



Department of Human Resources
311 West Saratoga Street
Baltimore MD 21201

FIA ACTION TRANSMITTAL

Control Number: FIA/OPRS #99-38

Effective Date: April 1, 1999

Issuance Date: March 31, 1999

TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF
DIRECTORS, LOCAL HEALTH DEPARTMENTS
MARYLAND CHILDREN'S HEALTH PROGRAM LIAISONS

FROM: ROBERT J. EVERHARD, EXECUTIVE DIRECTOR
RJE
S Tucker
SUSAN TUCKER, ACTING DIRECTOR, DHMH/MCPA

RE: CALCULATING INCOME AND DEDUCTIONS

PROGRAM AFFECTED: FOOD STAMP PROGRAM, TEMPORARY CASH
ASSISTANCE AND MEDICAL ASSISTANCE

ORIGINATING OFFICE: OFFICE OF POLICY, RESEARCH AND SYSTEMS

SUMMARY

Effective October 1, 1998 we went back to a 4-week month conversion factor for calculating monthly income and deductions for the Food Stamp Program (FSP). This matches Temporary Cash Assistance (TCA). Action transmittal 99-11 issued September 23, 1998 provided the policy and CARES procedures to local departments. Recently, the Food and Nutrition Service denied a waiver that would have allowed us to continue to calculate food stamp earned income, other than weekly and biweekly income, using the TCA conversion method.

This action transmittal:

- Restates the policy for converting income and deductions for the Food Stamp Program, Temporary Cash Assistance, and Medical Assistance;
- Provides information about dropping cents in the calculation of income for the Food Stamp Program, TCA and Medical Assistance;
- Includes an updated chart of recent Food Stamp changes. (The chart that was attached to Action Transmittal 99-04 is obsolete); and
- Replaces Action Transmittal #99-11 Revised.

OLD POLICY

A 4-week conversion factor was used to convert all earned income to a monthly amount for TCA and the Food Stamp Program. A 4.3 conversion factor was used for Medical Assistance.

NEW POLICY FOR FOOD STAMPS

The 4-week conversion factor for earned income applies to weekly and biweekly income only. Use actual income received for earnings received semi-monthly (twice a month), monthly, annually, etc.

NEW POLICY FOR MEDICAL ASSISTANCE

Medical Assistance will use the 4 week conversion factor consistent with TCA methodology.

POLICY OVERVIEW FOR CONVERTING FOOD STAMP, TCA, AND MA INCOME TO A MONTHLY AMOUNT

If the INCOME TYPE is:	And the FREQUENCY is:	For the FOOD STAMP PROGRAM CARES will:	For TEMPORARY CASH ASSISTANCE and MEDICAL ASSISTANCE CARES will:
Earned			
	Weekly	Multiply weekly pay by 4	Multiply weekly pay by 4
	Biweekly	Multiply biweekly pay by 2	Multiply biweekly pay by 2
	Twice a month (Semimonthly)	Add together the two semimonthly pays	Divide total semimonthly pay by 4.3, and multiply by 4.
	Monthly	Use the actual amount	Divide the monthly amount by 4.3 and multiply by 4
	Annual	Divide the annual amount by 12	Divide the amount by 52 and multiply by 4.
Unearned			
	Weekly	Multiply weekly benefit by 4	Multiply weekly benefit by 4
	Biweekly	Multiply biweekly benefit by 2	Multiply biweekly benefit by 2
	Monthly	Use the actual amount	Use the actual amount
	Annual	Divide the annual amount by 12	Divide the annual amount by 12

DROPPING CENTS

For TCA, Food Stamps and Medical Assistance, drop the cents when calculating income as follows:

- Retain cents for hourly and daily amounts until after the weekly amount is calculated. Example: \$5.50/ hour x 35 hours = \$192.50
- Drop cents for income received weekly or less frequently.
- **MASS MODIFICATION FOR COLA INCREASES** - By dropping cents, the system calculation of the benefit amount will vary slightly from the actual amount. If the benefit amount is not updated, this discrepancy will increase with each COLA. For payment accuracy, at recertification be sure to verify and, if necessary, re-enter benefits that have changed because of an annual cost-of-living allowance (COLA).

CALCULATING ALLOWABLE DEDUCTIONS

Use a 4-week month to calculate the monthly deduction for expenses paid or billed weekly or biweekly. Do not drop cents when calculating deductions.

