

# FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

– HOUSEHOLD CERTIFICATION TRAINING –



**MODULE 7**

**Claims Against Households**

## Introduction:

- » The Food Distribution Program on Indian Reservations (FDPIR) is a federal program that provides USDA Foods to low-income households living on Indian reservations, in designated areas near reservations, and in the State of Oklahoma.
- » FDPIR Household Certification Training will help Indian Tribal Organization (ITO) and State agency certification workers and their supervisors successfully administer the program.
- » The training is comprised of nine modules, designed to be taken in any order. At the end of each module is a short quiz you may take to test your knowledge of the key learning points covered in the module. When you finish all nine modules, you may test your knowledge of the entire training by taking the post-test.
- » The knowledge gained in this training will help you provide the best support possible for current and potential FDPIR participants.

## Acronyms Used in Module

The following acronyms appear in this module:

**AIS** – Automated Inventory System

**FDPIR** – Food Distribution Program on Indian Reservations

**FNS** – Food and Nutrition Service

**IPV** – Intentional Program Violation

**ITO** – Indian Tribal Organization

**SNAP** – Supplemental Nutrition Assistance Program

**USDA** – United States Department of Agriculture

## Learning Module 7: Claims Against Households

- » Refer to FNS Handbook 501 for more information about topics covered in this module.
- » On each slide of this module, you can find the specific section in the handbook where the topic is covered in greater detail.

## Learning Objectives:

### After completing this module, learners will:

- » Understand ITO/State agency responsibilities related to claims against households.
- » Know which instances require a claim determination.
- » Be able to determine the amount of a claim.
- » Understand the necessary steps for claims collection.
- » Know when to suspend a collection action.
- » Understand the necessary steps for disqualifying a household for failure to pay a claim.

## ITO/State Agency Responsibility

*Source: FNS Handbook 501, Sections 5600-5680*

- » The ITOs/State agencies must establish a claim against a household that has received an over-issuance of more than \$125 of USDA Foods.
- » Over-issuance means the dollar value of USDA Foods issued to a household that exceeds the dollar value of the foods it was eligible to receive.
- » When there is an over-issuance, the ITO/State agency must fully document all actions taken in establishing and collecting a claim.

## Responsibility for Repayment of Claims

Source: FNS Handbook 501, Section 5601

- » If a claim is established against a household, all adult household members are jointly and separately liable for the repayment of the claim.
- » Collection action will be initiated against the head of the household or against the individual who was the head of the household at the time of the over-issuance.

NOTE: Even if the household becomes ineligible for FDPIR benefits or is not participating in the program, responsibility for repayment of a claim continues.

## Disposition of a Claim

Source: FNS Handbook 501, Section 5602

- » Once a claim is established, it remains active and subject to payment until paid in full, or for three years from the date of the initial demand letter.
  
- » Collection on a claim may be suspended if the claim is temporarily uncollectible. See FNS Handbook 501, Section 5660 and Suspension of Collection Action on slide 31 of this module.
  
- » All adult members of a household that fails to pay a claim must be disqualified from FDIPIR. See FNS Handbook 501, Section 5670 and Disqualification for Failure to Pay a Claim on slide 36 of this module.



## Instances Requiring a Claim Determination

Source: FNS Handbook 501, Section 5610

» A claim determination is required when the over-issuance amount is over \$125, and one or more of the following conditions apply:

- The household provided incorrect or incomplete information on the application at the time of certification.
- The household failed to report an increase in gross monthly income of more than \$100, changes in household composition, a change in residence, or when the household no longer incurs a shelter or utility expense, that affects eligibility or benefit levels.
- The household participated in FDPIR and the Supplemental Nutrition Assistance Program (SNAP) in the same month, or participated in more than one FDPIR program in the same month.

NOTE: When it is determined that a household was simultaneously participating in two or more programs, the last program to certify the household is responsible for initiating a claim against the household.

## Instances Requiring a Claim Determination (continued)

Source: FNS Handbook 501, Section 5610

- The household requested continuation of benefits pending a fair hearing decision, and the fair hearing official upheld the adverse action taken by the ITO/State agency.
- The ITO/State agency failed to take immediate action on changes reported by a household, and the household received USDA Foods to which it was not entitled.
- The ITO/State agency erroneously calculated the household's eligibility during certification, and the household received USDA Foods to which it was not entitled.
- At the time of distribution, the ITO/State agency issued USDA Foods to the household to which it was not entitled.

