- Child Care Providers
- Cosmetic Sales Persons
- Door-To-Door Sales Persons
- Persons Providing and Charging Room and Board
- Persons that Own and Manage Rental Property

- Storekeepers
- Trappers
- Craft Persons
- Fisher Persons
- Basket Weavers
- Carpenters
- Artists
- Repair Persons
(b) **Self-Employed Fisher Persons**

Owners of fishing boats and individuals holding fishing permits are considered self-employed fisher persons if they are actively involved in the fishing operation.

Individuals who lease their boat or fishing permit and are not actively involved in the fishing operation are not considered self-employed fisher persons. In these cases, the income obtained from the lease of the boat or permit is considered rental property income. The leased boat and permit are considered income-producing property and, therefore, are excluded resources. See MS 602-2B(6).

(c) **Rental Income**

Rental income is treated as self-employment income when the owner of the property is actively engaged in the management of the property at least 20 hours per week. The adjusted gross income is considered earned income.

When the owner is not actively engaged in the management of the property for at least 20 hours per week, costs of doing business are deducted from the rental income and the adjusted gross income is considered unearned income. See MS 602-3B(7)(a).

(d) **Monthly Self-Employment Income**

Monthly self-employment income is self-employment income that is, or could be, earned on a monthly basis during any or all months throughout the year. Examples of individuals with monthly self-employment income include:

- Artists
- Craft Persons
- Basket Weavers
- Cosmetic Sales Person
- Taxi Drivers
- Ivory Carvers
- Child Care Providers
- Rental Property Owners

Follow the procedures at MS 605-2D(6) for budgeting monthly self-employment income.
(e) **Seasonal Self-Employment Income**

Seasonal self-employment income is self-employment income that is earned during a specified season or during part of a year. Examples of individuals with seasonal self-employment income include:

- Fisher Persons
- Farmers
- Trappers
- Christmas Tree Lot Operators

Follow the procedures at MS 605-2D(6) for budgeting seasonal self-employment income.

(f) **Gross Self-Employment Income**

Gross self-employment income means the total amount of money the trade or business produces. Gross self-employment income is computed by totaling the gross business receipts (income) for the business enterprise. Allowable costs of doing business are **not** deducted in determining gross self-employment income.

(g) **Adjusted Gross Self-Employment Income**

Adjusted gross self-employment income means the gross self-employment income less allowable costs of doing business. To determine adjusted gross self-employment income, subtract the total amount of allowable costs of doing business from the gross self-employment income. The amount of self-employment earnings countable to a self-employed individual is the adjusted gross self-employment income.

(h) **Self-Employment Costs of Doing Business**

Self-employment costs of doing business are those declared non-personal expenses that are directly related to producing the self-employment income, and which are not specifically prohibited. If an expense is determined to be an allowable cost of doing business, the expense is deducted in computing adjusted gross income whether it is paid or not.

Refer to MS 605-2D(3) for more information on costs of doing business.
(i) **Durable Goods**

Durable goods are items of value purchased for use in the self-employment enterprise that are normally used for more than one year or season and can usually be sold once the self-employment business ends. Durable goods include items such as:

- Office equipment
- Transmission gears
- Vehicles
- Photo lab equipment
- Farm equipment
- Livestock
- Boats/skiffs and their engines
- Fishing nets (gill nets, seine nets)
- File cabinets
- Electronic equipment
- Floats and buoys
- Spare engines
- Playground equipment

(j) **Period of Self-Employment**

The period of self-employment is the number of months in which a seasonally self-employed individual is actively engaged in producing, or attempting to produce, self-employment income. The period of self-employment does not include months in which maintenance or preparation of tools or equipment is the only self-employment activity performed.

(2) **Reserved**
(3) **Costs of Doing Business**

(a) **Expenses Allowed as Costs of Doing Business**

Allowable costs of doing business include but are not limited to:

- Labor, including gross wages for an employee, employee life and health insurance premiums, and mandatory employer contributions to employee benefits plans such as Unemployment Insurance and Social Security.

- Payments made to a self-employed helper, such as costs for contracted work, shares paid to a self-employed crew member, etc.

- Stock and inventory, including the actual amount plus tax of a product purchased for resale.

- Raw materials.

- Purchase of durable goods.

- Interest and principal paid on loans to purchase durable goods.

- Insurance premiums, taxes, assessments, and utilities for income producing property.

If the household’s home is used as the place of business, a percentage of the mortgage interest and principal, insurance, taxes, and utilities can be allowed as costs of doing business. To be allowed these costs, the self-employed individual must provide a description of the portion of the home used in the business, proof of the gross amount of the expenses, and a reasonable method for estimating the proportion of expenses attributed to the business (such as a percentage of use, amounts claimed under IRS rules, etc.)

The portion of the costs allowed as business expenses is not allowed as shelter costs in the food stamp budget.

- Service, maintenance, and repair of business property and equipment.

- Rental of business property and equipment.

- Business supplies.

- Advertisement.

- Licenses and permit fees.
Legal and professional fees, such as fees paid to lawyers and accountants.

Business travel, including costs incurred by the self-employed individuals to travel outside their community to work, sell goods or services, purchase business equipment, and seek repair of business equipment. Transportation to and from work is not an allowable cost of doing business.

Purchase of non-durable items.

Vehicle expenses.

If a vehicle is used more than 50% of the time for self-employment reasons, allowable business-related expenses include gas, oil, registration and licensing fees, insurance, interest and principal payments on vehicle loans, necessary service and repairs, and replacement of worn items (such as tires). Do not allow vehicle depreciation as a business expense.

If a vehicle is used less than 50% of the time for self-employment, allow the standard mileage rate permitted by the Internal Revenue Service for business use. For 2006 this rate is 44.5 cents a mile. This allowance includes all business-related vehicle costs; no other vehicle-related expenses are deductible. To receive the mileage allowance, the self-employed individual must provide reasonable documentation of their business-related mileage.

Year-round boat moorage.

Utility costs to maintain the boat year-round.

Crew food and crew transportation, if paid by the self-employed individual.

If the cost of food for crew members is not identifiable, the allowable cost is determined by prorating the total cost of food by the number of individuals on the boat. The result is the prorated cost for each individual. If food expense is deducted from the amount paid to a crew member, the amount deducted is not allowed as a cost of doing business.

