



April 17, 2009

**United States
Department of
Agriculture**

**Food and
Nutrition
Service**

3101 Park Center Dr
Alexandria, VA
22302-1500

To: Regional SNAP Program Directors
All Regions

Subject: American Recovery and Reinvestment Act
Clarification Regarding the ARRA Disregard
and Impact on Overissuances

Attached are questions and answers in response to issues raised by the States, through various discussions, concerning SNAP provisions of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), which was enacted on February 17, 2009. Please direct any questions to the appropriate contact in the PAAD.

/s/

Andrea Gold
Acting Director
Program Accountability
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SNAP

Attachments

**Supplemental Nutrition Assistance Program (SNAP)
American Recovery and Reinvestment Act of 2009 (ARRA)**

**Overissuance
Questions and Answers**

Sec. 101(b) Requirements for the Secretary (Administrative Requirements)

Sec. 101(b)4 *disregard the additional amount of benefits that a household receives as a result of this section in determining the amount of overissuances under section 13 of the Food and Nutrition Act of 2008 (7 U.S.C. 2022)*

Question 1. What method should States use to calculate an overissuance in accordance with this provision?

Answer: States should use the new benefit tables when determining an overissuance because there will not be a straight percentage increase that is applicable in all cases. When the provision became effective on April 1, 2009, households received an increase in benefits based on the ARRA new benefit levels, according to household size. The chart found on the FNS website at http://www.fns.usda.gov/snap/rules/Memo/09/ARRA_Handout.pdf provides the increase amounts. Please reference the following three examples for a step by step instruction on how to calculate the overissuance disregarding the ARRA benefit increase:

Example 1: A worker incorrectly certifies a 4-person household for \$668, which includes the \$80 stimulus payment for a 4-person household. The household was only eligible to receive \$530 under the new ARRA benefit levels.

To disregard the amount of the stimulus when calculating the overissuance, the State agency *subtracts the stimulus payment the household received from both the amount of benefits the household did receive and the amount of benefits the household should have received. The difference from the second equation is then subtracted from the difference of the first equation to determine the overissuance.*

Because the stimulus payment amount (\$80) is subtracted from both the amount the household received and the amount the household should have received, it cancels out; so the same answer could be derived by simply *subtracting the benefit amount the household should have received from the benefit amount the household did receive.*

| | | | |
|------------------|------------------|-------------------|-------------------|
| 1) \$668.00 | 2) \$530.00 | 3) \$588.00 | Or \$668.00 |
| <u>- \$80.00</u> | <u>- \$80.00</u> | <u>- \$450.00</u> | <u>- \$530.00</u> |
| \$588.00 | \$450.00 | <u>\$138.00</u> | <u>\$138.00</u> |

Example 2: A worker incorrectly certifies a 5-person household as a 6-person household and issues \$952 in SNAP benefits, which includes the \$114 stimulus payment for a 6-person household. The household should have received \$793, including a \$95 stimulus payment for a 5-person household, under the new ARRA benefit levels.

As in Example 1, to disregard the amount of the stimulus when calculating the overissuance, the State agency *subtracts the stimulus payment* the household received from both the amount of benefits the household did receive and the amount of benefits the household should have received. The difference from the second equation is then subtracted from the difference of the first equation to determine the overissuance.

Because the amount of stimulus paid to the household (\$114) is subtracted from both the amount the household did receive and the amount the household should have received, it cancels out; so the same answer could be derived by simply *subtracting the benefit amount the household should have received from the benefit amount the household did receive*.

| | | | |
|-------------------|-------------------|--|--|
| 1) \$952.00 | 2) \$793.00 | 3) \$838.00 | Or \$952.00 |
| <u>- \$114.00</u> | <u>- \$114.00</u> | <u>- \$679.00</u> | <u>- \$793.00</u> |
| \$838.00 | \$679.00 | \$159.00 | \$159.00 |

Example 3: The State agency incorrectly certifies a 3-person household to receive \$626 in SNAP benefits, which includes the \$63 stimulus payment. It is later determined the household was ineligible for SNAP.

Following the same logic used in the examples above, subtracting the amount of benefits the household should have received from the amount of benefits the household received provides the overissuance amount, which is the full allotment.

| |
|--|
| \$626.00 |
| <u>- \$0.00</u> |
| \$626.00 |

Question 2. It appears from the law that the overissuance provision terminates September 30, 2009. Is this correct?

Answer: This provision went into effect on April 1, 2009. The Department is currently determining the applicability of this provision after the September 30, 2009, date and will provide further clarification before that date.

Question 3. When must this provision be implemented?

Answer: According to the law, the implementation date for this provision is April 1, 2009.

Question 4. Does this provision affect recoupment of benefits?

Answer: No. The law does not affect the rules of recoupment. SNAP regulations at 7 CFR 273.18(g)(1) describe the allotment reduction (recoupment) policy as the State collecting a percentage or specific dollar amount of monthly benefits as repayment for a claim. For an intentional program violation (IPV), a State can reduce a client's benefit by the greater of \$20 or 20% of the monthly allotment. For an inadvertent household error (IHE) or (state) agency error (SAE), the State can reduce a client's benefit by the greater of \$10 or 10% of the monthly allotment.

Question 5. How should States handle the disregard of the ARRA increase for applicants that come onto SNAP April 1, 2009, and afterward who later incur an overissuance?

Answer: States must apply the overissuance provision to all claims against households that come onto the program during the time the ARRA benefit increase is in effect.

Question 6. Does this provision apply only when the State agency makes an error adjusting the benefit according to the new benefit for an existing case?

Answer: No. The overissuance provision is not specific to a type of claim but rather the time the overissuance occurred. The State agency must apply this provision to all overissuances which occurred during months that the household received the increased benefit pursuant to the ARRA benefit levels. See Q&A #1 above.

Question 7. What if the recipient was totally ineligible to receive any allotment in a month with an increase?

Answer: See Q&A #1, Example 3 above. If a recipient was totally ineligible to receive any allotment in a month with an ARRA increase, the household will not receive an allotment.
