



Department of Human Resources  
311 West Saratoga Street  
Baltimore MD 21201

Family Investment Administration  
**ACTION TRANSMITTAL**

Control Number: #05-32

Effective Date: March 15, 2005

Issuance Date: March 29, 2005

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES  
HEALTH OFFICERS, LOCAL HEALTH DEPARTMENTS  
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT  
FAMILY INVESTMENT SUPERVISORS AND CASE MANAGERS  
MCHP SUPERVISORS, LOCAL HEALTH DEPARTMENTS**

**FROM: KEVIN M. MCGUIRE, EXECUTIVE DIRECTOR  
JOSEPH E. DAVIS, EXECUTIVE DIRECTOR, DHMH, OOE**

**RE: EXCLUDED INCOME – MILITARY COMBAT PAY/HOSTILE FIRE PAY**

**PROGRAM AFFECTED: FOOD STAMP PROGRAM, TEMPORARY CASH  
ASSISTANCE, AND MEDICAL ASSISTANCE/MARYLAND  
CHILDREN'S HEALTH PROGRAM**

**ORIGINATING OFFICE: OFFICE OF PROGRAMS**

**SUMMARY:**

On December 8, 2004, the President signed The Consolidated Appropriations Act, 2005, Public Law 108-447. This law contains a provision that changes **food stamp policy**. It excludes the additional income military personnel receive as a result of deployment to a combat zone.

**Please Note:**

**Temporary Cash Assistance and Medical Assistance/Maryland Children's Health Program policy is not changing. MA/MCHP policy identifies Military Combat Pay as Hostile Fire Pay. Military Allotments received by the MA/MCHP household are counted as unearned income. However, MA/MCHP policy excludes any portion of the Military Allotment that is identified as Hostile Fire Pay.**

Under existing and ongoing food stamp policy, we do not include the absent member in the food stamp household when determining food stamp benefit level. Additionally, we count only money the absent family member actually makes available to the applicant or recipient household.

Military money is generally made available to the household through direct deposit of all or a portion of the military person's pay into a joint checking account. Occasionally the funds are made available to the applicant or recipient household via an "allotment"

arrangement. In this arrangement a portion of the pay is sent to the family. More often than not, when an allotment arrangement is made, it is the military person who receives the allotment and the bulk of the pay is sent directly to the family.

Regardless of the arrangement made by the absent family member for his or her military pay, we count only the portion of the pay that the food stamp household has access to when determining the household's income for food stamp purposes.

### **ACTION REQUIRED FOR FOOD STAMPS:**

Case managers must determine if any of the income an absent military person makes available to the household because the person is deployed to a designated combat zone is excluded.

#### **Steps to Calculating Countable Income**

##### Step 1

Establish the amount of the military person's pay that was available to the household prior to the deployment to a designated combat zone.

- If the military person was a part of the household prior to deployment this amount is his or her net military pay (the amount after all deductions according to pay statements).
- If the military person was not a part of the household prior to deployment to a designated combat zone, this is the amount the absent military person made available to the family prior to deployment to the designated combat zone.

##### Step 2

Determine the amount of military pay that the deployed member is currently making available to his or her family.

##### Step 3

Determine the amount of countable income:

- If the amount of military pay that the absent member is making available to the family is equal to or less than the amount the household was receiving from the military person prior to deployment, count all of the income for food stamp purposes.
- If the amount of military pay that the absent member is making available to the family is more than the amount the household was receiving from the military person prior to deployment count the amount from step 1. You are excluding from food stamp income the portion that is greater than the amount the household was receiving prior to deployment.

Example 1: Mrs. A is applying for food stamps for herself and two children because her husband, who is in the National Guard, was deployed to Fort Dix for training and then to Iraq. Her husband had a good job before deployment so they did not receive food stamps prior to deployment. The family's only source of income is now the military pay. A portion of the pay is allotted to Mr. A. The remaining amount is deposited in a checking account for the household's use.

Step 1. Look at Mr. A's net military income (while he was at Fort Dix for training) prior to deployment to the combat zone.

Step 2. Determine the amount Mr. A currently makes available to his family since being sent to Iraq.

Step 3. Determine countable unearned income.

- If the amount in step 2 is less than or equal to the net income in step 1, use the actual amount made available as unearned income.
- If the income in step 2 is more than step 1, use the net income from step 1 as unearned income.

Example 2: Mr. and Mrs. B and their four children are receiving food stamps. Mr. B is in the Army and was deployed to Iraq. While Mr. B was in the household, the agency counted his military earnings and he was given the 20% earned income deduction. Now that he is not in the home and is deployed to a designated combat zone the agency will:

Step 1. Looks at Mr. B's net income from his military pay (the amount after all deductions) prior to deployment.

Step 2. Determine the amount Mr. B makes available to his family now, either through direct deposit or allotment.

Step 3. Determine countable unearned income.

