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: PRORATING THE UTILITY ALLOWANCE WHEN A HOUSEHOLD MEMBER IS INELIGIBLE

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

We recently received information from the Food and Nutrition Service that changes the policy for prorating the standard and limited utility allowances when there is an ineligible member in the household. Prior to this clarification if the ineligible member was billed for an expense that made the household eligible for the utility allowance, we prorated the SUA or LUA between all household members and counted all but the ineligible member’s portion. This action transmittal describes the change.

CURRENT AND ONGOING POLICY

Policy requires that we prorate the income and deductions of:
- Ineligible immigrants,
- Able-bodied adults without dependents who are not meeting the work requirements, and
- Individuals who fail to provide a social security number.

We then include all but the ineligible member’s portion of income and deductions in calculating the food stamp benefits for the eligible members. This policy remains the same, except when the eligible and ineligible members share utilities. See the new policy below.

NEW POLICY
Case managers will not prorate the SUA or LUA between eligible and ineligible members, when eligible food stamp household members share the utility expenses with ineligible members. The eligible household members are entitled to the entire SUA or LUA.

Examples:

1. Mr. and Mrs. A live together with their three children. Mr. A is an ineligible immigrant. Mrs. A and the children are U.S. citizens. Mr. and Mrs. A both have income. They share the shelter expenses. The rent is $500 and they pay a gas and electric bill that includes heat. They each pay $250 toward rent. They each contribute to the gas and electric bill.

Since they share the utilities, we do not prorate among the eligible and ineligible members. The eligible household members are entitled to the entire SUA.

The case manager divides Mr. A’s portion of the rent ($250) by 5 (the number of people in the household) and multiplies this amount by 4 (the number of eligible members). The prorated portion of the rent that will count toward the eligible household member’s shelter cost is $200. The household’s allowable rental cost is $450 ($250+$200).

2. Mr. B and Ms. C purchase and prepare their food together. Mr. B works 30 hours per week and earns $157/week. Ms. C works 10 hours/week and earns $60 each week. She is ineligible because she is an able-bodied adult without dependents (ABAWD) and is not meeting the work requirement. She has already received her three free months. Mr. B and Ms. C each pay $150 toward the rent. They share the electric (lights only, no air conditioning) and phone bill.

The case manager will use the following to calculate Mr. B’s food stamps:

Income:
- Mr. B’s earnings ($157x4=$628) $628
- The prorated portion of Ms. C’s earnings ($60x4=$240÷2=$120) $120
- Total countable income $748

Rent:
- Mr. B’s portion $150
- The prorated portion of Ms. C’s rent ($150÷2=$75) $75
- Total rent $225

Utility allowance:
- Mr. B is entitled to the entire limited utility allowance $135

3. Same situation as #2 except that Ms. C (ineligible member) pays all the utilities and
Mr. B (eligible member) pays the rent. The case manager will use the following to calculate Mr. B’s food stamps:

**Income:**
- Mr. B’s earnings ($157 \times 4 = $628) $628
- The prorated portion of Ms. C’s earnings ($60 \times 4 = $240 \div 2 = $120) $120
- Total countable income $748

**Rent:**
- Mr. B is entitled to the entire cost $300

**Utility allowance:**
Because this is not a sharing situation and the ineligible member pays the utility expense, count a prorated portion of the LUA in calculating Mr. B’s food stamp benefit. ($135 \div 2 = $67.50)
- Mr. B’s portion of the LUA $67.50

4. Same situation as #2 except that Ms. C (ineligible member) pays the rent and Mr. B (eligible member) pays the utilities. The case manager will use the following to calculate Mr. B’s food stamps:

**Income:**
- Mr. B’s income ($157 \times 4 = $628) $628
- The prorated portion of Ms. C’s income ($60 \times 4 = $240 \div 2 = $120) $120
- Total countable income $748

**Rent:**
- Since Ms. C (the ineligible member) pays the bill, count a prorated portion of the rent as a deduction for Mr. B’s food stamp case.
- Mr. B’s rent cost ($300 \div 2 = $150) $150

**Utility allowance:**
Because this is not a sharing situation and the eligible member pays the utility expense, the full LUA is counted in Mr. B’s food stamp benefit calculation.
- Mr. B’s utility deduction $135

See the attached chart that summarizes treatment of income and deductions of nonmembers. For more complete policy about nonmembers of the household, see Food Stamp Manual section 108 - Households Containing Nonmembers.

