



September 24, 2010

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Under Secretary for Food, Nutrition and Consumer Services  
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Julie Paradis  
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Jessica Shahin  
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Supplemental Nutrition Assistance Program  
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Dear Under Secretary Concannon, Administrator Paradis, and Associate Administrator Shahin:

We write to express the serious concerns APHSA and its affiliate, the American Association of SNAP Directors, have with the memo "SNAP Claims against Households in which only Children Receive SNAP Benefits," issued August 3, 2010.

While we agree that at first blush it appears unfair to reduce benefits for households in which only children are eligible, the decision to require cash repayment from the adults, who in most instances still live with the children, has serious ramifications. These consequences include significant impacts on households, on established policy precedents, on state agency operations, and on the public's perception of the program.

### **Effects on Households**

Requiring the adult non-household member(s) to repay the overissuance in cash would reduce the household's overall cash resources available for food, shelter, and other necessities during a time when SNAP benefits have already been reduced due to disqualification. This puts more financial stress on the household. There is the potential for more delinquent payments for families that must choose among paying the rent/mortgage, fuel, car expenses, and the cash SNAP repayment. In addition, if the SNAP repayment is delinquent for more than six months it must be referred to the

Tax Offset Program. Many families rely heavily on a tax refund to catch up with bills, including overdue housing expenses. For some families, this may result in losing their home or apartment, which will impact the children much more than a small allotment reduction. Allowing the state to recoup a percentage of the monthly benefit from the eligible member's children's allotment would actually facilitate the entire household's budget planning, while guaranteeing the collection of the debt over time.

### **Effects on Policy Precedents**

Federal policy requires that the income and resources of adult parents or persons acting as a parent are included in the SNAP eligibility calculation for children, whether they are disqualified or simply not eligible, such as an ineligible immigrant. For this reason, state agencies collect all the same information for these persons as eligible adults. In that regard, they really are household members – just not SNAP recipients. Furthermore, FNS policy requires that for purposes of establishing liability for a claim, adults who would be a member if they were not ineligible or disqualified are responsible for overissuances to their eligible children (Attachment 18 of Policy Memo #08-02). Because of this consideration of ineligible/disqualified persons as members of the household for purposes of establishing the eligible persons' benefit level and because they would be liable for a claim, many states pursue allotment reduction against the household as long as the adult against whom the claim was established is living with the eligible members.

There seems to us to be an inherent contradiction in viewing these ineligible/disqualified members as part of the household for eligibility purposes and repayment of claims, but not part of the household for allotment reduction purposes.

### **Effects on State Agency Operations**

Claims collection and accounting systems are very complex. For states that are currently collecting claims through allotment reduction, as long as the adult is part of the household (whether an eligible or ineligible member), modifying these systems (to stop allotment reduction, initiate cash collection, and modify the TOP referral process) will take time and resources – neither of which are available under the current caseload circumstances. The memo gives no implementation time frame to states. It may take some states up to a year or more to make the changes, which are complicated by the need to restore lost benefits.

The memo requires states to restore lost benefits if they have taken allotment reduction from cases where children were the only eligible members. Restorations must cover the 12 months prior to the identification of these households. This will also require a commitment of time and resources not currently available in states. Among the administrative steps facing states are the following.

- States will have to develop a special computer report to identify households in this situation.
- After determining the restoration amount, that amount must be added back into the existing claim amount either manually or by developing a one-time computer program to do it. This may or may not also require an adjustment to the federal claims reporting system.

- Regulations at 7 CFR 273.17(d)(4) require offsetting of any claims before a restoration of lost benefits is provided to the household. States' computer systems are set up to do this automatically. If the state does not have a built-in program to bypass this step, one will have to be created, since we assume that FNS does not want this restoration to offset the claim.

### **Effects on Public Perception**

The President and officials from USDA and FNS state that program integrity is one of the important goals for the program. Since members of the public are not familiar with the policy details of the program, what will be the effect when a news story is published that FNS has ordered states to stop collecting overissuances even though the adult is clearly still living with the household? This would be a distortion of the full set of facts, but unfortunately a likely one.

In addition to these serious concerns above, we are dismayed that states were confronted with this memo without warning or consultation. States were not asked for advice on how the issue might be best handled and were not even provided with the reason for issuing the memo. APHSA and AASD have for many years urged USDA and FNS to consult with states prior to policy issuances such as this, particularly one that has so many significant effects on so many aspects of the program. We continue to believe that it is always strongly beneficial for both states and FNS if this consultation takes place, and that our relationship is not helped when this does not occur.

Unless the memo was issued for some urgent and compelling reason, such as a mandatory response to a federal lawsuit, we see no reason it had to promulgated in this manner. Absent any such circumstance, we urge that at a minimum the memo should be withdrawn until its full implications can be discussed with states and more reasonable approaches worked out to address issues the memo has raised. We understand that at least some of your regions have advised states that for the moment, the memo is not to go into effect, which is encouraging. However, the memo should be formally withdrawn until we have had an opportunity to work through the concerns noted here.

If you have any questions, please contact Larry Goolsby, Director of Legislative Affairs, at (202) 682-0100 ext. 239 or [lgoolsby@aphsa.org](mailto:lgoolsby@aphsa.org).

Sincerely,



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Kathie Wright  
President, American Association of SNAP Directors

