



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: #02-68

Effective Date: July 1, 2002

Issuance Date: May 2, 2002

**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 ($\$157 \times 4 = \628)	\$628
The prorated portion of Ms. C's earnings ($\$60 \times 4 = \$240 \div 2 = \$120$)	<u>\$120</u>
Total countable income	\$748

Rent:

Mr. B's portion	\$150
The prorated portion of Ms. C's rent ($\$150 \div 2 = \75)	<u>\$75</u>
Total rent	\$225

Utility allowance:

Mr. B is entitled to the entire limited utility allowance	\$135
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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$)	<u>\$120</u>
Total countable income	\$748

Rent:

Mr. B is entitled to the entire cost	\$300
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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
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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$)	<u>\$120</u>
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
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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
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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.

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.

COUNTING INCOME, RESOURCES AND DEDUCTIONS OF INELIGIBLE HOUSEHOLD MEMBERS

Household member ineligible because the individual:	Resources	Income	Shelter costs other than utilities	Utility allowances	Other Deductions
Does not meet citizenship or eligible immigrant status	Consider the total value of resources of the excluded member as available to the household.	Count a prorated share of the ineligible member's income to the eligible household members.	Allow as a deduction a prorated share of rent, mortgage, etc. that is paid by or billed to the nonmember.	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.	Allow as a deduction a prorated share of any child support or dependent care that is paid by or billed to the nonmember.
Is an able-bodied adult without dependents and is not meeting the work requirement					
Failed to provide a social security number					
Is disqualified for an intentional program violation	Consider the total value of resources of the excluded member as available to the household.	Count the income of the ineligible member in its entirety.	Count the entire rent amount that is paid by or billed to the nonmember.	Count the entire SUA/LUA paid by or billed to the nonmember.	Count the entire allowable earned income, medical, dependent care, or child support deduction if paid by or billed to the nonmember.
Is not complying with work requirements					
Is fleeing to avoid felony prosecution, custody or confinement, or violating a condition of probation or parole					
Was convicted of a drug related felony offense occurring after 8/22/96					
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					
Was convicted by a court of trafficking food stamps of \$500 or more.					

COUNTING INCOME, RESOURCES AND DEDUCTIONS OF INELIGIBLE HOUSEHOLD MEMBERS

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