**ACTION DUE**
This policy is effective July 1, 2002.

**PAYMENT ACCURACY**

Manual calculations and changes to the SUA/LUA are potentially error prone. It is important for the case manager to show how calculations were done in the narration.

**INQUIRIES**

Please direct policy questions to Kay Finegan at 410-767-7939.

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

**CARES ACTION REQUIRED**

CARES PROCEDURES
Use the following procedures when the eligible and ineligible household members share utility expenses and the eligible members are entitled to the entire utility allowance:

- **STANDARD UTILITY ALLOWANCE**
  Enter ‘Y’ to the right of the SUA field under the UTILITY METHOD on the SHEL 01 screen. (See attached copy of the new SHEL screen)

- **LIMITED UTILITY ALLOWANCE**
  Enter ‘Y’ to the right of the LUA field under the UTILITY METHOD on the SHEL 01 screen.

Use the following procedures to count the prorated portion of the utility allowance when the ineligible household member pays all the utility expenses:

- Deny the ineligible household member by entering the appropriate 500 series denial/closure code in the Rsn field on the STAT screen.
- Determine the prorated portion of the utility allowance off-line.
- Enter ‘Y’ to the right of the ACTUAL EXPENSES CLAIMED field.
- Enter the prorated expense in the appropriate AMT field and the appropriate valid value code in the ‘V’ field under the ACTUAL EXPENSES on the SHEL 01 screen.
- Enter REMARKS (PF9) to indicate how the prorated expense amount was calculated.
- Complete the case processing as required.

**Narrate all case activity.**
<table>
<thead>
<tr>
<th>Household member ineligible because the individual:</th>
<th>Resources</th>
<th>Income</th>
<th>Shelter costs other than utilities</th>
<th>Utility allowances</th>
<th>Other Deductions</th>
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</thead>
<tbody>
<tr>
<td>Does not meet citizenship or eligible immigrant status</td>
<td>Consider the total value of resources of the excluded member as available to the household.</td>
<td>Count a prorated share of the ineligible member’s income to the eligible household members.</td>
<td>Allow as a deduction a prorated share of rent, mortgage, etc. that is paid by or billed to the nonmember.</td>
<td>If the household shares the utilities with the nonmember, do not prorate the SUA or LUA. If there is no sharing, allow as a deduction a prorated share of the amount paid by or billed to the nonmember.</td>
<td>Allow as a deduction a prorated share of any child support or dependent care that is paid by or billed to the nonmember.</td>
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<td>Is an able-bodied adult without dependents and is not meeting the work requirement</td>
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<td>Failed to provide a social security number</td>
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<td>Is disqualified for an intentional program violation</td>
<td>Consider the total value of resources of the excluded member as available to the household.</td>
<td>Count the income of the ineligible member in its entirety.</td>
<td>Count the entire rent amount that is paid by or billed to the nonmember.</td>
<td>Count the entire SUA/LUA paid by or billed to the nonmember.</td>
<td>Count the entire allowable earned income, medical, dependent care, or child support deduction if paid by or billed to the nonmember.</td>
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<td>Is not complying with work requirements</td>
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<td>Is fleeing to avoid felony prosecution, custody or confinement, or violating a condition of probation or parole</td>
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<td>Was convicted of a drug related felony offense occurring after 8/22/96</td>
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<td>Was convicted in court or by an administrative disqualification hearing of making a fraudulent statement about residence or identity in order to receive multiple benefits</td>
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<td>Was convicted by a court of trafficking food stamps of $500 or more.</td>
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</table>
### COUNTING INCOME, RESOURCES AND DEDUCTIONS OF INELIGIBLE HOUSEHOLD MEMBERS

<table>
<thead>
<tr>
<th>Household member ineligible because the individual:</th>
<th>Resources</th>
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<th>Utility allowances</th>
<th>Other Deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is an ineligible student</td>
<td>Do not consider resources of these individuals as available to the household.</td>
<td>Do not consider the income of the ineligible individual as available to the household. Include any payments from the nonmember to the eligible household.</td>
<td>Do not deduct any portion of an expense that is paid by the nonmember. It the household shares expenses with the nonmember deduct only the amount actually paid or contributed by the eligible household members as an expense.</td>
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<td>Is an ineligible individual other than listed above (roomer, boarder, individuals who share living quarters, but who do not purchase and prepare food together)</td>
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7