

**HUMAN SERVICES**

**DIVISION OF FAMILY DEVELOPMENT**

**Families First Program**

**Restricting Access to Work First New Jersey Benefits at Certain Locations; Aging Period for NJ SNAP Benefits; Replacement of Lost or Stolen Families First cards**

**Proposed Amendments: N.J.A.C. 10:88-1, 2.1, 2.3, 3, 4.1, 4.2, 4.3, 4.4, 5.1, 5.2, 6.1, and 6.2**

Authorized By: Jennifer Velez, Commissioner, Department of Human Services.

Authority: N.J.S.A. 30:1-12 and 44:10-75; and the Food, Conservation, and Energy Act of 2008 (P.L. 110-246) and the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96).

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2014-073.

Submit comments by August 1, 2014, to:

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The agency proposal follows:

**Summary**

As the Department is providing a 60-day comment period on this notice of proposal, this notice is excepted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

Throughout the proposed amendments, references to the Food Stamp Program and the accompanying acronym have been changed to the Supplemental Nutrition Assistance Program (SNAP) or the New Jersey Supplemental Nutrition Assistance Program (NJ SNAP). These amendments serve to conform the references in N.J.A.C. 10:88 to amendments to N.J.A.C. 10:87 adopted effective February 6, 2012, which changed the State program name to the New Jersey Supplemental Nutrition Assistance Program. See 43 N.J.R. 2114(a); 44 N.J.R. 241(a).

The proposed amendment at N.J.A.C. 10:88-1.2(c) is amended to eliminate references to the Mickey Leland Memorial Domestic Hunger Relief Act (P.L. 101-624) and section 274.12 of Title 7 of the CFR. P.L. 101-624 made it mandatory that states develop an EBT system and provide guidelines. This requirement and guidelines were placed at 7 CFR 274.12, but the regulations concerning the issuance of food stamps/coupons, now called SNAP benefits, were kept at 7 CFR 274.1 through 11. After electronic benefit transfer (EBT) was implemented, 7 CFR 274.1 through 12 were changed and Part 274 became the EBT regulations.

Proposed new N.J.A.C. 10:88-1.2(f) provides the authority of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) to require states, including New Jersey, to restrict access to Work First New Jersey (WFNJ)/Temporary Assistance for Needy Families (TANF) benefits from being accessed at certain locations.

Proposed new N.J.A.C. 10:88-1.3(a)5 provides restrictions on the use of a Families First card to access cash assistance from liquor stores, gaming establishments, and adult entertainment establishments as required by the Middle Class Tax Relief and Job Creation Act of 2012.

The proposed amendments at N.J.A.C. 10:88-1.4 incorporate definitions for “full branch office,” “gaming establishment,” and “liquor store,” which are to be used for enforcing the access restrictions created by proposed new N.J.A.C. 10:88-1.3(a)5. The following acronyms have also been added, as they are used throughout the chapter: “CWA” and “EBT.” As the Department is working on replacing the FAMIS system, and since that system could change, the Department is replacing “FAMIS” with a generic name, that is “State’s automated case file and issuance system.”

N.J.A.C. 10:88-2.3(e) is proposed to be replaced by a new subsection (e) to eliminate the restriction on mailing an initial Families First card to a recipient. This is intended to improve customer service by minimizing the number of times an applicant must appear at the county welfare agency (CWA) before benefits can be accessible to the household. The reduction in clients needing to come to the local agency is also expected to increase the efficiency of CWA operations in servicing clients.

The proposed amendments at N.J.A.C. 10:88-3.5(b) provide a correction to an Administrative Code cross-reference and a grammatical correction to clarify that it applies to households.

The proposed amendments at N.J.A.C. 10:88-3.8(c), (d), (e), (g), and (h) change the timeframes within which to complete and/or delay EBT adjustments. The existing rules allow for 15 calendar days to complete adjustments or delay the adjustment due to a fair hearing request; however, Federal regulations at 7 CFR 274.2(g) require that these processes be completed within 10 business days.

The proposed amendment at N.J.A.C. 10:88-4.1 deletes incorrect information about the aging process for TANF and NJ SNAP and adds specific cross-references to aging out. The rules for the aging of NJ SNAP cases are found at N.J.A.C. 10:88-4.2. The rules for the aging of cash assistance cases are found at N.J.A.C. 10:88-4.4.

The proposed amendments at N.J.A.C. 10:88-4.2 extend the aging periods after which NJ SNAP electronic benefits will become inaccessible to a household. Aging period two has been extended from two months to five months, and aging period three has been extended from three months to six months to comply with Section 4114 of The Food, Conservation, and Energy Act of 2008 (P.L. 110-246).