A food deduction is not allowed for the self-employed individual or for any member of the food stamp household.
Expenses not allowed as costs of doing business are:

- Depreciation.
- Net losses from previous periods. **Exception:** Fishing/farming losses as described at MS 605-2D(10).
- Federal, state and local income taxes.
- Monies set aside for retirement purposes, except when paid for an employee who is not a member of the food stamp household.
- Personal work-related expenses, such as transportation to and from work and child or dependent care. Transportation to and from work is included in the 20 percent earned income deduction. Child and dependent care costs are allowed under the dependent care deduction in the food stamp budget.
- Normal living expenses for the self-employed individual and his or her family members, such as shelter and food.
- Personal costs for the self-employed individual and his or her family, such as life and medical insurance and entertainment.
Verification of Self-Employment Income and Expenses

Each self-employed individual is required to provide verification of self-employment business income and expenses. Verification may include records showing the history of income and expenses, or documentation for what is expected to be received and spent in the future. Whatever is provided must clearly identify business expenses as allowable costs of doing business. If the individual lacks acceptable verification of an allowable expense, or if the expense is not identifiable, the expense is not allowed as a cost of doing business.

Following are possible means of verification:

(a) **Self-Employment Business Records**

The self-employed person’s business records are the best and preferred method of verification. Self-employment has no “employer” verification. The self-employed person is the employer, and thus, business records maintained by the individual are acceptable verification.

The self-employed person has primary responsibility to tabulate the income and expense types and amounts in an organized manner. Acceptable business records range from informal personal records, such as a listing of receipts for business income and costs of doing business, to professionally prepared documents such as financial statements. A business plan or the self-employed individual's statement may be used to verify anticipated income and expenses that are not verifiable by other sources.

The record must show sufficient information to determine when income was received and costs incurred and if the costs are allowable. Individual receipts for income and costs may be requested if additional information is needed or any of the items listed are questionable.

(b) **Tax Forms**

Income tax documents provide acceptable documentation of self-employment income and expenses. Such forms include: Form 1040 Individual Income Tax Return, Schedule C Profit or Loss from Business, Schedule E Supplemental Income and Loss, Schedule F Profit or Loss from Farming, Form 1065 Partnership Return of Income including Schedule K-1 Partner’s Share of Income, and Form 1120-S, Income Tax Return for an S-Corporation including Schedule K-1 Shareholder’s Share of Income.
Some costs of doing business allowed by the IRS, such as depreciation, are not allowable costs of doing business under public assistance program policy. When using tax forms as verification, review the claimed expenses, noting which are allowed under program rules.

(c) Third Party Contacts

Written documentation from a third party verifying the self-employed person’s income or expenses is acceptable. This may include verification from city or borough offices, taxicab stand owners, parent companies, fish processors/canneries, and Department of Fish and Game.

(5) Estimating Self-Employment Income

Self-employment income is estimated the same way as other income, using the policy at MS 603-1. Working with the self-employed person, the caseworker reviews the self-employment earnings history and considers what is likely to change in the future. The estimate is made using information about the source of income, the amount of income expected to be received from that source, and when and how often the income will be received. A correct estimate of self-employment income and expenses must be reasonable, based on all available information, and include contact with the self-employed individual.

Self-employment income is different from other earned income in several ways:

- Self-employed individuals are the primary source of information used in the estimate of income. An estimate of self-employment income cannot be made without talking to the self-employed person.

- The estimate of income includes consideration of the individual’s history of self-employment earnings, but only as a starting point. The estimate of future self-employment income must include documentation of what changes are expected to occur and how these changes have been factored into the estimate.

- Changes in expenses, as well as changes in income, are considered. For example, an increase in the price of gasoline may affect both monthly self-employment (taxi drivers) and seasonal self-employment (fishermen).

- The type of changes and the number of factors that may affect self-employment income is greater than for regular employment situations. The caseworker will need to develop familiarity with a variety of local conditions that impact different types of self-employment. For example, the expected volume of tourism in a community might influence the estimate of income for taxi drivers, tour operators, and charter boat businesses.
Particularly for seasonal self-employment such as fishing, information from other sources, such as the Department of Fish & Game and processors, is necessary to understand what is likely to occur. The predicted strength of a run, the expected prices that will be paid, and the length and timing of openings all affect the estimate of income. Information about when the self-employment income will be available determines the budgeting of the income.

When all the necessary information has been gathered, subtract the expected allowable costs of doing business from the expected income for the period of self-employment being estimated. The result is the individual’s adjusted gross self-employment income.

**Note:** If the self-employment enterprise is new, use the estimate provided by the self-employed person. In some cases they may not anticipate receiving any countable income during the start-up period. Caseworkers should review the situation with the self-employed individual at the time it is anticipated the enterprise will begin producing income.

(6) **Budgeting Self-Employment Income**

After an estimate has been made of a person’s expected adjusted gross self-employment income, the income is budgeted based on whether it is or can be received every month (monthly self-employment income) or is only received during certain times of the year (seasonal self-employment income).

(a) **Budgeting Monthly Self-Employment Income**

Count the estimated monthly adjusted gross self-employment income in each month the income is expected to be received.

(b) **Budgeting Seasonal Self-Employment Income**

To budget seasonal self-employment income, divide each individual's estimated adjusted gross seasonal self-employment income by the number of months in the period of self-employment. The result is the person’s prorated self-employment income. This prorated amount is counted for the same number of months as the period of self-employment.

If the income is available during the season, this prorated amount counts in each month of the season.

If the income is not available during the season, no seasonal self-employment income is counted during that time.
For recipient households, the prorated self-employment income counts beginning with the month following receipt of the income and notice of adverse action.

For applicant households, the prorated self-employment income counts beginning with the month the income is received.

In these cases, actual income and costs for the completed season are used. Determine the season’s income by subtracting the actual allowable costs of doing business from the end-of-season payment. Divide this by the number of months in the self-employment period and count the prorated amount for the appropriate months.

**Example:** Ms. Jones, an ongoing FS recipient, is a self-employed fisherperson. She fishes for salmon in June, July and part of August. She cannot receive draws or advances on her fishing earnings, and will not be paid for the fish until the end of the season. No fishing income is counted for June, July or August.

