



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
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Field Operations Memo 2008-49
September 22, 2008

To: Transitional Assistance Office Staff
From:  John Augeri, Assistant Commissioner for Field Operations
Re: Farm Bill of 2008: Provisions Affecting the Food Stamp Program

Overview

The Farm Bill of 2008 contains several provisions that affect the Food Stamp Program such as eliminating the dependent care deduction cap and expanding the list of noncountable assets. Other changes affect program administration only.

Of particular significance is the change in name from the Food Stamp Program to the Supplemental Nutrition Assistance Program (SNAP). This new name, by focusing on nutrition, highlights potential health benefits that may be derived from participation in the program. While this name has been adopted nationally by USDA, states may either call the program SNAP or create a state-specific program name as some states have already done.

State Letter 1343 transmits changes resulting from the implementation of the 2008 Farm Bill.

Purpose

The purpose of this memo is to inform staff of the following 2008 Farm Bill changes affecting the Food Stamp Program as of October 1, 2008:

- the federal Food Stamp Program has been renamed;
 - the dependent care deduction cap has been eliminated;
 - certain assets have been designated as noncountable; and
 - the period unused food stamp benefits will remain available before being expunged has been extended.
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**Renaming
the Food
Stamp
Program**

On a national level, the transition from the name Food Stamp Program to Supplemental Nutrition Assistance Program (SNAP) will take time to complete. In the coming months, USDA will update their websites, printed materials, correspondences, etc. to reflect the new name.

For Massachusetts, all DTA Department correspondence, notices, brochures, etc. will continue to refer to the Food Stamp Program until a decision has been made about using the name SNAP or a new state-specific program name. You will be updated when the Massachusetts program name has been determined.

**Dependent
Care Expense**

The Farm Bill of 2008 removes the cap on the dependent care deduction. Prior to October 1, 2008, the allowable deduction for dependent care expenses was limited to \$200 per month for a child under age 2 and \$175 per month for an older child or other dependent. As of October 1, 2008 these limits will be eliminated.

The dependent care cap will be lifted automatically when BEACON runs the annual food stamp COLA recalculation. This recalculation will affect food stamp benefits for October. Only current cases that have reported dependent care expenses greater than the old capped amounts of \$175 or \$200 could potentially receive an increase in food stamp benefits resulting solely from the lifting of the cap on the dependent care deduction. At the next recertification, case managers must advise clients that the cap on the dependent care deduction has been lifted and that this could result in higher food stamp benefits to eligible households.

Per instructions in Field Operations Memo 2007-19: Food Stamp Program - Verification of Dependent Care Expenses, the Department will continue to accept a client's self-declaration of dependent care expenses. As outlined in this memo, allowable dependent care expenses include:

- private dependent care arrangements with individuals not in the household;
- payments for child and adult care, including co-pays for subsidized care;
- extended care programs;
- before school, after school and latch key programs, such as Boys and Girls Clubs, YMCA and YWCA;
- summer camp fees; and
- transportation costs to and from program sites at the current federal mileage rate of 58.5 cents per mile or the cost of public transportation.

Field Operations Memo 2007-19 also instructed case managers to request verification of dependent care expenses, if questionable. It is important that

**Dependent
Care
Expenses
(Continued)**

case managers continue to follow up on questionable dependent care expenses.

An informational report entitled “*Food Stamp 10/2008 COLA Updated AUs*” is available on View Direct, Report ID: DTA 9023. This report includes a child care column that shows the new dependent care deduction and may be used as reference information by case managers.

Note: This is the same report that is referenced each year in the annual FS COLA Memo. See Field Operations Memo 2008-48.

Dependent Care Expense Clean-Up Report

After the COLA recalculation has been completed, MIS will create a report identifying cases on file with dependent care expenses attributed to a household member other than the grantee. Since dependent care expenses should be attributed to the person paying the expense, entering dependent care expenses under a household member other than the grantee could cause a duplication of the dependent care deduction amount. This may happen, for example, when a case is transferred to a different case manager, who then enters dependent care expenses under the grantee without realizing that dependent care expenses were incorrectly entered under the dependent.

Case managers must review the cases listed on the report and make corrections, as needed. This may commonly involve removing the dependent care attributed to the dependent and entering the expense under the grantee.

This report will be emailed to TAOs as soon as it becomes available.

**Noncountable
Assets**

The Farm Bill of 2008 also expands the list of noncountable assets in the Food Stamp Program. Effective October 1, 2008, tax-preferred retirement plans and certain tax-preferred education savings accounts will be noncountable for food stamp purposes. When designating assets on BEACON for non-categorically-eligible households, use Other Assets if the asset, (including assets made noncountable under the Farm Bill) is not specifically named under the Assessed Person Asset Statement dropdown list. Assets rendered noncountable by the recent Farm Bill changes are listed in a table (Attachment A) and will be available under Job Aids in Policy Online.