The proposed amendment at N.J.A.C. 10:88-5.2(a) allows for replacement EBT cards to be mailed to recipients in conformity with recent changes at 7 CFR 274.6 regarding the availability of replacement EBT cards.

The proposed amendment at N.J.A.C. 10:88-5.2(b) decreases the number of replacement EBT cards a recipient is permitted to receive free of charge. Currently, recipients may receive

three free replacement cards before being required to pay a \$2.00 replacement fee per card, per replacement. The proposed amendment will allow a recipient two free replacement cards. Multiple card replacements have been identified by the United States Department of Agriculture, Food and Nutrition Services, as one indicator of fraud and trafficking of benefits. The proposed amendment will act as a deterrent for recipients from selling or loaning their EBT cards.

### **Social Impact**

Proposed new N.J.A.C. 10:88-1.3(a)5, which provides restrictions on the use of a Families First card to access TANF assistance at unauthorized locations, will have a positive social impact on families in need, by reducing the potential for a WFNJ/TANF cash assistance benefit to be accessed and spent on goods or services which are non-essential for children and families.

The proposed amendments at N.J.A.C. 10:88-2.3(e), which allow the mailing of the initial Families First card to a recipient, will have a positive social impact on recipients and the local agencies, by reducing the number of visits an applicant must make to the local agency before benefits can be accessible to the household.

The proposed amendments at N.J.A.C. 10:88-3.8(c), (d), (e), (g), and (h), which change the timeframes within which to complete and/or delay EBT adjustments, is anticipated to have a positive social impact as the updated timeframe mandates a speedy resolution to the errors in the recipient's Families First account.

The proposed amendments at N.J.A.C. 10:88-4.2, which extend the aging periods after which NJ SNAP electronic benefits will become inaccessible to a household, originally implemented by The Food, Conservation, and Energy Act of 2008, will have a positive social impact, by extending the timeframe a household has to use its allotment.

The proposed amendment at N.J.A.C. 10:88-5.2(a), which allows for replacement EBT cards to be mailed, will have a positive social impact by providing a replacement for lost, stolen, or damaged cards without the need for the household to come to the agency during normal business hours.

The proposed amendment at N.J.A.C. 10:88-5.2(b), which reduces the number of free replacement EBT cards a recipient is permitted to receive, will have a positive social impact by encouraging recipients to properly care for and secure their EBT cards, and discouraging recipients from selling or loaning their EBT cards.

### **Economic Impact**

Proposed new N.J.A.C. 10:88-1.3(a)5, which provides restrictions on the use of a Families First card to access TANF assistance at unauthorized locations, will have a positive economic impact on families in need, by increasing the likelihood that a WFNJ/TANF cash assistance benefit will be utilized for essential care and support for children and families.

The proposed amendments at N.J.A.C. 10:88-2.3(e), which allow the mailing of the initial Families First card to a recipient, are expected to have a positive economic impact on recipients and the local agencies, as recipients will not need to come to the office (which historically may have required that they take time off from work), and will allow the local agency to more efficiently serve those applying for assistance.

The proposed amendments at N.J.A.C. 10:88-3.8(c), (d), (e), (g), and (h), which alter the processing timeframes for EBT adjustments, is anticipated to have a positive economic impact as the updated timeframe mandates a speedy resolution to the errors in the recipient's Families First account.

The proposed amendments at N.J.A.C. 10:88-4.2, which extend the aging periods after which NJ SNAP electronic benefits will become inaccessible to a household, will have a positive economic impact on families in need by increasing the maximum allowable timeframe in which families are able to access their benefits, thus increasing the likelihood that families will utilize benefits for the essential care and support of children and families.

The proposed amendment at N.J.A.C. 10:88-5.2(a), which allows for replacement EBT cards to be mailed, is not anticipated to have an economic impact.

The proposed amendment at N.J.A.C. 10:88-5.2(b), which reduces the number of free replacement EBT cards a recipient is permitted to receive, will have a minimal economic impact on the recipient. Recipients who request multiple additional cards will see additional charges of

\$2.00 recouped from their assistance amount for each additional card. The proposed amendment will have a positive economic impact on the administrative costs of CWAs, who currently bear the cost of replacing EBT cards.

### **Federal Standards Statement**

The proposed amendments contain standards that do not exceed those contained in 7 CFR Part 274 and the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96). Therefore, a Federal standards analysis is not required.

### **Jobs Impact**

The proposed amendments will not result in the generation or loss of jobs.

### **Agriculture Industry Impact**

The proposed amendments will have no impact on the agriculture industry.

