



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: #02-50

Effective Date: April 1, 2002

Issuance Date: March 3, 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: COUNTING THE INCOME AND RESOURCES OF AN ABLE-BODIED
ADULT WITHOUT DEPENDENTS (ABAWD)**

PROGRAM AFFECTED: FOOD STAMP PROGRAM

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

Action Transmittal #02-09, which was issued September 11, 2001, provided ABAWD policy that was in the Food Stamp Program final rule published on January 17, 2001. At that time we implemented all the ABAWD provisions except for the change in the treatment of income and deductions. We delayed implementation to allow time to change the Code of Maryland Regulations.

OLD POLICY

Treatment of Income and Resources

We did not count the resources and income of someone ineligible because of the ABAWD rule in calculating the eligibility and benefit level for remaining members of a household.

NEW POLICY

- Count all the resources of an ineligible ABAWD as available to the remaining members of the household.
- Count a prorated share of the ineligible individual's income and deduction to the remaining household members.

- When the ABAWD is eligible and included in a household with other eligible members, include all income and assets as available to the household.

Example 1: John, age 32, lives with two friends and purchases and prepares his food with them. The three receive food stamps. John was fired from his job and cannot receive unemployment benefits. He has \$500 in a savings account that he saved before he lost his job. His sister sends him \$50 per month. Count the money from John's sister as unearned income during period he is eligible. Count the \$500 in the bank as an asset/resource to the household.

- Treatment of Income – If the ABAWD is ineligible for food stamps, but is in a household with other eligible members, prorate the ABAWD's share of the income and count it as available to the household.

Example 2: Mary, age 24, lives with her boyfriend and another friend. The household receives food stamps for three people. Mary had been working 22 hours per week but was laid off. She is entitled to three free months of food stamps.

Mary receives alimony from her ex-husband in the amount of \$30 per month. She has \$400 in a savings account. Count the \$30 per month to the household as unearned income and the \$400 as an asset/resource because Mary is in the food stamp household. Mary is not responsible for any of the shelter costs.

At the end of the three-month period, Mary is not meeting the ABAWD work requirement. She is ineligible to continue to receive benefits because of ABAWD requirements.

Because Mary is now ineligible her income is prorated and counted in the eligibility and benefit calculation for the remaining household members. Divide Mary's income (\$30 alimony) by the number of household members (3). Exclude only the portion that would be considered Mary's.

$\$30 \div 3 = \10 (the portion that is Mary's). \$20 is countable unearned income to the household.

Example 3: Mr. D lives with his friend Ms. E, who receives SSI and pays all the shelter costs. They purchase and prepare their food together. Mr. D is self-employed. He mows lawns in his neighborhood and does other odd jobs. Since he only works an average of 10 hours per week in his self-employment enterprise, he is not meeting the ABAWD work requirement. His records show that his gross self-employment income last year was \$2600. The case manager divides this amount by 12. His monthly self-employment income is \$216. The case manager

allows the 30 percent self-employment deduction and the 20 percent earned income deductions ($\$216 \times .30 = \64.80 ; $\$216 - \$64.80 = \$151$; $\$151 \times .20 = \30 ; $\$151 - 30 = \121) and enters \$60 ($\$121 \div 2 = \60) as income on CARES when determining Ms. E's food stamps.

- Treatment of Assets/Resources – Count the full amount of the ABAWD's assets as available to the household.

Example 4: See example 2. The case manager would add the \$400 that Mary has in the bank to any other resources that the other household members own.

- Treatment of Deductible Expenses – Allow the prorated portion of the household's allowable child support payment, shelter and dependent care expenses that are paid by or billed to the ineligible member.

Reminder: If the ABAWD has countable earned income, the household is entitled to the 20 percent earned income deduction.