On August 15, Ms. Jones reports she received $4500 from the processor. She provides verification of this income and $1500 in allowable costs of doing business. On August 23, the caseworker subtracts the allowable expenses from the gross fishing income to arrive at an adjusted gross income of $3000. The caseworker divides this income by three months (the length of the period of self-employment), and $1000 is counted in each month - October, November and December - following notice of adverse action.

If an individual earns seasonal self-employment income during more than one season, the income is counted based on when the income for each season is paid.

**Example:** Mr. Harper, an ongoing FS recipient, is a self-employed fisherperson. He fishes for herring in February, halibut in June, and salmon in July, August, and September. He is paid during the period of self-employment for his herring and halibut seasons, but does not receive income for salmon fishing until the end of that season. Mr. Harper’s self-employment income is counted during the months of February (herring), June (halibut), and for three months following receipt of his salmon income and notice of adverse action.
(c) **Fish Price Adjustments**

Some seasonally self-employed fisher people receive retroactive price adjustment payments after the season is over. These payments are counted only if:

- The month the payment will be received is known; and,
- The amount of the payment can be reasonable anticipated.

These payments are not included in the amount of anticipated income that is prorated over the self-employment period. Count these payments in the month they are expected to be received. See the Estimating Income policy at MS 603-1.

(7) **Annualization Determination**

If a household’s total estimated yearly income from all seasonal self-employment is more than the Self-Employment Annualization Standard for the household size, the income is considered sufficient to meet the household’s needs for the entire calendar year. In these cases, the seasonal self-employment income is annualized (prorated and counted over 12 months).

If the household’s total estimated seasonal self-employment income is equal to or less than their annualization standard, each individual’s seasonal self-employment income is budgeted using the policy in this section.

- The annualization determination includes the total adjusted gross seasonal self-employment income that all seasonally self-employed household members expect to receive during the current calendar year.
- Do not include any monthly self-employment income or other income in this total.
- All household members are included in the household size to determine the appropriate annualization standard from the chart below.

To make the annualization determination, ask the household if their seasonal self-employment income will exceed the annualization standard. Accept the household’s statement of expected yearly income from seasonal self-employment for this determination.
Self-Employment Annualization Standards  
(Effective April 2006)

<table>
<thead>
<tr>
<th>Size of Household</th>
<th>Guideline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$22,663</td>
</tr>
<tr>
<td>2</td>
<td>$30,525</td>
</tr>
<tr>
<td>3</td>
<td>$38,388</td>
</tr>
<tr>
<td>4</td>
<td>$46,250</td>
</tr>
<tr>
<td>5</td>
<td>$54,113</td>
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<tr>
<td>6</td>
<td>$61,975</td>
</tr>
<tr>
<td>7</td>
<td>$69,838</td>
</tr>
<tr>
<td>8</td>
<td>$77,700</td>
</tr>
<tr>
<td>Each additional member</td>
<td>$7,863</td>
</tr>
</tbody>
</table>

If the household’s seasonal self-employment income is annualized, the household is ineligible for food stamps. They may reapply at any time and have the annualization of their seasonal self-employment income reevaluated.

(8) Budgeting Self-Employment Income Changes

Changes in self-employment income are made when a report of change indicates that there is a substantial change in self-employment income (such as fisheries closure or additional openings, breakdown or loss of equipment, or prolonged illness).

Adjustments to self-employment income are made only when more current information and supporting verification becomes available.

If an adjustment is made, the caseworker must document the reason for the adjustment, how the adjustment was calculated, and the new anticipated self-employment income amount.

The effective date of the adjustment is determined following effective date of change policy at MS 604-3D. The adjustment continues through the period of self-employment.

If a new seasonally self-employed individual later becomes part of the household, his/her income counts during the period of self-employment. A new annualization test is not done.
Unique Self-Employment Situations

(a) Household Members as Employees

For some households, the self-employment enterprise involves more than one member. In some of these cases, household members may be paid wages, contract payments, or crew shares of the catch proceeds from the enterprise. In these situations, the payments are treated as follows:

- When a dependent child in the household receives payment of wages, contract payments, or crew shares for work in the self-employment enterprise, the amount paid to the child is not an allowable cost of doing business and the wages/shares do not count as income to the child. The amount paid to the child is not deducted from the gross self-employment income for the enterprise.

- When another adult in the household receives payment of wages, contract payments, or crew shares for work in the self-employment enterprise, the amount paid to the adult is an allowable cost of doing business and the wages/shares do count as earned income to the adult receiving the payment. The amount paid to the adult is deducted from the gross self-employment income for the enterprise.

In other situations, the self-employment enterprise may be established as a partnership or S-corporation and more than one household member may share in the total business income. In these situations, the income received is counted as income as described in the following section.

(b) Partnerships and Corporations

Most self-employment enterprises are owned and operated by a single individual and all of the business income belongs to that individual. These are known as “sole proprietorships” and the individual’s countable income from these enterprises is determined by subtracting the total allowable costs of doing business from the total business receipts. Any salary or disbursement received by the individual from the business is not considered in the calculation of the gross self-employment income. These amounts are not allowable costs of doing business and are not deducted from the gross self-employment income for the enterprise.

Self-employment enterprises may also be formed as partnerships and corporations, which means that business income is shared.
Following are descriptions of these types of enterprises.

**Partnerships**

Some enterprises involve a partnership, which means two or more individuals have agreed to manage the business together and share the business income. A written agreement is not required for a partnership to exist, but there may be one. An individual’s countable income from these enterprises is determined by subtracting the total allowable costs of doing business from the total business receipts, and dividing the amount by each partner’s share. The share of income from a partnership is countable even if it is not distributed. Any salary or disbursements received by the individual from the business is not considered in the calculation of the gross self-employment income. These amounts are not allowable costs of doing business and are not deducted from the gross self-employment income for the enterprise.

A partnership is required to file an income tax Form 1065 Partnership Return of Income including Schedule K-1 Partner’s Share of Income, which shows the income and expenses for the business. Unless the partnership is a new business, each partner should have a copy of these forms for reporting their share of the income.

Some partnerships involve a general partner, who is actively involved in operating the business, and a limited partner, who is an investor only, not an active participant. The general partner is considered self-employed and their portion of the income from the partnership counts as self-employment income. Any income received by the limited partner is treated as unearned income.

