

October 17, 2005

SUBJECT: FSP - Policy Clarification: Deduction Language on Application and Reported Changes

TO: All Program Directors
Food Stamp Program

It has been brought to our attention that there may be some confusion about the proper way to handle a situation involving a Food Stamp Program participant who receives an increase in benefits after reporting an increase in a deductible expense but subsequently fails to verify that increase in deductible expense. In this situation State agencies have been improperly disallowing any deduction for an existing deduction for failure to verify an increase in expense for that existing deduction.

One State agency based this practice on a December 18, 1998, All Program Directors memorandum. This memorandum, copy attached, provides that all State agencies may include in the rights and responsibilities language of their State food stamp applications language to the effect that, "Failure to report or verify any of the above listed expenses will be seen as a statement by the household that it does not want to receive a deduction for the unreported expense."

The policy guidance in the December 18, 1998, memorandum was only intended to be used in relation to the initial determination of eligibility for a deduction. For subsequent reports of increases in an existing deductible expense that result in an increase in benefits, the Food Stamp Program Regulations at 7 CFR 273.12(c)(1)(iii) spell out the required procedures. This regulatory provision requires that when a household's benefits are increased based on a reported increase in a deductible expense, if the household fails to provide verification of that increase in that deductible expense, the household's benefits revert to the original benefit level. The State agency would then establish a claim to recover the over issuance.

/s/

Patrick Waldron, Chief
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Attachment

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