### **Regulatory Flexibility Statement**

The proposed amendments have been reviewed with regard to the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed amendments impose no reporting, recordkeeping, or other compliance requirements on small businesses and thus a regulatory flexibility analysis is



not required. The proposed rules govern the Families First program, which provides access to cash assistance benefits provided through the WFNJ program through electronic benefit transactions to individuals.

### **Housing Affordability Impact Analysis**

The proposed amendments will have an insignificant impact on affordable housing in New Jersey and there is an extreme unlikelihood that the rules would evoke a change in the average costs associated with housing because the rules govern the Families First program, which provides access to cash assistance benefits provided through the WFNJ program through electronic benefit transactions to individuals.

### **Smart Growth Development Impact Analysis**

The proposed amendments will have an insignificant impact on smart growth and there is an extreme unlikelihood that the rules would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan in New Jersey because the rules govern the Families First program, which provides access to cash assistance benefits provided through the WFNJ program through electronic benefit transactions to individuals.

**Full text** of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

## SUBCHAPTER 1. GENERAL PROVISIONS

### 10:88-1.1 Purpose and scope

- (a) The Families First Program is the mandatory method of distributing Temporary Assistance for Needy Families (TANF) benefits, [Food Stamp Program] **New Jersey Supplemental Nutrition Assistance Program (NJ SNAP)** benefits, and child support bonus payments to eligible households. The Families First Program is also the mandatory method of issuing General Assistance (GA) benefits in the counties where the GA Program is administered at the county level. Families First utilizes a technology called Electronic Benefits Transfer (EBT). In EBT, each payee is issued a magnetic-stripe plastic card, which the payee uses to access his or her benefits. In New Jersey this card is called the Families First card.
- (b) [Food stamp] **NJ SNAP** benefits are accessible at retailers authorized by the United States Department of Agriculture (USDA), Food and Nutrition Service (FNS) to participate in [the Food Stamp Program] **NJ SNAP**. Those retailers accept EBT transactions through Point of Sale (POS) equipment that allows each payee to debit his or her Families First [food stamp] **NJ SNAP** account by the amount of the [food stamp] **NJ SNAP** eligible purchase.
- (c) (No change.)

10:88-1.2 Authority

(a)-(b) (No change.)

[(c) Section 1729 of the Mickey Leland Memorial Domestic Hunger Relief Act (P.L. 101-624) established regulatory guidelines under which state agencies must operate EBT systems in the Food Stamp Program. That law is reflected in Federal regulations at 7 CFR §274.12.]

**(c) Federal regulations concerning EBT are found at 7 CFR Part 274.**

(d)-(e) (No change.)

**(f) Section 4004 of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96), codified at 42 U.S.C. § 608(a)(12), requires states providing assistance under the TANF program to restrict recipients from accessing cash assistance benefits via EBT at liquor stores, gaming establishments, and adult-oriented entertainment venues where performers disrobe or perform in an unclothed state.**

10:88-1.3 Properties of Families First accounts

(a) Families First accounts have the following properties:

1. If otherwise eligible, each case shall have one account for cash benefits, and one account for [food stamp] **NJ SNAP** benefits. While both cash and [food stamp] **NJ SNAP** benefits are accessed with one Families First card, cash and [food stamp] **NJ SNAP** benefits are maintained in separate accounts in the Families First system.
  
2. Retailers shall not impose a minimum purchase amount or other conditions on the use of a Families First card. Retailers who are authorized by FNS to participate in [the Food Stamp Program] **SNAP** are not required to accept EBT cash benefit transactions at the POS; however, if they choose to do so, their EBT cash back limits must be the same for public assistance clients as for their commercial customers.
  
- 3.-4. (No change.)
  
5. **Cash assistance provided under the WFNJ program is prohibited from being accessed in any electronic benefit transaction in the following locations:**
  - i. **Any liquor store.**
    - (1) **This subparagraph applies to any retail establishment that exclusively or primarily sells intoxicating liquors and is not applicable to a grocery store that sells both staple foods and intoxicating liquors;**

**ii. Any gaming establishment.**

- (1) **This subparagraph is not applicable to a grocery store, hotel, or full branch office bank location that operates within the same building or complex as a gaming facility; and**

**iii. Any establishment that provides adult-oriented entertainment in which performers disrobe or perform in an unclothed state for entertainment.**

10:88-1.4 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise.

...

“Authorized retailer” means any merchant who has been approved by FNS to accept [food stamps] **SNAP benefits** as payment for eligible food items and has also completed and signed a retailer agreement with the State’s EBT contractor. Authorized retailers include, but are not limited to, retail grocery stores, food chains, farmers markets, roadside vendors, delivery services, and cooperatives.