**Corporations**

A business may be a corporation, which is a distinct legal entity with legal status separate from the individuals who form it. One type of corporation, the S-corporation, is considered a self-employment enterprise. It confers a special tax status to shareholders and operates like a partnership. Income from an S-corporation is taxed at the individual level and is treated like self-employment income from a partnership. The income is passed through to the shareholders based on each shareholder’s pro rata share.
The S-corporation must file a Form 1120-S, Income Tax Return for an S-Corporation including Schedule K-1 Shareholder’s Share of Income. Unless the corporation is a new business, each shareholder should have a copy of these forms for reporting their share of the income.

Another type of corporation, the C-corporation, is not considered to be a self-employment enterprise. In the C-corporation, taxes are paid on business income by the corporation and not by the stockholders. If profits are distributed to the stockholders as dividends, the dividend is treated as unearned income to the stockholder. An individual may receive a salary from a C-corporation. The salary is counted as wages, not self-employment income, even if the individual is the primary stockholder in the corporation. Such wages may include in-kind compensation resulting from the business paying for personal and household bills. Stocks that individuals own in these corporations are counted as resources, even if they are not publicly traded on the stock market.

(10) Self-Employment Fishing and Farming Loss Amount

Fishermen and farmers who anticipate at least $1,000 in annual gross income are entitled to offset a self-employment fishing or farming loss from other countable income. A loss occurs when the annual adjusted gross self-employment income is determined to be less than zero. In the case of a self-employed fisherman, all the income and expenses from the individual fisheries (e.g., crab, herring, halibut, salmon) from the most recent fishing season for which complete verification is available are combined to determine whether a loss exists.

(a) Determining the Monthly Self-Employment Loss Amount

Determine the adjusted gross self-employment income, using the most current income and costs of doing business amounts where complete verification is available. When the self-employment allowable costs of doing business exceed the gross self-employment income, a net loss results. To determine this net loss amount, subtract the gross self-employment income from the costs of doing business. The monthly self-employment loss amount is determined by dividing the total loss by the number of months in the period of self-employment as defined at MS 605-2D(1)(j).

The Food Stamp Program Self-Employment Fishing/Farming Loss Amount Calculation Worksheet (form FSP 73, 06-3816) may be used by the caseworker to determine the monthly self-employment loss amount.
(b) Processing the Self-Employment Loss Amount on EIS

The caseworker enters the monthly loss amount on the Dependent/Medical/Housing Expenses (DEMH) screen on EIS, using the expense type code "LO". EIS applies it as an income exclusion from other countable earned and unearned income. This exclusion is applied before the gross and net income eligibility tests are made and before the food stamp allotment is calculated.

The monthly loss amount is applied beginning the first month of eligibility. The loss amount is allowed for a continuous period equal to the number of months in the period of self-employment regardless of participation (i.e., even if the case closes). The caseworker will monitor this period to ensure the loss amount coding is removed from EIS once the number of months has passed.

EIS subtracts the monthly self-employment loss amount from the appropriate type of income in the following order until it is applied in full: First, from any other self-employment income, after the costs of doing business have been subtracted but prior to the earned income deduction being applied. Second, from other earned income, prior to the earned income deduction being subtracted. Lastly, from countable unearned income. In all cases, the loss amount is excluded prior to applying the standard deduction.
Policy Differences Between Temporary Assistance, Family Medicaid and Food Stamps

The self-employment income policies for the Temporary Assistance, Family Medicaid, and Food Stamp programs are similar, but there are some important differences.

<table>
<thead>
<tr>
<th>POLICY DIFFERENCE</th>
<th>FAMILY MEDICAID AND TEMPORARY ASSISTANCE</th>
<th>FOOD STAMPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fishing/Farming Offset</td>
<td>Temporary Assistance and Family Medicaid do not offset losses from other income.</td>
<td>Food Stamp Program allows fishermen and farmers to offset their self-employment income losses from other income.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>FS MS 605-2D (10)</td>
</tr>
<tr>
<td>Rental Income</td>
<td>Temporary Assistance and Family Medicaid treat rental income as self-employment income unless the managerial and maintenance activities for the property are performed by an outside agency, such as a realtor or property management firm. If rental income is treated as unearned income, property management fees are the only allowable deduction.</td>
<td>Rental income is only treated as self-employment income if the household member is actively engaged in the management of the property at least 20 hours per week. If rental income is treated as unearned income, costs of doing business are allowed.</td>
</tr>
<tr>
<td></td>
<td>Temporary Assistance MS 759-5 A 3. Medicaid MS 5164-7 C.</td>
<td>FS MS 605-2D (1)(c)</td>
</tr>
<tr>
<td>Durable Goods</td>
<td>Temporary Assistance and Family Medicaid do not allow the cost of purchasing durable goods as a business expense. Only interest payments on loans for the purchase of durable goods are an allowable cost of doing business.</td>
<td>Food Stamp Program allows the cost of purchasing durable goods as a business expense. Both principal and interest payments on loans for the purchase of durable goods are allowable costs of doing business.</td>
</tr>
<tr>
<td></td>
<td>Temporary Assistance MS 759-5 B 2. Medicaid MS 5164-2 B.</td>
<td>FS MS  605-2D(3)(a)</td>
</tr>
</tbody>
</table>
SPECIALIZED CASE PROCESSING

QUARTERLY OR SEMIANNUAL ISSUANCES

In some rural areas quarterly or semiannual issuances are used to provide several months of benefits at one time. Quarterly or semiannual issuances should be used only in rare and justifiable situations. Circumstances to consider in determining eligibility for this issuance method include: frequency of food deliveries in the area, mail service, distance from retail food source, terrain, season of the year, and severity of the weather.

Households receiving quarterly or semi-annual issuances are required to report changes within ten days or as soon as they are able to contact the DPA office or mail in the report of change. The household is responsible for repaying any overissuances resulting from the advance issuance of benefits.

Households residing in the following areas may receive food stamp benefits on a quarterly or semiannual basis if individual situations warrant this method of issuance.

Fairbanks: Telida
Kotzebue: Candle, Kobuk River, Noatak River
Nome: Council, Diomede, Solomon
Mat-Su: Chase, Skwentna, Trapper Creek

Cases outside the above-named areas may be eligible for quarterly or semiannual issuance. Prior authorization must be obtained from the Food Stamp Program Policy Unit.
EXPEDITED SERVICE

Expedited service rules require entitled households to receive food stamp benefits no later than the seventh calendar day following the date the application is received in a DPA office. All applications must be screened for this entitlement.