Example 5: Ms. B, who is 20 years old, lives with her mother Mrs. C. Ms. B is an ineligible ABAWD. She works 10 hours per week and earns \$6 per hour. Her weekly gross income is \$60 or \$240 per month. Her share of the rent is \$80. The case manager will subtract the 20 percent earned income deduction from Ms. B's earnings ($\$240 \times .20 = \48 , $\$240 - \$48 = \$192$) and then prorate that amount ($\$192 \div 2 = \96). The amount of income the local department will count in calculating Ms. C's food stamps is \$96. \$40 is counted toward Mrs. C's shelter expense. ($\$80 \div 2 = \40)

Note: The case manager must narrate the case record thoroughly to explain what income/assets were used and why.

Reminders:

Reporting Changes

- ABAWDs with earnings who are not **statutorily exempt (see Section 130 of the manual) because of employment of 30 hours or more per week** are not included in simplified reporting.
- These ABAWD households are required to report the following changes in circumstances within 10 days of the change:
 - (a) Changes in the source of income
 - (b) Changes in the amount of gross monthly earned income of more than \$100;
 - (c) Changes in the amount of gross monthly unearned income of more than \$25 (except a change in a public assistance grant) ; and

- (d) Changes in the amount of gross monthly income from a private source of more than \$100;
- (e) All changes in household composition;
- (f) Changes in residence and any resulting shelter cost change;
- (g) When liquid resources reach or exceed \$2000
- (h) Changes in legal obligation to pay child support; and
- (i) Changes in work hours below 20 hours per week averaged monthly (80 hours per month)

Exempt Jurisdictions

- The following counties and Baltimore City are exempt from the ABAWD rules.
 - (a) Allegany County
 - (b) Dorchester County
 - (c) Garrett County
 - (d) Somerset County
 - (e) Worcester County
 - (f) Baltimore City

PAYMENT ACCURACY

This is highly error prone policy because we are counting income and deductions of someone who is not in the food stamp household. It is important to question applicants and recipients about others in the household who are purchasing and preparing meals with them.

Example: Mr. A lives with his 20 year old son, Junior. Mr. A is exempt from work registration because he is disabled. Junior works 10 hours per week and has already received his three free months of food stamps. The case manager will still have to get information about Junior’s earnings in order to calculate Mr. A’s food stamp benefits. Mr. A will also have to report if Junior’s earning change by more than \$100 per month.

ACTION DUE

This policy is effective with applications and recertifications on or after April 1, 2002.

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

When an ineligible ABAWD is in a Food Stamp household with other eligible members the following action is required:

- Identify the ineligible ABAWD on the **STAT** screen by entering code **526** in the **Rsn** field to the right of the individual's name (Client Level).
- Determine the pro rated share of income off line and enter on the **UINC** screen of an eligible household member and code as **OF (Other Countable Food Stamps Only)**. Using the examples from above, the following is what should be entered in CARES after the offline calculations have been done:
 - ❑ **For Regular Earnings:** From **Example 5** above, enter **\$96** in the **Amt1** field of the **UINC** screen of an eligible member with an **OF** in the **Source** field.
 - ❑ **For Self-Employment:** From **Example 3** above, enter **\$60** in the **Amt1** field of the **UINC** screen of an eligible member with an **OF** in the **Source** field.
 - ❑ **For Unearned Income:** From **Example 2** above, enter **\$20** in the **Amt1** field of the **UINC** screen of an eligible member with an **OF** in the **Source** field.
- Determine the assets of the ineligible ABAWD household member off line. Enter the full amount of assets on the appropriate screen(s) for an eligible household member.
- When the ineligible ABAWD is responsible for shelter costs, determine the prorated amount off line. Enter the prorated shelter costs on the **SHEL 01** screen.
- When the ineligible ABAWD has deductions such as child support paid outside the home, daycare expenses, and/or medical expenses, determine the prorated share offline. Enter the prorated deductions on the appropriate screen(s) of an eligible household member (use the same eligible member with whom the prorated share of income was entered).
- Use the **NARR** screen to explain how prorated income and expense amounts were calculated.

Complete CARES processing as required.