...

“Available balance” means the amount of funds that may be accessed by a cardholder for a transaction from a cash or [food stamp] **NJ SNAP** account.

...

“Case number” means the 10-digit number that uniquely identifies a case in [New Jersey’s FAMIS/EBT] **the State’s automated case file and issuance system/EBT** system. The case number begins with “C,” “S,” or “G” followed by six numeric characters and ending with a three-digit county code.

...

“County welfare agency (CWA)” means the county agency that administers the **public assistance programs in that county.**

...

“Electronic benefit transfer (EBT)” means the utilization of a **Families First debit card by which a recipient may draw benefits through an approved financial institution or vendor.**

...

“Food and Nutrition Service (FNS)” means the organization within **the** USDA, which is directly responsible for the administration of the [Food Stamp Program] **Supplemental Nutrition Assistance Program.**

[“Food Stamp Program (FSP)” means the Federally funded assistance program authorized by the Food Stamp Act of 1964 that enables individuals and households to purchase food items to maintain nutritionally adequate diets. Eligibility is determined and benefits are issued by the states.

“Food stamp purchase” means a payment for the value of eligible food items sold to a customer at an FNS authorized retailer.

“Food Stamp return” means a refund for the value of merchandise originally purchased with food stamp benefits that is brought back by a customer for a credit from the retailer.]

**“Full branch office” means any bank branch location as defined by N.J.S.A. 17:9A-1(15).**

**“Gaming establishment” means any casino, casino room, or licensed casino operating as defined by N.J.S.A. 5:12-6 or any racetrack or off-track wagering facility as defined by N.J.A.C. 13:74-1.1.**

...

**“Liquor store” means any liquor store operating with a Class C license as defined by N.J.S.A. 33:1-12.**

“Non-traditional” means a person, company, or organization, retailer or vendor authorized by FNS to accept [food stamp] **SNAP** benefits in exchange for eligible food items that does not have access to a telephone line or electricity at the POS, and, therefore, is unable to use a standard POS device to authorize transactions (for example, farmers’ markets and route vendors). Others, such as group homes, treatment centers, food cooperatives, and communal dining facilities may have special circumstances that require a variety of unique accommodations in order to continue [FSP] **SNAP** participation in the EBT environment.

...

**“SNAP purchase” means a payment for the value of eligible food items sold to a customer at an FNS authorized retailer.**

**“SNAP return” means a refund for the value of merchandise originally purchased with NJ SNAP benefits that is brought back by a customer for a credit from the retailer.**

**“Supplemental Nutrition Assistance Program (SNAP) ” means the Federally funded assistance program authorized by the Food Stamp Act of 1964 that enables individuals and households to purchase food items to maintain nutritionally adequate diets. Eligibility is determined and benefits are issued by the states.**

“Store and forward” means a process by which [a food stamp] **an NJ SNAP** transaction is electronically stored with an encrypted PIN by a POS terminal operator when the POS terminal operator is unable to communicate with the card issuer, and is later forwarded to the issuer for approval.

“United States Department of Agriculture (USDA)” means the Federal department, which is responsible for [the Food Stamp Program] **SNAP**.

...

## SUBCHAPTER 2. RECIPIENT TRAINING

### 10:88-2.1 Purpose of recipient training

The purpose of recipient training is to enable the payee to obtain balance information and to access cash and/or [food stamp] **NJ SNAP** benefits using the Families First card.

### 10:88-2.3 Card issuance



(a) At the time that a CWA certifies an individual's eligibility to receive a public assistance benefit, the State's automated case file and issuance system [(Family Assistance Management Information System - FAMIS)] generates an EBT case maintenance record for the payee and sends that record electronically to the State's EBT contractor to establish the case on the EBT database.

(b) (No change.)

(c) The payee shall receive training on the following items:

1.-2. (No change.)

3. How the card shall be used to obtain [food stamp] **NJ SNAP** and cash benefits;

4.-11. (No change.)

(d) (No change.)

[(e) Families First cards shall not be mailed to payees. Only if a payee who has benefits available in his or her cash or food stamp account has moved out of the county that issued the benefits and has lost his or her card, or the card has been stolen or damaged, may a CWA generate a replacement card and mail the card to the payee by certified mail. When the payee receives the replacement card, he or she may select a PIN

through the automated ARU PIN-select process by calling EBT client customer service. The CWA must enter the payee's Social Security number on the EBT database in order for a payee to use the ARU PIN-select process.]