Remember: For certain long-established categorically-eligible households, BEACON will bypass the Asset Q&A Navigator. For other newly-designated categorically-eligible households, case managers must answer *No* to questions on the Asset Q&A Navigator and enter *CAT ELIG, No Asset Test* on the BEACON Narratives tab. For more information on entering asset information

**Noncountable
Assets
(continued)**

on categorically-eligible food stamp cases, see *A User's Guide: Transitional Assistance Programs and BEACON*, Chapter IX, page 11 and Field Operations Memo 2008-27.

**Expunging
Food Stamp
Benefits**

Prior to the implementation of the 2008 Farm Bill, the Department operated under a waiver that allowed food stamp benefits to be permanently purged if the benefits were not accessed for 270 days. The 2008 Farm Bill eliminates this waiver. Effective October 1, 2008, food stamp benefits that have not been accessed for a total of 365 days will be permanently purged from the EBT system. The EBT Brochure is being updated to reflect this change in policy.

Case managers are required to schedule an interview (in person or by phone) for client's whose names appear on the *Report of EBT Benefits Which Have Not Been Accessed By Client for More Than 90 Day*, the (90-Day Report). During the contact, case managers must inform the client that food stamp benefits will be permanently purged after 365 days. This report is available on Document Direct. For more information on EBT Benefit Inactivity, see *A User's Guide: Transitional Assistance Programs and BEACON*, Chapter XVI, pages 25-29.

Remember: TBA and USR clients may only be notified at their next recertification.

Questions

If you have any questions, please have your Hotline designee call the Policy Hotline.

Attachment A

Farm Bill of 2008 Noncountable Assets for Food Stamp Purposes		
Section 401 IRS Code	Traditional Defined-Benefit Plan	Employer-based retirement plan that promises retirees a certain benefit upon retirement, regardless of investment performance.
Section 401(a) IRS Code	Cash Balance Plan	Employer-based "hybrid" plan that combines features of defined benefit and defined contribution plans. Each employee is allocated a hypothetical account, but account balances accrue at a specified rate, rather than depending on investment performance.
Section 401(a) IRS Code	Employee Stock Ownership Plan	Similar to a profit-sharing plan that must be primarily invested in the employer's stock and under which distributed benefits must be offered in the form of the employer's stock.
Section 401(a) IRS Code	Keogh Plan	Informal term for retirement plans available to self-employed people.
Section 401(a) IRS Code	Money Purchase Pension Plan	Employer-based defined contribution plan under which annual contributions are fixed by a set formula.
Section 401(a) IRS Code	Profit-Sharing Plan	Employer-based defined contribution plan under which employer contributions may, but need not be, linked to profits. Usually refers to non-matching employer contributions.
Section 401(a) IRS Code	Simple 401(k)	401(k)-type plans available only to small businesses: exempt from certain restrictions and subject to some limitations on employer contributions.
Section 401 (a) IRS Code	401(k)	Defined contribution plan that allows employees to defer receiving compensation in order to have the amount contributed to the plan. Commonly referred to as a "cash or deferred arrangement" (CODA). Some 401(k) plans allow after-tax Roth 401(k) contributions.
Section 403(a) IRS Code	403(a)	Plans that are similar to 401(a) plans but are funded through annuity insurance.
Section 403(b) IRS Code	403(b)	Tax-sheltered annuity or custodial account plan offered by tax-exempt section 501(c) organizations or public schools. Many are funded by employee contributions that resemble 401(k)s.

Attachment A

Section 408 IRS Code	IRA	Vehicle for tax-deferred retirement savings controlled by individuals rather than employers.
Section 408(P) IRS Code	Simple Retirement Account IRA	Employer-based IRA (to which employers and employees contribute) available only to small businesses.
Section 408k IRS Code	Simplified Employee Pension Plan (SEP)	Employer-sponsored plan available only to small businesses; allows employer to contribute to employee accounts that function as IRAs and are subject mostly to IRA rules. Generally ceased to apply in 1996.
Section 408A IRS Code	Roth IRA	Same as IRA, except that qualified distributions are tax exempt.
Section 457(b) IRS Code	Eligible 457(b) Plan	Funded plan offered by state and local governments or unfunded plan offered by nonprofit organizations.
Section 501(c) (18)	501(c)18 Plan	Plan offered mostly by unions. Had to be set by June 1959 and are now largely obsolete.
Section 8439 of Title 5 USC	Federal Thrift Savings Plan	Plan offered by the federal government to its employees