



Department of Human Resources
 311 West Saratoga Street
 Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number:

Effective Date:

Issuance Date:

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
 DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
 FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF**

FROM: CHARLES E. HENRY, EXECUTIVE DIRECTOR

RE: WELFARE AVOIDANCE GRANTS

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

Federal regulations for the treatment of Welfare Avoidance Grants (WAG) have changed. This action transmittal supercedes action transmittal #00-36 – Treatment of Welfare Avoidance Grants issued March 7, 2000.

OLD POLICY

We treated a WAG as a non-recurring lump sum only if it met certain conditions. If the WAG did not meet the criteria for excluding the payment as a non-recurring lump sum or reimbursement, it was countable income.

CURRENT AND NEW POLICY FOR TREATMENT OF WAGS

A WAG is never countable income. It is either a non-recurring lump sum (a resource) or a reimbursement.

A. Nonrecurring Lump Sum Payments

1. A WAG is a non-recurring lump sum payment, unless it is a reimbursement.
2. The treatment is the same whether the WAG is in the form of a cash payment directly to the household or a vendor payment directly to the provider of a service.

3. A nonrecurring lump sum payment is excluded income.
4. Count the WAG as a resource (asset) in the month received.

Reminder:

- Households that are eligible for a WAG will likely meet the criteria for categorical eligibility (See Action Transmittal 01-33 – Categorical Eligibility for Food Stamps). Resources of categorically eligible households are not counted.

B. Reimbursement

Some local departments pay WAGs as a reimbursement for work or training-related expenses in the form of cash or vendor payments.

1. To be excluded as a reimbursement, the local department must provide the payment for an identified expense, other than normal living expenses, and the customer must use the WAG for the purpose intended. Do not verify that the WAG was used for the purpose intended unless it is questionable.
2. Examples of excludable reimbursements:
 - a) Reimbursements for job or training related expenses such as travel, uniforms, and transportation to and from a job or training site.
 - b) Reimbursements for out-of-pocket expenses of volunteers incurred in the course of their work.
 - c) Medical or dependent care reimbursements.

PAYMENT ACCURACY

Because local departments pay Welfare Avoidance Grants according to their local plans, which vary by jurisdiction, the case manager must document in the narrative all the information needed to determine if the WAG is a reimbursement or non-recurring lump sum.

ACTION DUE

This policy is effective May 1, 2001.

INQUIRIES

Please direct policy questions to Kay Finegan at (410) 767-7939 and CARES questions to Gina Roberts at 410-238-1297.

CARES

If the WAG payment is a non-recurring lump sum payment:

- Enter the amount of the diversion payment on the **AST1** screen with the code **LS (lump sum)** and the appropriate verification code. Be sure to enter it in the same month that the customer received it.

If the WAG payment is a reimbursement:

- Enter the amount of the WAG on the **UINC** screen with the code **ON (other non-countable – All programs), AC (Actual)** for frequency, and the appropriate verification code. Be sure to enter it in the month that the customer received it.

cc: Executive Staff
FIA Management Staff
Constituent Services
OIM Help Desk
RESI