- (e) Families First cards may be issued in person or via U.S. mail; however, all newly certified households, who are not eligible for expedited services, shall be mailed a card no later than the 28th day from the date of application to ensure that the household has an opportunity to participate by the 30th day. Cards that are mailed to recipients must not include PIN selection instruction with the card mailing. PIN selection instructions must be mailed separately from Families First cards that are mailed to a recipient.**

### SUBCHAPTER 3. CARD UTILIZATION

#### 10:88-3.1 Obtaining benefits

- (a) In Families First, each household shall receive its public assistance benefits by using a Families First card to access benefits at a location authorized to perform Families First transactions. The method by which the payee obtains benefits varies, dependent on whether the benefits are cash or [food stamps] **NJ SNAP**. While both cash and [food stamp] **NJ SNAP** benefits are accessed with one Families First card, [food stamp] **NJ SNAP** and cash benefits are maintained within separate accounts in the Families First automated system.

(b) (No change.)

(c) [Food stamp] **NJ SNAP** benefits shall be accessed at retailers authorized by USDA/FNS to participate in [the Food Stamp Program] **SNAP**. Those retailers may accept Families First transactions on their own commercial POS equipment or on POS devices supplied by the State's EBT contractor, which allow each payee to debit his or her Families First [food stamp] **NJ SNAP** account by the amount of the eligible food purchase. The payee shall be required to use his or her PIN in order to make [a food stamp] **an NJ SNAP** purchase, unless the retailer's access to validate the transaction on-line is temporarily disrupted. In that case, the retailer shall call the toll free EBT retailer call center telephone number to obtain an authorization to allow an off-line manual voucher transaction to occur.

(d) [Food stamp] **NJ SNAP** benefits shall not be converted into cash.

(e) Families First cash benefits may be used to purchase food or [non-food stamp-eligible] **non-NJ SNAP-eligible** items at FNS authorized retailers who have agreed to accept Families First cash transactions. Those retailers may also allow cash withdrawals at the POS. The amount of cash that can be withdrawn during one transaction shall be dependent upon the individual retailer's contract with the State's EBT contractor; however, cash back limits for Families First cardholders must be the same as those for commercial customers.

- (f) In the event that the State's EBT contractor's database is inaccessible and a retailer cannot access the Families First system to determine whether a household has sufficient funds in the household's Families First account to make a purchase with [food stamp] **NJ SNAP** benefits, the household shall be allowed to make a \$50.00 maximum purchase per day. The emergency purchase shall be documented by an off-line voucher completed by the retailer and signed by the Families First payee.
- (g) Families First transactions that are performed at ATMs or POS devices shall generate receipts containing the truncated PAN, the date and location of the transaction and the amount of the transaction. For [food stamp] **NJ SNAP** transactions all POS terminal receipts shall display the account balance.

#### 10:88-3.2 Authorized representatives and payees

Each recipient household shall be allowed to designate a maximum of two payees to access cash benefits, and two payees to access [food stamp] **NJ SNAP** benefits. The household may designate the same individual(s) to access both the household's cash and [food stamp] **NJ SNAP** benefits. A Families First card shall be issued to each payee, each with its own PIN.

#### 10:88-3.3 Staggered issuance

- (a) (No change.)

- (b) While staggered issuance is a method to disburse benefits over the first five days of the month, the establishment of cash and [food stamp] **NJ SNAP** benefit program eligibility shall continue to be based upon a calendar month.

#### 10:88-3.4 Non-traditional food retailers

- (a) [Food stamp] **NJ SNAP** recipients shall be able to utilize their Families First [food stamp] **NJ SNAP** benefits at authorized retailers who are not equipped with POS devices. These transactions shall be performed by having the recipient sign an off-line manual voucher for the amount of the purchase, which authorizes the retailer to submit the voucher for payment to the State's EBT contractor. The recipient shall receive a copy of the voucher for his or her records. It is the responsibility of the retailer to contact the EBT retailer call center at the time of the sale to obtain a voice authorization for the purchase. The voice authorization includes an approval number for the transaction, which confirms the availability of funds to cover the transaction and places a hold on the recipient's funds for the approved amount. The retailer must record the approval number on the voucher.

1. (No change.)

#### 10:88-3.5 Authorized institutions

(a) Drug or alcohol treatment centers, shelters for battered women, group living arrangements, and non-profit homeless feeding sites that are authorized by the USDA to participate in [the Food Stamp Program] **SNAP** shall be provided with a POS device by the State's EBT contractor. Pursuant to N.J.A.C. 10:87-7.8(a)2, residents of group living arrangements shall have their eligibility determined as one-person households when applying on their own behalf. The Families First card shall be issued to the resident as payee, and he or she shall select his or her own PIN. Certification may also be accomplished through an authorized representative of the group living arrangement or another representative chosen by the applicant. In that case, the Families First card shall be issued to the resident's authorized representative.