- If the amount in Step 2 is less than or equal to the net military income in step 1, use the actual amount made available as unearned income.
- If the income in step 2 is more than step 1, use the net income from Step 1 as unearned income.

### *Documentation*

The deployed person's military pay record, the Leave and Earnings Statement (LES), is often sent directly to the family back home or the deployed person can mail it to the family back home. The LES will identify combat pay. You can use it to establish deployment to a combat zone and the amount of combat pay.

Case managers can also establish deployment to a combat zone through orders issued to the military person. Frequently, entire units are deployed and the place of their deployment is a matter of public record. While specific arrangements can vary among the services and from base to base, applicant or participating households have various ways to obtain the pay information of the deployed person.

See Attachment 1 for a listing of designated combat zones.

### **ACTION DUE:**

Local departments must implement this policy with food stamp applications, interim changes and recertifications on or after March 15, 2005.

#### *Restored Benefits*

The legislation made the policy retroactive to October 1, 2004. Restore food stamps to any household that lost benefits because we counted the increased income resulting from the deployment of the service member to a designated combat zone on or after October 1, 2004. Make this determination at the household's next recertification, unless the household requests a review of its case prior to that time. We would also restore benefits to any household that was denied because we counted excludable income.

### **PAYMENT ACCURACY:**

For food stamp reviews, Quality Control (QC) will not count an error in application of this policy until after a 120-day period beginning March 15, 2005 and ending July 13, 2005.

QC will exclude any error resulting from mistakes in the treatment of income for deployment to a combat zone during the 120-day period. QC reviewers will identify cases that are entitled to additional benefits and notify the local office to ensure that the households, including those that were inappropriately denied benefits, receive the appropriate restoration of benefits.

### **CARES PROCEDURES**

Following are the procedures for handling countable income in CARES if more than one program of assistance is received:

#### Food Stamps

- On the **UINC** screen enter only countable unearned income. Enter a "Source" code of **OF (Other Countable Food Stamps Only)**.
- Exclude income that is greater than the amount the household was receiving prior to the military deployment.
- Update the narrative

#### TCA

- Enter all income from the deployed military person that is available to the household as earned income. On the **ERN1** Screen, enter a "Type" code of **CA (Other – Cash Countable Only)**.
- As the TCA AU may trickle to a MA/MCHP AU it is necessary to code the countable military allotment available to the household as "MU" on the UINC Screen
- Update the narrative

### Medical Assistance

- Enter all income from the deployed military person that is available to the household as unearned income, excluding hostile fire pay. On the UINC Screen, enter a “Source” code of **“MU” (Other Countable Medical Assistance Only)**.
- Update the narrative

### INQUIRIES:

Please direct food stamp questions to Kay Finegan at 410-767-7939 and TCA questions to Marilyn Lorenzo at 410-767-7333. Direct Medical Assistance/Maryland Children’s Health Program questions to Cathy Sturgill at 410-238-1247.

cc: FIA Management Staff  
Constituent Services  
DHMH Management Staff  
DHR Help Desk  
DHMH Training Staff

## **ATTACHMENT 1**

### **Combat Zone Tax Exclusion Areas**

#### **Executive Order 12744 (effective 17 Jan 1991)**

-- Arabian Sea Portion that lies North of 10 degrees North Latitude and West Of 68 degrees East Longitude

Bahrain  
Gulf of Aden  
Gulf of Oman  
Iraq  
Kuwait  
Persian Gulf  
Qatar  
Oman  
Red Sea  
Saudi Arabia  
United Arab Emirates

#### **Direct Support of EO 12744**

Turkey effective 1 Jan 2003  
Israel effective 1 Jan – 31 July 2003  
Eastern Med effective 19 Mar – 31 July 2003  
Jordan effective 19 Mar 2003  
Egypt effective 19 Mar – 20 Apr 2003

#### **Executive Order 13239 (effective 19 Sep 2001)**

Afghanistan

#### **Direct Support of EO 13239**

Pakistan effective 19 Sep 2001  
Tajikistan effective 19 Sep 2001  
Jordan effective 19 Sep 2001  
Incirlik AFB Turkey effective 21 Sep 2001  
Kyrgyzstan effective 1 Oct 2001  
Uzbekistan effective 1 Oct 2001  
Phillipines (only troops w/orders that reference OEF) effective 9 Jan 2002  
Yemen effective 10 Apr 2002  
Djibouti effective 1 Jul 2002

#### **Executive Order 13119 (effective 24 Mar 1999)**

#### **Public Law 106-21 Establishing Kosovo as Qualified Hazardous Duty Area (24 Mar 1999)**

The Federal Republic of Yugoslavia (Serbia/Montenegro)  
Albania  
The Adriatic Sea  
The Ionian Sea north of the 39th parallel

#### **Public Law 104-117 Establishing a Qualified Hazardous Duty Area ( November 1995)**

**Bosnia**  
**Herzegovina**  
**Croatia**  
**Macedonia**