## Instances When a Claim Will Not Be Established

*Source: FNS Handbook 501, Section 5620*

- » A claim will not be established if an over-issuance occurred as the result of one of the following errors by the ITO/State agency:
- The household did not sign the application form; or
  - The ITO/State agency continued to issue USDA Foods to the household after its certification period expired, and the household was not recertified.

## Time Frame for Calculating a Claim

*Source: FNS Handbook 501, Section 5630*

- » When determining the claim amount, the certifier shall include all over-issuances that occurred in the 12 months prior to the discovery of the error. This is the claim period.
- » Any over-issuances that occurred more than 12 months from the discovery of the error must not be included in the claim determination.

## Case Study 1 Scenario:

During a recertification interview on June 25, 2014, an error is found in the prior eligibility determinations of a household.

As a result of the error, the household received an over-issuance of USDA Foods from April 2013 to June 2014.

What is the claim period?

## Case Study 1 Solution:

Since over-issuances that occurred more than 12 months from the discovery of the error cannot be included in the claim, only the over-issuances that occurred from July 2013 to June 2014 (i.e., the claim period) will be considered in determining the claim amount.

## Determining the Amount of a Claim

Source: FNS Handbook 501, Sections 5640-5642

- » The ITO/State agency must determine the value of the USDA Foods that the household was issued but was not eligible to receive during the claim period.
- » There are two methods for determining the amount of the claim:
  - Automated Inventory System; and
  - Manual calculation

## Claim Determination: Automated Inventory System Method

Source: FNS Handbook 501, Sections 5641

- » The Automated Inventory System (AIS) method involves the generation of reports from AIS.
- » The Value of Commodities Issued Report identifies the value of USDA Foods issued to a household in any given month.



## Case Study 2 Scenario:

During a recertification interview in June 2014, it is determined that the household failed to report that a household member had left the household on March 20. The household received USDA Foods for a 4-person household in April through June 2014 when it should have received USDA Foods for a 3-person household.

The certifier generates a Value of Commodities Issued Report from AIS that identifies the value of the USDA Foods issued to the household in April through June 2014. The total value of USDA Foods issued for the three months was \$638.44.

What is the amount of the claim against the household?

## Case Study 2 Solution:

\$159.61. The certifier divides the total value by 4 to determine the value of the additional USDA Foods that the household received in error. The claim amount is \$159.61 since  $\$638.44 / 4 = \$159.61$ .

## Claim Determination: Manual Calculation Method

Source: FNS Handbook 501, Sections 5640-5643

» The Manual Calculation method involves:

- Reviewing the household's issuance records for the months that USDA Foods were issued in error;
- Identifying the specific USDA Foods and quantity of each food issued in error in each month of the claim period; and
- Determining the value of each USDA Food item issued in error.

## Claim Determination: Manual Calculation Method (continued)

Source: FNS Handbook 501, Sections 5642

»To manually calculate the value of each USDA Food item issued in error, the certifier will need:

- The Estimated Cost per Pound for each food item. Certifiers can find the Estimated Cost per Pound for all USDA Foods in the Commodity File Report available in the USDA electronic ordering system or can be obtained from your FNS Regional Office.
- Since the Commodity File Report lists the cost per pound of the USDA Foods and the foods vary in weight, a Pound Conversion Factor is needed to determine the estimated value of each food item. Certifiers can determine the Pound Conversion Factor for each USDA Food by dividing the net case weight by the number of units per case in the Commodity File Report, which is available in the USDA electronic ordering system or can be obtained from your FNS Regional Office.

Example: The net case weight of Corn Flakes is 13.50 pounds and there are 12 units to each case (13.50 pounds / 12 units = 1.1250 pound conversion factor).

## Steps for Manually Calculating the Claim Amount

Source: FNS Handbook 501, Sections 5640-5643

To calculate the amount of a claim manually:

Step 1: Review the issuance record for each month of the claim period, and list the individual USDA Foods and the quantity that were over-issued during the claim period.

## Steps for Manually Calculating the Claim Amount (continued)

Source: FNS Handbook 501, Sections 5640-5643

Step 2: Complete the following calculation for each food item:

- Units Over-issued x Estimated Cost per Pound x Pound Conversion Factor = Value of Over-issuance
- Repeat this step for all USDA Foods over-issued during the claim period

Example:

	Column A	Column B	Column C	Column D
USDA Food Issued	Units Over-Issued	Estimated Cost Per Pound	Pound Conversion Factor	Value of Over-Issuance (A x B x C = D)
Corn Flakes	3	\$1.2200	1.1250	\$4.12

## Steps for Manually Calculating the Claim Amount (continued)

Source: FNS Handbook 501, Sections 5640-5643

Step 3: After repeating the process in Step 2 for all USDA Foods that were over-issued in the claim period, add the amounts for all of the over-issued USDA Foods to determine the total value of the over-issuances for the claim period.