To meet these rules, expedited service procedures require authorizing benefits to qualifying households by the fourth calendar day following the application date.

**Example:** An applicant comes into the office on Thursday, June 30, and applies for food stamps. He has no income or resources, so meets the criteria for expedited service. The fourth calendar day following the application is Monday, July 4th (July 1, July 2, July 3 and July 4). Since Monday is a holiday, the caseworker must process the application and authorize benefits by the close of business on Friday, July 1.

Only the first month of the certification period can be an expedited service month. Households may be ineligible for food stamp benefits for the month of application yet eligible for expedited service for the following month. These households must receive their food stamps by the seventh calendar day following the date the application is received in the DPA office or the first working day of the following month, whichever is later.

**Example:** An applicant comes into the office on October 13th. His only income is the Alaska Permanent Fund Dividend of $1500. The Internal Revenue Service garnisheed the PFD for back taxes he owed. He is not eligible for food stamps for October, but is eligible effective November 1. This household must receive his food stamps by November 1st.

Households entitled to expedited service applying after the 15th day of the month will be sent their initial prorated allotment and the second month full allotment at the same time. Verification for both months will be waived, if necessary, to meet the expedited time frame. Refer to EIS Procedure 1993-6.

**Note:** Interviews are required for all applicants, including households that are entitled to expedite service. See MS 601-3.
Entitlement

Expeditioed service must be provided to:

(a) Households with less than $150 in anticipated monthly gross countable income and with countable liquid resources that do not exceed $100. Liquid resources include cash on hand, checking or savings accounts, savings certificates, and lump-sum payments as specified at MS 602-3D(11); or

(b) Households who have combined countable monthly gross income and liquid resources that are less than the household’s monthly shelter expenses.

If it is determined after application that a household is entitled to expedited service, expedite the application from that point forward and document the date expedited service entitlement was determined.

Households not entitled to expedited service will have their application processed following normal procedures.

A household that has received expedited service before can receive expedited service again except when:

1. The household was last certified under expedited service rules, and,
2. Verification was postponed, and,
3. The case was closed for failing to provide the postponed verification; and,
4. The verification is still applicable to the household’s current situation.

Examples:

A household applies on April 18. The only income is a Veteran’s benefit check that recently went down to $850. Their rent and utilities total $950. They haven’t paid the electricity bill. The household is entitled to expedited service. Verification of the Veteran’s benefit amount is postponed and benefits for April and May are issued. The household does not provide verification, so the case is closed effective May 31. The household reapplies on June 10. The only income continues to be $850 and their rent and utilities total $950. This household must provide verification of their Veteran’s benefit amount before the June application can be approved.

A household applies on April 10. The household is entitled to expedited service. Don received $350 in April from a temporary job. He did not have any verification, and his employer was not available by phone, so the verification of these earnings was postponed, and benefits for April are issued. The household does not provide verification and the case is closed effective April 30. The household reapplies in July and meets the expedited service criteria. Don is no longer working. Verification of Don’s temporary job cannot be required since it has no impact on July benefits.
(2) **Verification for Expedited Service Applications**

(a) Identification of the applicant must be verified. This is the person who applies for the household, e.g., the head of household, an adult household member, or the authorized representative.

(b) Work registration of the applicant must be completed (unless exempt or an authorized representative applies on behalf of the household). Work registration for other household members may be completed, but will be postponed if verification or registration cannot be accomplished within expedited time frames.

(c) Income, resources, residence address, household composition, citizenship, and shelter expenses will be verified within expedited service time frames when possible. They are postponed if expedited service would be delayed due to the inability to verify. If the verification is postponed, use the information and amounts claimed by the household.

(d) Social security numbers or completed SS-5 applications must be furnished for each member by the 30th day from the first day of the first full month of participation. For example, a household certified for expedited service on March 13 must furnish SSNs or SS-5 cards by April 30. Those households unable to provide the required SSNs will be handled as specified in MS 602-1E.

(3) **Notice of Postponed Verification**

When verification is postponed, send the household a notice requesting the verification. Households are given at least 10 days but no more than 30 days from the date of this notice to provide the verification. The verification must be submitted before the next month’s issuance is authorized.

- **Households applying by the 15th of the month:** When verification is postponed and the first month allotment is issued, the verification must be submitted before the second month issuance is authorized.

- **Households applying after the 15th of the month:** When verification is postponed and the first and second month allotments are issued simultaneously, the verification must be submitted before the third month issuance is authorized.

If the verification is not submitted by the due date on the pend notice, the case is closed with adequate notice. See MS 604-4C(3).

Households submitting verification after the effective date of closure are required to reapply with a new application. The 60-day delayed application policy described at MS 601-5F does not apply to expedited service cases that are closed for failing to provide verification.
605-3C  JOINT APPLICATION PROCESSING: FS/PA AND FS/SSI

(1) PA/GA Food Stamp Applicants

To simplify participation in the Food Stamp Program, households in which all members are applying for public assistance (PA) or general assistance (GA) shall be allowed to apply for food stamp benefits at the same time they apply for other assistance. Food stamp eligibility and benefits must be determined solely on food stamp eligibility criteria. Food stamp benefits cannot be delayed as a result of a household member applying for any other program.

(2) SSI/Food Stamp Applicants

Households in which all members are recipients of and/or applicants for SSI and food stamps can apply for both programs at the same time. The provisions for joint application apply to all households who have not applied for food stamps in the last 30 days and do not have an application currently pending.

Joint processing means completion of an initial food stamp application, screening for expedited service, and the interview, or the activities necessary for recertification at the same time of applying for SSI benefits at the SSA office. SSA forwards the signed application, transmittal form and all available verification to the local DPA office within one working day. For rural areas, the forms and verification will be mailed within five days.
(a) **Processing Standards**

All Food Stamp Program processing standards, verification, and eligibility requirements will be followed. The 30-day processing time limit will begin the date the application is received and date stamped at the SSA office. Expedited service processing time frames begin when the application is date stamped at the DPA district office.

(b) **Verification**

The SSA printout, documentation provided by the client, i.e., copy of the check or award letter, or other information which shows the benefit amount may be used to verify SSI benefits. Any documentation provided by the SSA office including the SSA transmittal is acceptable verification. Any necessary verification not available or not received from the SSA office may be requested from the client. However, the applicant cannot be required to appear at the food stamp office.

