



APR 20 2010

United States
Department of
Agriculture

Food and
Nutrition
Service

3101 Park
Center Drive

Alexandria, VA
22302-1500

SUBJECT: Treatment of TANF-Funded Subsidized Employment Income
Implementation Date and Quality Control Treatment

TO: All Regional Directors
Supplemental Nutrition Assistance Program (SNAP)

On March 26, 2010, the Food and Nutrition Service (FNS) issued a memorandum regarding the treatment of subsidized employment income for SNAP purposes. In its memo, FNS stated that Temporary Assistance for Needy Families (TANF) subsidized employment should be treated as earned income for SNAP purposes. Traditionally, FNS policy has been to treat TANF-funded employment as unearned income. This treatment is due to a statutory requirement that any portion of income earned under a work supplementation program attributable to public assistance cannot be considered earned income. However, the memo clarified that the Department of Health and Human Services (DHHS) does not treat subsidized employment as public assistance and therefore, due to the nature of the employment, FNS reviewed its policy and determined that TANF-funded subsidized employment income constitutes earned income rather than unearned income. This policy applies to all TANF-funded subsidized employment paid to SNAP clients or applicants in the form of wages, regardless of the source of TANF funding, including but not limited to funds available to States and Indian tribes through the Emergency Contingency Fund for State TANF programs.

Questions have arisen about how State agencies are to implement this Memorandum and how Quality Control will review State implementation of this policy.

State agencies are to implement this guidance as of the date of the memo (March 26, 2010). State agencies may choose to implement via a mass change if they have the capability or at certification, recertification, or when a case is acted on for any reason, whichever is first.

Quality Control

Quality Control (QC) will exclude variances related to this in accordance with how the State implemented the above policy. Variances will be excluded as appropriate for 45 days from the issuance of the certification policy. If the State chooses to implement by a mass change, variances will be included in cases with review dates after May 10, 2010. If the State chooses to implement this policy at certification, recertification or when a case is acted upon, variances will be included in all cases where the review date follows a point that the case has been acted on by the State. It is important that the Regions track the method of implementation of this policy so that QC staff will know at what point to include variances identified for continued use of this income as unearned.

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State agencies that have questions regarding this guidance should contact their respective Regional Office representative. Regional office staff who have questions regarding this guidance should contact Margaret Batko, Certification Policy Branch, at (703) 305-2516 or at margaret.batko@fns.usda.gov.

A handwritten signature in black ink, appearing to read 'Ag Kline', with a large, stylized flourish extending to the right.

Angela Kline
Chief
Certification Policy Branch
Program Development Division