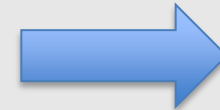
If the total amount is \$125 or less, no claim must be issued. However, the household's case file must be documented to show the calculation of the over-issuance amount and that a claim was not issued because the amount did not exceed the \$125 threshold for issuing a claim.

## Case Study 3 Scenario:

In August 2014, a certifier discovers that a 3-person household failed to report that a household member left the household on May 25, 2014.

The certifier determines that the household received an over-issuance from June 2014 through August 2014.

The certifier reviews the issuance record for June through August 2014 and calculates the value of all over-issued USDA Foods. The calculations appear on the table on the next slides.

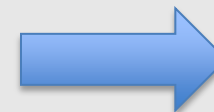




### Case Study 3 Scenario (continued):

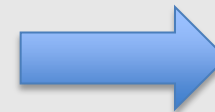
The certifier reviews the issuance records for June to August and calculates the value of over-issuance as follows:

	Column A	Column B	Column C	Column D
USDA Foods Issued	Units Over-Issued	Estimated Cost per Pound	Pound Conversion Factor	Value of Over-Issuance (A x B x C = D)
Corn Flakes (B879)	3	\$1.2200	1.1250	\$4.12
Quick Oats (B437)	2	\$0.5250	2.6250	\$2.76
Mac and Cheese (B433)	6	\$1.0686	0.1379	\$0.88
Rice (B528)	3	\$0.3735	2.0000	\$2.24
Spaghetti (B835)	2	\$0.6843	2.0000	\$2.74
Egg Noodles (B424)	3	\$1.0903	1.0000	\$3.27
Dehydrated Potatoes (A196)	3	\$1.1255	1.0000	\$3.38
Spaghetti Sauce (A236)	3	\$0.3435	0.9375	\$0.97
Low-fat Bakery Mix (B368)	1	\$0.8707	5.0000	\$4.35
Cornmeal (B138)	3	\$0.2496	5.0000	\$3.74
All Purpose Flour (B182)	3	\$0.4044	5.0000	\$6.07
Crackers (B370)	2	\$1.0800	1.0000	\$2.16
Tomato Soup (A219)	3	\$0.5298	0.6717	\$1.07



### Case Study 3 Scenario (continued):

	Column A	Column B	Column C	Column D
USDA Foods Issued	Units Over-Issued	Estimated Cost per Pound	Pound Conversion Factor	Value of Over-Issuance (A x B x C = D)
Vegetable Soup (A218)	3	\$0.6522	0.6717	\$1.31
Canned Corn Kernel (A119)	6	\$0.4553	0.9542	\$2.61
Canned Green Beans (A059)	6	\$0.5148	0.9063	\$2.80
Canned Tomato Sauce (A244)	4	\$0.3334	0.9375	\$1.25
Canned Diced Tomatoes (A234)	4	\$0.3418	0.9063	\$1.24
Canned Carrots (A098)	2	\$0.5082	0.9375	\$0.95
Canned Peas (A144)	2	\$0.4628	0.9375	\$0.87
Applesauce (A351)	9	\$0.6570	0.9375	\$5.54
Canned Peaches (A411)	9	\$0.5591	0.9375	\$4.72
Canned Mixed Fruit (A404)	9	\$0.5583	0.9375	\$4.71
Raisins (A501)	3	\$1.0347	0.9375	\$2.91
Orange Juice (A300)	5	\$0.4472	3.1250	\$6.99
Apple-Cranberry Juice (A279)	4	\$0.4377	3.6250	\$6.35
Reduced Fat Cheese Blend (B119)	2	\$2.0053	5.0000	\$20.05