(c) **Budgeting**

The SSI payment will be budgeted as unearned income.

(d) **Certification**

SSI and pending SSI households shall be certified up to 12 months. If the SSI application is subsequently denied the food stamp certification period may be shortened by sending a Notice of Adverse Action terminating the case the end of the issuance cycle following the date of the notice. The notice must explain that the termination is due to changes which may affect the food stamp eligibility or benefit level and that the household may be entitled to an out-of-office interview.

Changes must be reported by the household to the food stamp office in accordance with food stamp reporting requirements.
605-4A  FEE AGENT APPLICATIONS AND APPLICATIONS FROM REMOTE AREAS

Fee agent application processing is included in the Fee Agent Manual and in the Administrative Procedures Manual.

See MS 601 for policy on processing applications from remote areas.
605-4B SUBSISTENCE HUNTING AND FISHING

(1) Eligibility for Subsistence Hunting and Fishing Provisions

Only individuals meeting both of the following criteria may use food stamps to purchase subsistence hunting/fishing equipment:

(a) Live in communities in which access to retail stores is difficult; and
(b) Rely substantially on hunting and fishing for subsistence.

These households may use food stamps to purchase specified subsistence hunting and fishing equipment as defined under “subsistence equipment” in MS 600-2 at any FNS authorized retail store in Alaska.

(2) Subsistence Hunting and Fishing Statement

To permit equipment purchase with food stamps, the head of household, spouse or authorized representative must sign a statement declaring intent to secure a substantial portion of the household's food by means of subsistence hunting and fishing. The required statement of intent is:

"This household intends to satisfy a substantial portion of its food needs by subsistence hunting and fishing; this household does not intend to use these food stamps to purchase hunting and fishing equipment for commercial purposes."

____________________  ______________
Head of Household                 Date

(3) Special ID Card for Subsistence Hunting and Fishing

Households eligible to use food stamp benefits to purchase hunting and fishing equipment are issued a specially designated Food Stamp Identification Card.

The caseworker can authorize the issuance of a Subsistence Hunting and Fishing ID card by entering a “Y” in both the ID CARD REQ and SUBSIST HUNT/FISH: fields on the FSAD screen.
(4) **Ineligible Areas**

To determine if the community has limited access to retail stores, evaluate whether the community has regular transportation such as paved highway, or scheduled train or ferry service. The following list includes areas fitting that definition. Residents in a community included below cannot purchase subsistence hunting/fishing equipment. Households living in communities not listed or living outside the immediate boundaries of the listed communities should be evaluated on a case-by-case basis for eligibility to purchase subsistence hunting/fishing equipment. The case worker decision must be documented in the case file.

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JOINT SSI/FS PRERERELEASE APPLICATIONS

Persons who are soon to be released from public institutions will be given the opportunity to apply for food stamps jointly with their SSI application prior to their release. This procedure is to help prevent homelessness when individuals are released into a community.

The Social Security Administration and FNS are working on a joint application because the law requires that the individual only complete a single application for both the SSI and Food Stamp Program.

To date, the joint application has not been released. Therefore, if an institutionalized person who is soon to be released wants to complete an application for food stamps at the same time he/she completes one for SSI, the SSA staff is responsible for taking the application and forwarding it within one working day to the nearest district office for processing. It will have "Prerelease" written across the front of the application. The application will also have a release date from the institution attached.

If the household is eligible, benefits will be calculated from the date of release. Remember, households do not need to have a place of residence, they just need to be residing in the State. See MS 606-1A(3) about insuring that eligible households with special needs get their food stamps.
CATEGORICAL ELIGIBILITY

(1) Households comprised solely of TANF and/or SSI recipients are categorically eligible (CE) for food stamps. For CE purposes, recipients of TANF and/or SSI include:

(a) Individuals who receive TANF (including Diversion payments) and/or SSI benefits. (Refer to definition of TANF at MS 600-2.)

Note: Categorical eligibility extends over the three-month period beginning with the first month of Diversion eligibility.

(b) Individuals authorized to receive TANF or SSI benefits but who have not yet received payment.

(c) Individuals are recipients of TANF or SSI if their TANF or SSI payments are suspended or recouped.

(d) Individuals entitled to TANF or SSI but who are not paid such benefits because the grant is less than a minimum benefit.

(e) TANF households who are determined eligible for but choose not to receive a TANF grant.

(f) Households entitled to TANF post-recipient case management services (refer to TA MS 740); occurs when there is an employed adult family member at time of TANF closure. Note: Under this category, CE is limited to six months following the month the TANF case closed.

(2) Categorical eligibility for food stamps occurs when each member of the food stamp household is a TANF and/or SSI recipient. All food stamp eligibility factors apply except:

(a) Resource Limits

(b) Gross and Net Income Limits

(c) Social Security Number

(d) Sponsored Alien

(e) Residency

(3) Categorical eligibility cannot be extended to recipients of DPA Adult Public Assistance (APA) programs who do not receive SSI or TANF.
When a joint Alaska Temporary Assistance and Food Stamp application is filed, the caseworker must determine food stamp eligibility within 30 days.

1. If the household is determined eligible for food stamps prior to the Alaska Temporary Assistance eligibility determination, process the case as a regular food stamp case.

2. If the applicant household is found ineligible for food stamps prior to the 30th day and Alaska Temporary Assistance eligibility is not yet determined, delay issuing the denial letter until the 30th day or when Alaska Temporary Assistance eligibility is determined, whichever is sooner. The application denial is delayed because the household may be categorically eligible for food stamps if the Alaska Temporary Assistance is approved. See MS 605-6 for policy on categorical eligibility.

3. If the Alaska Temporary Assistance eligibility is still pending on the 30th day and the household is ineligible for food stamps, deny the food stamp application.

4. If a household is ineligible for food stamps, but the joint application is later approved for Alaska Temporary Assistance and the household is categorically eligible (See MS 605-6):
   
   (a) Determine food stamp eligibility and allotment based on information from the original joint application.
   
   (b) Do not conduct an additional interview unless contact is necessary to resolve any changes in circumstances.
   
   (c) If information on the original joint application has changed significantly, have the applicant initial and date the changes and re-sign and date the application.
   
