



Department of Human Resources
 311 West Saratoga Street
 Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: 01-47

Effective Date: June 1, 2001

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**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: ADDED ALLOWABLE UTILITY COSTS AND ELIGIBILITY FOR THE
 STANDARD UTILITY ALLOWANCE**

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

This Action Transmittal is one of several that we will issue about the recently published Food Stamp regulation changes. Many of the regulation changes must be implemented by June 1, 2001. One of the changes added several allowable shelter costs. It also changed expanded eligibility for the utility allowance. This action transmittal provides the new policy.

NEW POLICY

➤ ***Association Fees***

In November 1999, local departments were notified that the Food and Nutrition Service had reinterpreted policy about how to treat condominium fees (Action Transmittal 00-21). The new regulations expanded this to include association fees.

Example: In addition to Ms. A's \$500 mortgage, she pays \$100 monthly for association fees. She also pays for heat and electric. Her shelter costs are \$600 for the mortgage and association fees and she is eligible for the SUA.

➤ ***Well and Septic System Installation and Maintenance***

If the household chooses to use actual expenses rather than the utility allowance we can now allow a deduction for well installation and maintenance and septic system installation and maintenance.

This expense cannot be allowed in addition to the SUA or LUA.

Reminders:

- ◆ The household can switch between the SUA/LUA to actual expenses only at certification or recertification.
- ◆ We cannot allow a past due amount as a deduction.

Examples:

Household A applied for food stamps on May 15. Mrs. A reported that they had to have a new well installed this month. Ms. A sends the bill to the case manager to verify the expense along with all her other utility expenses. The actual utility expenses, which included the well installation bill prorated over the certification period, exceeds the SUA. The case manager uses actual expenses for the certification period.

At recertification household B reports that he had to have his septic tank pumped out. Mr. B brought in a bill from the XYZ Septic Tank Company that verified the expense and that the household had set up a monthly payment plan for repayment of the bill. The case manager discussed the situation with Mr. B to determine if it is to the household's advantage to use actual utility expenses. The utility bills, including the XYZ Septic Tank Company payment added up to only \$200. The case manager used the SUA.

Household C reported to his case manager that he had to have a new septic tank installed. He took out a second mortgage to pay for this expense. The case manager added the second mortgage amount to the first mortgage. The household was also given the SUA.

At his May recertification, Mr. D reports that he had to have a new septic tank installed in February. He paid for the new tank in full when it was installed. The household is not eligible for this expense in the new certification period because it was incurred and paid for in a prior certification period. If he had reported and verified the expense when he was billed for the expense and had claimed actual expenses for that certification period, the case manager could have allowed the expense for that certification period. The expense could have been allowed as a lump sum in one month or prorated the remaining months in the prior certification period.

At recertification Mr. and Mrs. E report that they had to have a new well installed. Mr. E brought in a bill from the Well Company that verified the expense and that the household had set up a monthly payment plan for repayment of the bill. The case manager discussed the situation with Mr. E to determine if it is to the household's advantage to use actual utility expenses. The utility bills, including the Well Company payment added up to \$250. The case manager used the household's actual expenses for the certification period.

Reminder:

- ◆ Base household expenses on amounts for which the household expects to be billed over the certification period.
- ◆ Base anticipation of the expense on the most recent month's bill, unless the household is reasonably certain a change will occur.

➤ ***Utility Allowances***

Standard Utility Allowance

Currently we give the SUA to households that are billed for heat separately from rent.

The new rules have expanded eligibility for the SUA to include households that have cooling expenses separate from their rent. The cooling expense must be for the operation of central air conditioning or room air conditioners. It does not include the use of fans alone.

Reminder: If a household has a heating or cooling expense, it is eligible for the SUA for the entire year.

Limited Utility Allowance

Currently we give the LUA to households that incur an expense for electricity separately from the rent.

New policy requires that for households to get the LUA, they have to incur at least two utility expenses. They can be any two utilities.

Examples:

Ms. E lives in an apartment where the heat is included in the rent. The only other utility bill she has is the electric cost. She has a window air conditioner. The case manager uses the SUA to calculate benefits.

Reminder: The household is eligible for the SUA the entire year, even during winter months when the air conditioner is not in use.

Mr. F lives in the same apartment complex. He is billed for electric and phone. He does not have an air conditioner. The case manager uses the LUA to calculate benefits.

