

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL
BY THE COMMISSIONER OF HEALTH AND SOCIAL SERVICES**

In the Matter of)
)
K N) OAH No. 17-0867-SNA
) Agency No.
_____)

DECISION

I. Introduction

K N received temporary assistance and food stamps through the Division of Public Assistance. She got a full-time job, and her temporary assistance benefits stopped. Based on her projected wages, the division also reduced her monthly food stamp benefit amount. Ms. N appealed, arguing that her benefits should not have been reduced because she is categorically eligible for the food stamp program.

Although Ms. N is categorically eligible for the food stamp program as she transitions from temporary assistance to employment, the division was still required to reduce the amount of her benefit based on her household's income. The division's decision is affirmed.

II. Facts

Ms. N was receiving temporary assistance benefits as well as \$890 a month in food stamps, and participating in the Pass 1 program and case management services.¹ She started a new job with No Name Company, LLC on July 3, 2017, working 40 hours a week at \$20 an hour.² After she started work, Ms. N requested closure of her temporary assistance case.³ The Division of Public Assistance estimated Ms. N's income based on her new employment, and added \$399 a month in anticipated monthly child support.⁴ On July 10, 2017, the division notified Ms. N that her food stamp benefit would be reduced to \$141 for August 2017. On July 28, 2017, Ms. N requested a fair hearing on the division's decision to reduce her food stamp benefits.

A telephonic hearing was held on September 5, 2017. Ms. N represented herself. Sally Dial, a Public Assistance Analyst with the division, represented the division.

¹ Testimony of N; Position Statement at 2; Testimony of Dial.

² Exhibit 2.1.

³ Testimony of N; Exhibit 3.

⁴ Exhibit 3.

III. Discussion

Because this case involves a reduction in benefits, the division has the burden of proof.⁵

A. *Categorical Eligibility and Calculation of Benefits*

Ms. N argues that the division failed to follow the procedures set forth in the Alaska Food Stamp Manual when it reduced her monthly food stamp benefit. In Ms. N's view, the provisions in the manual relating to categorical eligibility preclude the division from reducing her benefit during the period when she is categorically eligible for the program.

Households in which all members receive cash through a public assistance program funded with federal money, including Alaska's temporary assistance program, are categorically eligible for the food stamp program.⁶ According to the temporary assistance manual, a household that qualifies for extended case management under the temporary assistance program is categorically eligible for food stamps for six months after the household's temporary assistance case closes.⁷ In this case, the division did not dispute that Ms. N was categorically eligible for the food stamp program.

Ms. N argues that the food stamp manual provision instructing the division to "[d]isregard gross and net income limits for CE households" means that the division may not reduce her benefits while she is categorically eligible.⁸ However, step two in this section of the manual reads "[f]ollow the normal procedures for allotment calculation and benefit level."

Ms. N also cites a provision on categorical eligibility case processing: "[i]f the CE factor that is waived is not related to the household's income, normal food stamp budgeting procedures are required."⁹ Ms. N argued that under this regulation, if the categorical eligibility factor that is waived does relate to the household's income, the normal food stamp budgeting provisions do not apply. However, the federal regulations make clear that categorical eligibility standards relate to program eligibility rather than benefit calculation. In discussing households eligible to participate in the food stamp program, the federal

⁵ 7 AAC 49.135.

⁶ Alaska Food Stamp Manual 605-6 B; 7 C.F.R. 273.2(j)(2). Alaska's temporary assistance program is partially funded by a federal Temporary Assistance to Needy Families (TANF) block grant. Alaska Temporary Assistance Manual at 700-1.

⁷ Alaska Temporary Assistance Manual at 740-3 A.

⁸ See Alaska Food Stamp Manual at 605-6 F.