   (d) Prorate initial month benefits from the Alaska Temporary Assistance benefit start date or the original food stamp application date, whichever is later.

Note: This joint processing policy does not apply to situations where an application form is copied and shared with a Native Family Assistance Program. In these situations, the applications for food stamps and Native Family Assistance are processed separately, not jointly.
605-6B  CATEGORICAL ELIGIBILITY HOUSEHOLD DETERMINATION

(1) A household in which all members are TANF and/or SSI recipients is categorically eligible except when:

(a) The entire food stamp household is institutionalized; or

(b) The entire food stamp household is disqualified for any reason.

(2) Categorical eligibility ends when any member of the food stamp household is disqualified for an intentional program violation.

(3) No person shall be included as a member in any household which is otherwise categorically eligible if that person is an ineligible alien, an ineligible student, ineligible drug felon, ineligible fleeing felon, or ineligible because of failure to comply with a work requirement. This means that CE is not extended to the disqualified members. However, the remaining household can be found categorically eligible.

Note: Households with individuals who are TANF or SSI recipients but who are disqualified for food stamps due to no SSN are categorically eligible since the SSN eligibility factor is waived under categorical eligibility rules.

605-6C  SPECAT MEDICAL AND UNCAPPED SHELTER DEDUCTION

The household becomes entitled to the medical and uncapped shelter deduction effective the date SSI is authorized or the food stamp application date whichever is later.

605-6D  VERIFICATION

Eligibility factors already verified for Alaska Temporary Assistance or Adult Public Assistance purposes need not be verified again. However, the caseworker must verify factors related to food stamp eligibility or benefit calculation that have not been verified and information that is questionable, including:

- Household composition (ensure all household members are TANF and/or SSI recipients); and,

- Citizenship or alien status.
WORK REGISTRATION EXEMPTIONS

Most adults in categorically eligible households will be exempt from Food Stamp Program work requirements due to being subject to TANF work requirements, or having a child under age six, or being disabled. See FS MS 602-1F for information on work requirement exemptions.

BENEFIT CALCULATION AND ZERO BENEFITS ELIGIBILITY

(1) Disregard gross and net income limits for CE households.

(2) Follow the normal procedures for allotment calculation and benefit level. See MS 603-3A.

(3) Issue no benefits to CE households with three or more persons when benefit levels calculate to less than $1. Monitor changes reported by the household until circumstances change and food stamp benefits are recalculated and payable. Inform the household of the special status of "program eligible" but not "benefit eligible".

CHANGES IN CIRCUMSTANCES

(1) Consider changes reported by a categorically eligible food stamp household pertaining to the Alaska Temporary Assistance Program and Adult Public Assistance Program as having been reported for food stamps.

(2) Disregard any changes affecting the five waived categorical eligibility factors unless the changes affect Alaska Temporary Assistance or Adult Public Assistance eligibility. Otherwise, act only upon changes affecting the remaining eligibility factors and food stamp benefit level.
605-6H CATEGORICAL ELIGIBILITY CASE PROCESSING

(1) All food stamp factors of eligibility determinations, benefit determinations, and household notification are to be applied after the CE factors for the case have been waived. For instance, a CE household member who commits an intentional program violation will be disqualified and must serve the appropriate disqualification period. The household would then lose its CE status under MS 605-6B(2).

(2) If the CE factor that is waived is not related to the household's income, normal food stamp budgeting procedures are required.

(3) Since all members of the food stamp household must be recipients of TANF and/or SSI for the household to be CE, household composition must be checked at each recertification. CE status ends when a household member is no longer a TANF or SSI recipient. See MS 605-6(1) for the definition of TANF and SSI recipients.

(4) If a person were to be disqualified from SSI for reasons equivalent to intentional program violation, CE status would end for that household.
The Permanent Fund Dividend (PFD) is issued annually to all eligible Alaskans. Each October, the Department of Revenue begins direct deposit and mailings of dividends, usually concluding the annual distribution to most individuals by the end of October.

The Food Stamp Program counts the PFD as unearned income in the month received and retained PFD money as a countable resource in subsequent months.

Alaska PFD Hold Harmless statutes require that equivalent cash replacement payments be made to households whose food stamp benefits are denied, reduced, or stopped due to the PFD money being counted as income or resources. These cash payments are issued by DPA through the PFD Hold Harmless Program.

Use this section together with the Permanent Fund Dividend Hold Harmless Program Manual to correctly process food stamp cases with PFD income or retained PFD money.

Waivers to federal Food Stamp Program regulations were granted to Alaska relating to the treatment of the Permanent Fund Dividend. These waivers apply to households that become ineligible for food stamps due to receipt or retention of PFD money, and to categorically eligible households whose allotment is reduced to zero due to receipt of PFD money. The waivers provide that:

(1) Cases can be suspended for up to four months if PFD income or retained PFD money cause food stamp ineligibility or, for categorically eligible households, cause the food stamp benefit to decrease to zero.

(2) Categorically eligible households whose food stamp allotment decreases to zero as a result of PFD income must have their food stamp cases suspended and be issued a PFD hold harmless benefit.

(3) Eligible one and two-person households who would receive the $10 minimum food stamp allotment when counting the PFD as income will have their food stamp cases suspended and be issued a PFD hold harmless benefit, instead of a $10 food stamp allotment and partial PFD hold harmless payment.

(4) If an ongoing case is suspended because of the PFD, the household is not required to submit a new application to receive food stamps when the PFD-caused suspension ends during the certification period.

(5) Households have the option to have their food stamp case closed rather than suspended for PFD-caused ineligibility. If they choose case closure, they must submit a new application to again receive food stamps.
CASE PROCESSING WITH PFD INCOME AND RESOURCES

Permanent Fund Dividend money is considered in the eligibility determinations and allotment calculations for:

- Applicant households that receive or expect to receive PFDs in the application month or the month following the application month;

- Participating households submitting recertification applications that expect to receive PFDs in the first month of the new certification period;

- Households that have or will have retained PFD money during the application month, the month following the application month, or the first month of the new certification period; and,

- Households that report PFD money during the certification period.

Note: The Permanent Fund Dividend (PFD) Interface via the INME menu on EIS shows when an individual’s PFD application is approved. This interface must be checked for all new applications and recertifications to determine if the household will receive PFDs during the application month, the month following the application month, or the first month of the new certification period.