Mr. and Mrs. G also live in this apartment complex. Their only bill is for electric usage. They do not have a phone and do not have an air conditioner. They use a fan to cool their apartment. The case manager uses the actual electric bill to calculate this household's food stamp benefits.

Ms. H lives in an apartment that includes heat and electric. She is billed for the water and the phone. The case manager uses the LUA.

Mr. M lives in an apartment that includes heat and electric. He is billed for propane for cooking. He has no other utility bills. The case manager allows the actual amount for the propane bill.

OTHER CHANGES TO SUA/LUA RULES

Currently, a household that is billed by the utility provider gets the standard utility allowance (SUA) or limited utility allowance (LUA). Renters who are billed on a monthly basis by their landlord for actual usage through individual metering also get the SUA or LUA.

This has been expanded. The following households are also entitled to the appropriate utility allowance:

- ◆ Households that live in private rental housing who are charged a flat rate for utilities separately from their rent.
- ◆ Households that live in **separate residences** but share a single utility meter. Consider the following factors in defining separate residences for shelter cost purposes:
 - Separate bathroom, kitchen, and entrance; and
 - History of being rented as a separate unit.

If the households share facilities, then the households are not in separate residences and each household is entitled to a prorated utility standard.

Examples:

Mr. H rents a basement apartment from Mr. J. The rent amount is \$150 and he is also charged \$50 towards the gas bill for heat. Mr. H's allowable shelter expenses are \$150 rent and the SUA.

Ms. E rents the apartment in her house to Mr. F. She charges him \$400 rent, which includes heat and they share the electric bill since there is only one meter for both apartments. Mr. F also has a phone bill. Mr. F's allowable shelter expenses are \$400 for his rent and the LUA.

Ms. G rents a room to Ms. K. They share the bath and kitchen. These households are entitled to the prorated SUA or LUA.

The following rules are unchanged:

- ◆ Households that have costs of heating and electricity included in their rent but are billed separately for excess costs (public housing) are not entitled to the SUA or LUA.
- ◆ Households that live with and share heating or cooling with another individual, another household or both are entitled to a prorated share of the appropriate utility allowance.

ACTION DUE

This policy is effective with new applications and recertifications taken on or after June 1, 2001.

PAYMENT ACCURACY

The changes to the SUA and LUA are potentially error prone.

Be sure to include in the narration the amounts of all shelter expenses, whether the household will receive the SUA, LUA, or simply the total of actual shelter expenses.

For payment accuracy it is very important to code the SHEL screen correctly.

INQUIRIES

Please direct policy questions to Kay Finegan at 410-767-7939. Direct system inquiries to Gina Roberts at 410-238-1297.

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

CARES PROCEDURES

- If the household is entitled to a utility allowance, code the appropriate fields on the **SHEL** screen to give the **SUA** or **LUA** as follows:
 - **SUA:**
 - Enter Y in the Util Std field
 - Enter N in the Is heat in the rent? Field
 - Enter Y in the Do you pay light/cooking? Field
 - **LUA:**
 - Enter Y in the Util Std field
 - Enter Y in the IS heat in the rent? Field
 - Enter Y in the DO you pay light/cooking? Field
- If the household is not entitled to a utility allowance, but is eligible for a deduction for other allowable utility expenses:
 - Enter the amounts in the appropriate expense type fields with the appropriate verification codes.
 - Enter N in the Util Std field on the SHEL screen.
- In cases where a customer incurs a Well or Septic System Installation or Maintenance and it has been determined that using the actual expenses is more advantageous to the customer than SUA/LUA:
 - Enter OU in the Other Util field (left column on the SHEL screen), the amount of the monthly actual expense under the Amt field, and the appropriate verification code in the V field.
 - CARES will then prompt you to enter a code in the Primary Heat Source field. This field can either be bypassed by pressing PF4 or the appropriate heating source can be entered using the corresponding code.
 - Be sure to PF9 off the SHEL screen in order to narrate thoroughly the expenses that have been entered and any proration that may have occurred.
- Enter the amount billed for the association fee in the Coop/Condo Fee field (in the left column) on the SHEL screen followed by the appropriate verification code.
- In cases where there are two or more households/individuals sharing heating or cooling, give the prorated share of the utility allowance by entering the total number of households/individuals sharing the heating or cooling in the Number HH Sharing field of the SHEL screen.