(b) [Food stamp] **NJ SNAP** rules at N.J.A.C. 10:87-[7.9(a) and (b)]**7.8** provide that narcotic addicts or alcoholics who reside in drug or alcohol treatment facilities may apply for [food stamp] **NJ SNAP** benefits and have their eligibility determined as [a] one-person households, and that certification must be accomplished through an authorized representative.

1. In order to participate in the EBT [Food Stamp Program] **for NJ SNAP**, each drug/alcohol treatment facility must be authorized by the USDA/FNS and receive an FNS authorization number. Each facility must designate one or more representatives from their staff to act as the [food stamp] **NJ SNAP** payee for the [food stamp] **NJ SNAP** clients who reside within the facility. Coding of this payee on the [FANIS] **State's automated case file and issuance** system will be such that

the Families First cards for residents of the facility will be issued to this payee as the authorized representative for the clients. For coding and security purposes, the individual(s) who acts as the authorized representative must provide his or her full name and date of birth to the agency.

2. The CWA shall make arrangements with each drug/alcohol treatment facility to allow the designated authorized representative to come to the CWA to apply for [food stamp] **NJ SNAP** benefits and to select a PIN and receive the card for each eligible resident.
  
3. When a resident of a drug or alcohol treatment center or group living arrangement facility leaves the facility, the facility shall immediately notify the CWA of the resident's departure. Upon receipt of this notice, the CWA shall immediately deactivate the resident's Families First card, so that no further transactions can be made with the card. Prior to informing the CWA of a resident's departure, the drug/alcohol treatment center shall ensure that the resident's [food stamp] **NJ SNAP** account has been debited/credited correctly in accordance with N.J.A.C. 10:87-7.8(d)1i. The payee shall visit the CWA to request a new Families First card, which will allow the payee to access any benefits that remain available in the account.

Recipients qualified under N.J.A.C. 10:87-3.12(a)1 may utilize their Families First [food stamp] **NJ SNAP** benefits to purchase meals at communal dining facilities. These transactions are performed by having the recipient sign a debit voucher that authorizes the communal dining facility to submit the voucher for payment to the Families First Program. The recipient shall receive a copy of the voucher for the recipient's records.

#### 10:88-3.7 Meals-on-Wheels

Recipients qualified under N.J.A.C. 10:87-3.12(a)2 may utilize their Families First [food stamp] **NJ SNAP** benefits to purchase meals from Meals-on-Wheels. These transactions are performed by completing an off-line manual voucher and having the recipient sign the voucher, which authorizes Meals-on-Wheels to submit the voucher for payment to the State's EBT contractor. The recipient shall receive a copy of the voucher for the recipient's records.

#### 10:88-3.8 Adjustment

(a) Adjustment is the process whereby a debit or credit transaction is applied to a recipient's Families First [food stamp] **NJ SNAP** account to correct a system error or to correct an out-of-balance condition that is identified in the settlement process.

1. (No change.)
2. A Families First account can be either a cash benefit account or [food stamp] **NJ SNAP** benefit account.



(b) The State (including any contracted agent that the State employs to act as its EBT processor) shall correct a benefit amount erroneously posted to a recipient's Families First account, or an auditable, out-of-balance settlement condition that occurs during the [food stamp] **NJ SNAP** redemption process as a result of a system error.

1. (No change.)

2. If an error is discovered in [a food stamp] **an NJ SNAP** account after the date on which those benefits are accessible to the recipient, an adjustment shall be performed by the State or its contracted agent to correct the error. However, in this situation, if the adjustment is a debit transaction, the recipient shall be provided with notification as described [at] **in** (e) below.

3. The adjustment shall be equal to the amount of the original error transaction, and may result in either a debit or credit to the recipient's Families First [food stamp] **NJ SNAP** account.

(c) A recipient initiated [food stamp] **NJ SNAP** adjustment must be requested by the recipient within 90 days of the alleged error transaction and shall be addressed by the State agency or its contracted agent within [15 calendar] **10 business** days from the date the recipient notifies the State agency of the alleged error. Within this period, the

State agency or its contracted agent must investigate, reach a decision, and, if warranted, move funds into the recipient's [food stamp] **NJ SNAP** account.