### Case Study 3 Scenario (continued):

	Column A	Column B	Column C	Column D
USDA Foods Issued	Units Over-Issued	Estimated Cost per Pound	Pound Conversion Factor	Value of Over-Issuance (A x B x C = D)
UHT 1% Milk	12	\$0.3467	2.1500	\$8.94
Frozen Ground Beef (A609)	6	\$1.6543	1.0000	\$9.93
Frozen Chicken (A557)	3	\$0.8994	4.0000	\$10.79
Frozen Turkey Ham (A581)	1	\$1.4875	2.0000	\$2.98
Beef Stew (A590)	2	\$0.7530	1.5000	\$2.26
Canned Kidney Beans (A076)	6	\$0.4324	0.9688	\$2.51
Egg Mix (A570)	6	\$4.4248	0.3750	\$9.96
Peanut Butter (B474)	3	\$1.0485	1.1250	\$3.54
Vegetable Oil (B666)	2	\$0.8015	2.8875	\$4.63
<b>Total Value of Over-Issuance</b>				<b>\$155.59</b>

After adding together all of the values of each food that was over-issued, the certifier determines that the amount of over-issuance for June through August 2014 was \$155.59.

Should the certifier issue a claim against the household?

### Case Study 3 Solution:

Yes. Since the amount of over-issuance for June through August is over \$125, the certifier should issue a claim against the household.

## Initiating Collection Action on a Claim

Source: FNS Handbook 501, Sections 5650-5651

» If the total value of over-issuance is more than \$125, the ITO/State agency must initiate collection of the claim amount. To initiate collection action on a claim the following steps must be taken.

» The first action is to issue an initial demand letter for repayment. The demand letter informs the household of the following:

- The amount owed;
- The reason for the claim;
- Information about how to pay the claim (for instance, the household's option to make scheduled payments or a lump sum payment); and
- The right to request a fair hearing if the household disagrees with the claim.

## Coordinating the Initial Demand Letter with the Notice of Adverse Action

Source: *FNS Handbook 501, Section 5651*

- » In our Case Study above, the 3-person household failed to report that the household now includes only 2 people. In addition to issuing a claim for the over-issuance, the certifier also needs to change the benefit level of the household to match the current household composition. This will require the issuance of a notice of adverse action to the household.
- » The initial demand letter for repayment must be provided to the household at the same time as the notice of adverse action is issued.
- » The demand letter may be combined with the notice of adverse action.

## Revision of Claim Following a Fair Hearing When Continuation of Benefits Was Requested

Source: *FNS Handbook 501, Section 5652*

- » If a household requests a fair hearing and continuation of benefits while awaiting the outcome of a fair hearing, it may be liable for over-issued USDA Foods it received while awaiting the outcome of a fair hearing.
- » If the fair hearing official upholds the adverse action taken by the ITO/State agency, the household must repay the value of the USDA Foods it received during the appeal process as determined by the claim amount.
- » After the fair hearing decision is rendered, the ITO/State agency must adjust the original claim amount to include the value of USDA Foods provided to the household during the appeal process, and issue a demand letter for the revised claim amount.

## Collection Action Against the Head of Household

Source: FNS Handbook 501, Section 5651

- » The initial demand letter must be sent to the head of the household or the individual who was the head of the household at the time of the over-issuance.
- » If the head of household moves to another FDPIR household, the claim will follow the head of household.
- » If the head of the household is no longer living or cannot be located, the ITO/State agency must pursue collection against the remaining adult household members.



## Follow-up Demand Letters

Source: FNS Handbook 501, Section 5651

- » If the household does not respond to the initial demand letter and begin payment, the ITO/State agency must send the household a second demand letter no more than 30-days after the initial demand letter was issued.
- » If the household does not respond to the second demand letter and begin payment, the ITO/State agency must send the household a third demand letter no more than 30-days after the second demand letter was issued.
- » If the household does not respond to the third demand letter and begin payment, no additional demand letters are required. However, the ITOs/State agency may, at its option, issue additional demand letters after three mandatory demand letters have been issued.

## Suspension of Collection Action

Source: FNS Handbook 501, Section 5660

» After the initial demand letter has been issued, ITO/State agency may temporarily suspend the remaining demand letters to a household that has not misrepresented its circumstances in order to receive benefits or increase benefits, if any of the following conditions apply:

- The household is unable to pay the claim because the household has little or no income or resources;
- The household cannot be located; and/or
- Cost of additional collection procedures would likely exceed the amount to be recovered.

NOTE: A claim may only remain in suspense as long as the above conditions continue to apply.

## Suspension of Collection Action (continued)

Source: FNS Handbook 501, Section 5660

- » If a claim is suspended, the ITO or State agency must periodically review the household's circumstances to determine if suspension of the collection is still warranted.
- » If a suspension is no longer warranted, the ITOs/State agency must resume collection action and issue any remaining demand letters, for a total of at least three demand letters).