All other food stamp eligibility criteria must be met while receiving PFD hold harmless benefits. All reported changes are processed within the normal required time frames.

1. Applicant Households: PFD Receipt Expected During the Month Following Application

When an applicant household is expected to receive a PFD in the month following the month of application, process the first two months as follows:

(a) Application Month: Determine food stamp eligibility for this month.

- If eligible, approve this month and authorize the food stamp benefit.

- If ineligible, deny this month.

- In either situation, determine food stamp eligibility for the following month.

(b) Month Following Month of Application: Determine food stamp eligibility counting the PFD as income.

- If eligible for a reduced food stamp benefit, approve this month and authorize the food stamp benefit.
• If ineligible but the household is eligible for the application month, suspend the food stamp case for this month.

• If ineligible for food stamps for both this month and the application month, deny the application.

• In all situations, follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

**Note:** If the household is ineligible for food stamps for both the application month and the following month, a new application and interview is required before food stamps can be issued following the issuance of PFD hold harmless benefits.

(2) **Applicant Households: PFD Receipt Expected During the Application Month**

When an applicant household received or is expected to receive a PFD during the month of application, process the first two months as follows:

(a) **Application Month:** Determine food stamp eligibility counting the PFD as income.

• If eligible for a reduced food stamp benefit, approve this month and authorize the food stamp benefit.

• If ineligible, deny this month.

• In either situation, follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

(b) **Month Following Month of Application:** Determine food stamp eligibility for the second month counting as a resource any PFD money the household expects to retain.

• If PFD money is expected to cause the household to exceed the resource limit, deny food stamps for this month and follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

• If PFD money is not expected to cause the household to exceed the resource limit, determine food stamp eligibility for this month.

**Note:** If the household is ineligible for food stamps for both the application month and the following month, a new application and interview is required before food stamps can be issued following the issuance of PFD hold harmless benefits.
(3) **Applicant Households: PFD Money Retained**

The total value of all resources on the date of the interview is used to determine the household’s eligibility. See MS 602-2A(3).

- When an applicant household has retained PFD money that causes the household to exceed the resource limit, deny the application.

- Follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

**Note:** A new application and interview is required before food stamps can be issued following the issuance of PFD hold harmless benefits.

(4) **Recertification Processing: PFD Income and PFD Resources**

Households submitting recertification applications are required to report if they expect to receive PFDs in the first month of the new certification period. These households are also required to report their resources, including retained PFD money.

(a) If PFD income causes the household to be ineligible, suspend the food stamp case. Follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

(b) If PFD income causes the household to be eligible for a reduced food stamp allotment, issue the reduced food stamp benefit and follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

(c) If retained PFD money causes the household to exceed the resource limit, suspend the food stamp case. Follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

(5) **Ongoing Case Processing: PFD Income**

(a) When the household reports they expect to receive a PFD in the following month, the PFD income is counted as income in that month. Reduce the benefit or suspend the case only when timely notice of adverse action can be given.

- If PFD income causes the household to be ineligible, suspend the food stamp case. Follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

- If PFD income causes the household to be eligible for a reduced food stamp allotment, issue the reduced food stamp benefit and follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.
(b) If the household reports they have received the PFD in a prior month or in the current month, it will not be counted in determining the household’s eligibility or benefits for subsequent months since it is not a continuing source of income. However, the household’s current resource eligibility must be determined as explained in (6) below.

(c) Reporting requirement reminder:

- Households assigned to semi-annual reporting are required to report receiving the PFD only when it causes their gross monthly income to exceed the income limit. They must report this by the tenth of the month following the month the PFD is received.

- Households assigned to status reporting are required to report receiving the PFD within ten days of receipt.

(6) **Ongoing Case Processing: PFD Resources**

(a) When the household reports PFD income, or a change in resources such as retained PFD money or a new resource purchased with PFD money, the caseworker must determine the household’s resource eligibility.

- If retained PFD money causes the household to exceed the resource limit, suspend the food stamp case, and follow the procedures in the PFD Hold Harmless Manual to determine eligibility for PFD hold harmless benefits.

- If the household exceeds the resource limit because of a new resource purchased with PFD money, the food stamp case will be closed, following timely notice of adverse action. The household is not eligible for PFD hold harmless benefits.

- If the household expects to continue to exceed the resource limit as a result of retained PFD money after receiving four months of PFD hold harmless benefits, the household is ineligible for both food stamps and PFD hold harmless benefits. Close the food stamp and PFD hold harmless case effective the end of the month the fourth PFD hold harmless benefit is issued. Send timely notice of adverse action. These households may submit a new application for food stamps at anytime.
(b) Retained PFD money belonging to TANF, SSI or APA recipients (not including recipients of Interim Assistance) is exempt. See MS 602-2B(24). Retained PFD money will not cause households including only TANF, SSI and APA recipients to be ineligible for food stamps.

(c) Reporting requirement reminder:

- Households assigned to semi-annual reporting are not required to report when their resources exceed the resource limit.

- Households assigned to status reporting are required to report when their total cash on hand and in the bank total $2000 or more. When these households receive the PFD, they must report if they expect to retain PFD money that will cause their household to exceed this $2000 threshold. No action to deny or reduce food stamp benefits will be taken unless the household expects to retain PFD money that will cause them to exceed the resource limit. This should occur infrequently since most status reporting households are categorically eligible.

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**RECERTIFICATION DURING PFD HOLD HARMLESS PERIOD**

The Food Stamp Recertification (X004) notice is sent automatically by EIS to households whose certification period ends during the PFD hold harmless suspension. Follow the recertification process at MS 604-2 during the PFD hold harmless suspension period.

Eligibility for food stamps and PFD hold harmless benefits cannot extend beyond the end of the certification period if the household does not complete the food stamp recertification process.

The caseworker must ensure that all eligibility criteria are met, as PFD hold harmless benefits cannot continue unless PFD income or retained PFD money is the only cause for ineligibility.

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**RESUMING FOOD STAMP BENEFITS FOLLOWING ISSUANCE OF PFD HOLD HARMLESS**

When PFD income or retained PFD money no longer causes the household to be ineligible for food stamps, the PFD hold harmless case is closed.

Households reporting they expect to spend their PFD money and will be under the resource limit are returned to the Food Stamp Program. A new application is not required, except for application situations described in MS 605-7B.