(d) A retailer- or commercial institution-initiated [food stamp] **NJ SNAP** adjustment shall be [addressed no later than 15 calendar] **acted upon no later than 10 business** days from the date the error occurred, **by placing a hold on the adjustment balance in the household's account**. Notification requirements are described [at] **in** (e) below and the actual account adjustment shall be performed in accordance with (g) or (h) below.

(e) Upon receipt by the State of notification that a retailer or a commercial institution has requested [a food stamp] **an NJ SNAP** debit adjustment, the recipient shall immediately be notified of the adjustment request.

1. The notice shall specify:

i. (No change.)

ii. That any adjustment amount still owing is subject to collection from the household's next month's [food stamp] **NJ SNAP** benefits;

iii. (No change.)

- iv. The right to delay the adjustment debit to the household, pending the outcome of a fair hearing, provided the hearing is requested within [15 calendar] **10 business** days of the notice date.
2. Subsequent transactions to move the funds or otherwise complete the [food stamp] **NJ SNAP** adjustment do not require additional household notification.
  3. No notice is necessary if an adjustment is a credit to the household [food stamp] **NJ SNAP** account.
- (f) (No change.)
- (g) If the household does not request a hearing within [15 calendar] **10 business** days, the State agency, or its contracted agent, shall proceed to debit the recipient's Families First [food stamp] **NJ SNAP** account for the total amount erroneously credited.
1. If the household requests a fair hearing after the [15th calendar] **10th business** day, but before the 90th day expires, the fair hearing request shall be accepted; however, the adjustment process continues.
- (h) Should the household dispute the adjustment and a hearing request is made within [15 calendar] **10 business** days of the notice, no further action shall be taken to adjust

(debit) the household's [food stamp] **NJ SNAP** account until the fair hearing decision is rendered.

1. (No change.)
2. If the Division of Family Development's (DFD) intended action regarding the adjustment is upheld by the hearing decision, DFD, or its contracted agent, shall debit the recipient's Families First [food stamp] **NJ SNAP** account immediately for the total amount erroneously credited when the fair hearing was requested.
  - (i) If the recipient's Families First [food stamp] **NJ SNAP** account does not have sufficient benefits to cover the total amount of the adjustment, [the Division]**DFD**, or its contracted agent, shall only attempt the adjustment against a client's [food stamp] **NJ SNAP** account for one future month before the adjustment debt is cancelled. This also applies to adjustments that cannot be collected from a household that leaves [the Food Stamp Program] **NJ SNAP**, regardless of whether that household returns to [the Food Stamp Program] **NJ SNAP** at a later date.

#### 10:88-3.9 Penalties for inappropriate use of Families First cards

Any act that constitutes a violation of the Food Stamp Act, [Food Stamp Program] **NJ SNAP** rules, or any State statute for the purpose of acquiring, using, presenting, transferring, receiving, possessing, or trafficking of authorization cards used as part of an automated benefit

delivery system is considered an intentional program violation and will be addressed in accordance with rules that govern the program(s) for which the card(s) delivers benefits (see N.J.A.C. 10:87-11.3 and 10:90-11).

#### SUBCHAPTER 4. INACTIVE ACCOUNTS (AGING)

##### 10:88-4.1 Overview

The Families First system shall suspend or terminate Families First cash and [food stamp] **NJ SNAP** accounts that have not been accessed [for 90 days. This process is called aging. The aging process is generally the same for TANF and food stamp cases, with certain specific differences] **in accordance with N.J.A.C. 10:88-4.2 and 4.4, as appropriate.**

##### 10:88-4.2 Aging of [food stamp] **NJ SNAP** cases

- (a) On the 13th day of each month, the State's EBT contractor performs the EBT aging process, which identifies those [food stamp] **NJ SNAP** Families First accounts that have not been accessed by payees for one month (aging period one), [two] **five** months (aging period two), and [three] **six** months (aging period three). The EBT aging process produces the EBT aging file, which is transmitted electronically to the State's [FAMIS] **automated case file and issuance** system on or about the 13th of each month.

1. (No change.)

2. When [a food stamp] **an NJ SNAP** case reaches aging period two ([two] **five** months of inactivity), [FAMIS] **the State's automated case file and issuance system** shall retrieve and process the EBT aging file from the EBT contractor to produce aging warning notices for all of the payees in that file. The notices shall be produced in English and Spanish, and shall advise the payees that they have not used any of the benefits in their Families First account for [two] **five** months and that if they do not use some of the benefits during the next month, their benefits may stop. The CWA shall mail the warning notice to the household without delay.
  