## Case Study 4 Scenario:

The ITO/State agency miscalculated the household's net monthly income and certified the household in error for a 4-month certification period. The error is discovered at the recertification interview.

The certifier issues the initial demand letter to the household. The head of household contacts the certifier and says that he does not have money to pay the claim at this time because the family has medical bills to pay.

Can the certifier temporarily suspend the collection action?

## Case Study 4 Solution:

Yes. Since the household has not misrepresented its circumstances in order to receive or increase benefits the certifier, after verifying the household's statement, can suspend the collection action temporarily.

The certifier must follow up with the household after the temporary suspension of collection action to determine if the household will be able to make payments on the claim at that time.

## Case Study 5 Scenario:

A household intentionally failed to report that a member left the household.

The certifier determines that the household received an over-issuance for 4 months and issues a claim for \$135.65. The household contacts the certifier and says that it is unable to pay the claim.

Can the certifier temporarily suspend the collection action?

## Case Study 5 Solution:

No. The claim cannot be suspended because the household misrepresented its circumstances by not reporting the loss of a household member.

The certifier can arrange a payment schedule with the household.

Also, since the certifier was able to substantiate that the head of household intentionally failed to report the change in household composition, the certifier also pursues an Intentional Program Violation (IPV) disqualification against the head of household. See Module 8, Disqualifications, for more information on IPV disqualifications.

## Method of Payment of Claims

Source: FNS Handbook 501, Section 5653

» Payments of claims must be made by check or money order payable to USDA Food and Nutrition Service.

NOTE: Payments cannot be made in returned USDA Foods. In addition, households cannot be allowed to refuse their current monthly food allotment in payment of the claim amount.

» Claim repayments received by the ITO/State agency must be mailed with a copy of the initial claim letter to the USDA lockbox at:

USDA-FNS-HQ  
P.O. Box 953807  
St. Louis, MO 63195-3807



## Disqualification for Failure to Pay a Claim

Source: FNS Handbook 501, Section 5670

» The ITO/State agency must disqualify all adult members in a household if the household fails to pay a claim, and all of the following conditions apply:

- The amount of the claim is greater than \$125;
- The over-issuance is not the result of an administrative error on the part of the ITO/State agency;
- The household has either refused to pay the claim, or the household has failed to make payments according to an agreed upon payment schedule.

See Module 8 for more information on disqualifications.

NOTE: The ITO/State agency must send at least two demand letters to a household before action can be taken to disqualify the household for failure to pay a claim (See FNS Handbook 501, Section 5651).

## Disqualification for Failure to Pay a Claim (continued)

Source: FNS Handbook 501, Section 5670

- » The period of disqualification must continue until the household pays the claim in full or the claim is terminated.
- » The ITO/State agency may waive the disqualification if, in the opinion of the ITO/State agency, the disqualification would cause undue hardship to the household.
- » If the ITO/State agency waives the disqualification, collection action on the claim (i.e., a total of at least three demand letters) must be pursued, unless a suspension of the claim is warranted.

## Terminating a Claim

Source: FNS Handbook 501, Section 5661

- » A claim may be terminated in the following instances:
- A claim may be terminated when it is paid in full.
  - If at least three demand letters have been issued and the conditions for disqualification are not applicable, the claim may be terminated three years from the date of the initial demand letter.
  - If at least three demand letters have been issued and the ITO/State agency has waived disqualification, the claim may be terminated three years from the date of the initial demand letter.

## FNS Approval of Alternate Claims Procedures

Source: FNS Handbook 501, Section 5680

» Any alternative procedures developed by the ITO/State agency for establishing and resolving claims must be approved by FNS.

## Conclusion:

### Establishing Claims

- » ITOs and State agencies must establish a claim against a household that has received an over-issuance of more than \$125 of USDA Foods.
- » All adult household members are jointly and separately liable to repayment of a claim against the household.
- » Collection action will be initiated against the head of the household or against the individual who was head of the household at the time of over-issuance.
- » Claims will not be established if the following mistakes are made by the ITO or State agency:
  - The household did not sign the application form, or
  - The ITO or State agency continued to issue USDA Foods to the household after its certification period expired, and the household was not recertified.
- » The claim period includes all over-issuances that occurred in the 12 months prior to the discovery of the error.