⁹ *Id* at 605-6 H 2.

regulations provide “[h]ouseholds which are categorically eligible . . . do not have to meet either the gross or net income eligibility standards.”¹⁰

Alaska’s food stamp manual and the federal regulations both anticipate situations where a person is eligible for the food stamp program, but not eligible for benefits.¹¹ Furthermore, a previous appeal concluded that the food stamp benefit computation rules apply to categorically eligible households: “If a household is categorically eligible for Food Stamp benefits, the household does not have to satisfy the Food Stamp program’s financial eligibility rules (income and resource limits). However, the Food Stamp benefit computation rules . . . apply to categorically eligible households.”¹² These authorities support the division’s interpretation of the Manual rather than Ms. N’s.

The division explained the utility of the distinction between eligibility for the food stamp program and eligibility for food stamp benefits by noting that the purpose of categorical eligibility was to enable a household to participate in the foods stamp program even during months when the household is not eligible to receive benefits. This facilitates the resumption of benefits if the participant loses a job or the participant’s work hours are reduced, because the division can recalculate benefits based on the new information without requiring the participant to go through the application process again.¹³ This explanation provides a reasoned basis for the distinction between “program eligible” and “benefits eligible” in the manual.¹⁴

Although Ms. N remained categorically eligible for food stamps after starting work at No Name Company LLC, the division did not err in recalculating Ms. N’s benefits for the month of August based on Ms. N’s estimated earnings.

B. Child Care Deduction and September Benefits

The division reduced Ms. N’s food stamp benefits a second time, effective for the month of September, based on the discovery that Ms. N was receiving a child care

¹⁰ 7 C.F.R. 273.9(a).

¹¹ Alaska Food Stamp Manual 605-6 F.3 (“Inform the household of the special status of **program eligible** but not **benefit eligible**) (emphasis in original); 7 CFR 274.4(c)(2)(iv) (“A participating household is one that is certified and has been, or will be issued benefits (whether or not the benefits are used), and households that have met the eligibility requirements, but will receive zero benefits.”)

¹² OHA Case No. 11-FH-408 (Office of Hearings and Appeals, January 5, 2012), available at <http://aws.state.ak.us/officeofadminhearings/Category.aspx?CatName=HSS>, citing 7 C.F.R. 273.8(a), 7 C.F.R. 273.9(a), 7 C.F.R. 273.2(j)(2)(xi).

¹³ Testimony of Dial.

¹⁴ Alaska Food Stamp Manual 605-6 F.3.

deduction.¹⁵ In August 2017, the division noticed that Ms. N was receiving a deduction for child care expenses but also participating in the Pass 1 program, which covers child care.¹⁶ The division removed the deduction and again recalculated Ms. N's food stamp benefits, reducing them to \$74 a month beginning in September 2017. The division notified Ms. N of this further reduction in her food stamp benefits on August 2, 2017.

At the hearing, Ms. N stated that she had not requested a child care deduction, and did not argue that she had been entitled to the deduction. She also explained that she was no longer employed at No Name Company LLC, and that she had once again applied for services, so she viewed the calculation of her food stamp benefits for September as a moot point.

As discussed above, the categorical eligibility of Ms. N's household for the food stamp program does not preclude recalculation of the household's food stamp benefits.

IV. Conclusion

The division's recalculation of Ms. N's food stamp benefits for the month of August 2017 based on her employment at No Name Company LLC is affirmed.

Dated: September 6, 2017.

Signed _____
Kathryn L. Kurtz
Administrative Law Judge

¹⁵ Exhibits 4 and 5.

¹⁶ Exhibits 4, 5; Testimony of Dial.

Adoption

The undersigned, by delegation from the Commissioner of Health and Social Services, adopts this Decision, under the authority of AS 44.64.060(e)(1), as the final administrative determination in this matter.

Judicial review of this decision may be obtained by filing an appeal in the Alaska Superior Court in accordance with Alaska R. App. P. 602(a)(2) within 30 days after the date of this decision.

DATED this 22nd day of September, 2017.

By: *Signed*

Name: Kathryn L. Kurtz

Title: Administrative Law Judge

[This document has been modified to conform to the technical standards for publication.]