3. When [a food stamp] **an NJ SNAP** case reaches aging period three ([three] **six** months of inactivity) in the EBT aging file, the case shall be suspended effective the first day of the following month, and no additional benefits shall be added to the case. The [FAMIS] **State's automated case file and issuance system** shall produce an adverse action notice that advises the payee that the case has been suspended because they have not used any of their benefits for [three] **six** months.
  
4. All outstanding available benefits shall be expunged from the EBT [food stamp] **NJ SNAP** account and shall be moved to the aged [food stamp] **NJ SNAP** benefits file on or about the 13th day of the month in which they reach aging period three, where they shall be held off-line for one year. The aged [food stamp] **NJ SNAP** benefits shall be reported on each month as to their age in the file on [FAMIS] **the State's automated case file and issuance system** report FM649, Aged [Food Stamp] **NJ SNAP** Benefits.

#### 10:88-4.3 Obtaining aged [food stamp] **NJ SNAP** benefits

The household shall be entitled to receive aged [food stamp] **NJ SNAP** benefits for up to one year from the date the benefits were aged (see N.J.A.C. 10:88-4.2(a)4). If the payee does not request replacement of those [food stamp] **NJ SNAP** benefits within one year after the benefits were aged, the benefits shall be expunged and reported back to FNS.

#### 10:88-4.4 Aging of cash cases

- (a) On the 13th day of each month, the State's EBT contractor shall perform the EBT aging process, which identifies those cash Families First accounts that have not been accessed by payees for one month (aging period one), two months (aging period two), and three months (aging period three). The EBT aging process produces the EBT aging file, which is transmitted electronically to the State's [FAMIS] **automated case file and issuance** system on or about the 13th of each month.

1. (No change.)

2. When a cash case reaches aging period two (two months of inactivity), [FAMIS] **the State's automated case file and issuance system** shall take the EBT aging file from the EBT contractor and produce aging warning notices for all of the payees in that file. The notices shall be produced in English and Spanish, and shall advise

the payees that they have not used any of the benefits in their Families First account for two months and that if they do not use some of the benefits during the next month, their benefits may stop. The CWA shall mail the warning notice to the household without delay.

3. When a cash benefit case reaches aging period three (three months of inactivity) in the EBT aging file, the case shall be closed effective the first day of the following month, and no additional benefits shall be added to the case. The [FAMIS] **State's automated case file and issuance** system shall produce an adverse action notice (PA-15/PA-15S) that advises the payee that the case has been closed because he or she has not used any of his or her benefits for three months. All outstanding available benefits will be expunged from the EBT cash account and reported as aged on [FAMIS] **the State's automated case file and issuance system** history.
  
4. (No change.)

## SUBCHAPTER 5. REPLACEMENT OF BENEFITS AND CARDS

### 10:88-5.1 Replacement of benefits

Cash and [food stamp] **NJ SNAP** benefits shall not be replaced once they are posted to a household's Families First account. A credit adjustment may be processed to correct a system error or an out-of-balance condition that is identified in the settlement process, such as an ATM misdispense.



10:88-5.2 Replacement of lost or stolen EBT cards

- (a) Replacement Families First cards shall be made available [no later than] **for pick up or placed in the mail within** two business days from the date that the replacement request is made to the CWA.
  
- (b) Each Families First payee will be allowed [three] **two** free replacement cards. A replacement fee of \$2.00 shall be collected from [food stamp] **NJ SNAP** or cash assistance recipients for the [fourth] **third** and any subsequent replacement cards.
  
- (c) The total fee for replacing a non-public assistance [food stamp] **NJ SNAP** recipient's card shall be deducted automatically from the [food stamp] **NJ SNAP** benefit account. The total fee shall be deducted from the cash benefit account for cash-only cases. For household's receiving both cash assistance and [food stamp] **NJ SNAP** benefits, the fee shall be attempted first against the [food stamp] **NJ SNAP** account. If there are insufficient funds in the [food stamp] **NJ SNAP** account to cover the replacement fee, the fee will be attempted against the cash account. If neither account has sufficient funds available to cover the replacement fee, the system will create a pending status for the fee and it will be deducted from the next available benefit.
  
- (d) (No change.)

SUBCHAPTER 6. FISCAL PROCEDURES

10:88-6.1 [Food stamp] **NJ SNAP** card replacement fees

Funds collected through replacement card fees will be an offset to the administrative cost category of each CWA initially charged to produce the replacement card. The dollar amount will be shown as a credit on Schedule A of the quarterly report, Form WFNJ-618, and the payment will be posted as an increasing adjustment to the funds due on the summary schedule.

10:88-6.2 [Food stamp] **NJ SNAP** claims

(a)-(e) (No change.)