## Conclusion (continued):

### Determining the Amount of a Claim

- » There are two methods for determining the amount of the claim:
  - Automated Inventory System (Value of Commodities Issued Report); and
  - Manual calculation
  
- » To manually calculate the amount of a claim, the ITO or State agency must:
  - Review the issuance record for each month in the claim period, and list the individual foods and the quantity of each food that were over-issued during the claim period.
  - For each USDA Food, multiply the number of units that were over-issued by the estimated cost per pound and by the pound conversion factor to determine the value of each food over-issued.
  - Total the values of each food over-issued to determine the total value of the over-issuance for the claim period.

## Conclusion (continued):

### Demand Letters

- » If the claim amount is more than \$125, the first step in initiating claims collection is to issue the initial demand letter to the head of the household or the individual who was the head of the household at the time of the over-issuance.
- » If the household does not respond to the initial demand later and begin payment, a second demand letter must be sent no later than 30 days after the initial demand letter was issued.
- » If the household does not respond to the second demand letter, a third demand letter must be sent no later than 30 days after the second demand letter was issued.
- » Three demand letters are mandatory. It is the option of the ITO/State agency to send additional letters after the third demand letter is issued.

## Conclusion (continued):

### Suspension of Collection Action

- » After the initial demand letter is issued, the ITO/State agency may temporarily suspend collection, but only for households that did not misrepresent their circumstances.
- » If collection is suspended, certifiers must periodically review the household's status to determine if the suspension is still warranted.
- » If suspension of collection action is no longer warranted, collection action must resume.



## Conclusion (continued):

### Disqualification of Households

- » If a household fails to pay a claim and certain conditions apply, the ITO/State agency must disqualify all adult members of the household.
- » The period of disqualification must continue until the household pays the claim in full or the claim is terminated.
- » ITOs and State agencies may waive the disqualification if it would cause undue hardship to the household.

### Terminating a Claim

- » A claim may be terminated when it is paid in full or when other conditions apply.

For more information about claims against households, please review the FNS Handbook 501. If you have further questions, please speak with your supervisor.

## Module 7 Quiz

### Instructions:

The following quiz will test your knowledge of claims against households.

**1. Fill in the blank. ITOs and State agencies must establish a claim against a household that has received an over-issuance of more than \_\_\_\_\_ of USDA Foods.**

- A. \$50**
- B. \$100**
- C. \$125**
- D. \$150**

**2. True or False? If a claim is established against a household, only the head of the household is liable for the repayment of the claim.**

- A. True**
- B. False**

### **3. Under which of the following conditions is a claim determination NOT required?**

- A. The over-issuance amount is over \$125 and the household provided incorrect or incomplete information on the application at the time of certification.**
- B. The over-issuance amount is over \$125 and the household did not sign the application form at the time of certification.**
- C. The over-issuance amount is over \$125 and the household failed to report changes to income or household composition that affected eligibility or benefits levels.**
- D. The over-issuance amount is over \$125 and the household participated in FDPIR and SNAP during the same month.**

**4. True or False? A household received \$130 in USDA Foods to which it was not entitled because the ITO or State agency erroneously calculated the household's eligibility during certification. A claim determination is not required.**

**A. True**

**B. False**

**5. A certifier discovers on May 20, 2014 that a household was over-issued USDA Foods from March 2013 to May 2014. What is the claim period?**

- A. March 2013 to May 2014**
- B. April 2013 to May 2014**
- C. June 2013 to May 2014**

## **6. When manually calculating a claim amount, what formula is used to determine the value of USDA Foods over-issued?**

- A. Number of units over-issued X estimated cost per pound X pound conversion factor**
- B. Pounds over-issued X estimated cost per pound X pound conversion factor**
- C. Number of units over-issued X estimated cost per unit X pound conversion factor**
- D. Number of units over-issued X estimated cost per pound X unit conversion factor**



**7. How many demand letters must be issued?**

- A. 1**
- B. 2**
- C. 3**
- D. 4**

**8. If a household that did not misrepresent its circumstances is issued a claim, but is unable to pay the claim because the household has little or no income, can the ITO or State agency temporarily suspend the collection action?**

**A. Yes**

**B. No**

**9. If a household fails to pay a claim, the ITO or State agency must disqualify all adult members in a household if:**

- A. The amount of the claim is greater than \$125**
- B. The over-issuance is not the result of an administrative error on the part of the ITO or State agency**
- C. The house has either refused to pay the claim or has failed to make payments according to an agreed upon payment schedule.**
- D. All of the above**

**10. True or False? A disqualification for failure to pay a claim continues until the household begins to make payments.**

**A. True**

**B. False**