- Multiply weekly deductions by 4.
- Multiply biweekly deductions by 2.
- For deductions that are billed or paid monthly or less frequently, use the actual amount.

Please refer to the pages 4 through 6 for CARES procedures.

ACTION DUE

This policy is effective April 1, 1999.

INQUIRIES

Please direct policy questions to Kay Finegan at (410) 767-7939 and systems questions to David Holland at (410) 767-8494.

cc: FIA Management Staff
Constituent Services
OIM Help Desk
CIS Testing Facility

CARES PROCEDURES

Entering Earned Income on CARES

- On the **ERN1** screen, enter the name of the place of employment or self-employment business in the **EMPLOYER NAME** field. Complete the address and phone information for the self-employed business.
- In the **TYPE** field, enter **EI** for regular earnings or **SE** for self-employment income (**FM** in the case of farmers, fishermen, and watermen).
- In the **BEGIN DATE** field, enter date that the customer began employment.
- If the case is already active, enter a **Y** or **N** in the **LATE REPORT** field to indicate whether or not the customer was late in reporting his/her employment.
- Press **ENTER** to get to the **ERN2** screen.
- On the customer's **ERN2** screen enter the income. Do not enter the cents.
- Enter the number of hours worked in the **HRS** field, the type of verification used in the **V** field, and the appropriate frequency in the **FREQ** field.

NARRATE how earnings were entered by pressing **PF21** from the **ADDR** screen.

Entering Unearned Income on CARES

- Enter unearned income with the actual amounts and actual frequencies. Do not enter the cents. CARES will calculate them correctly with respect to the policy specific to each program.
- **NARRATE** how unearned income was calculated by pressing **PF21** from the **ADDR** screen.

Entering Deductions on CARES

- You can now enter medical expense and dependent care deductions on the **FSME** and **CARE** screens with the actual amounts and their actual frequencies and CARES will calculate them correctly with respect to the policy specific to each program.

Include the cents when entering any deduction.

Enter work expense deductions in the "**Wk Exp Type / Amt / Freq**" field on the **ERN2** screen with the correct frequency factor.

EXCEPTION: When entering shelter on the **SHEL** screen, even if the expense is billed on a weekly or biweekly basis, do an offline calculation and enter as a monthly amount.

CHANGES TO FOOD STAMP POLICY

Policy	Effective Date	Food Stamp Policy	TCA Policy	CARES
Savings from a dependent child's income	7/1/98	The maximum allowable nonexempt resource limit is \$2,000. A household with someone aged 60 or over may have \$3,000. TCA households are categorically eligible.	Do not count as a resource up to \$2,000 accumulated from a child's earnings.	Do not enter savings of \$2,000 or less on the AST1 screen for a TCA child. Enter for child in NPA-FS or NPA-MA case.
Excluding the dependent child's earnings from income	8/1/98	Do not count the earned income of elementary or high school students who are members of a household and are 17 years old or younger.	Do not count the earnings of a TCA dependent child in the calculation of TCA benefits.	Enter all earnings of a child who is a student on ERN 1 and ERN2 screens. Ensure student status and education level are correctly coded on the DEM2 and ALAS screens. CARES will correctly process. Enter earnings of a child who is not in school as FS (other FS countable).
Calculating monthly income and deductions	1/1/99	Calculate monthly income and deductions by multiplying weekly amounts by 4 and biweekly amounts by 2. Use the actual monthly income and deductions for semimonthly and monthly income and deductions. For annual amount divide by 12.	Calculate monthly income by multiplying weekly amounts by 4 and biweekly amounts by 2. Monthly earned income is converted by dividing by 4.3 and multiplying by 4. Use actual amounts of monthly unearned income and deductions.	Earned income and unearned income for FS, MA and TCA - Enter the income and the correct frequency code. CARES will calculate correctly for food stamps and TCA. Drop the cents when entering on CARES. Deductions-- For FS, MA and TCA enter income and deductions with the correct frequency factor. Enter all cents on CARES.
Dependent care deduction	10/1/98	Allow a dependent care deduction of up to \$200 for children under age 2 and \$175 for all other dependents.	Allow up to \$200 for full time employment and up to \$100 for part time employment.	Enter correct frequency code on CARE screen for person responsible for the child care expense. Enter actual amount in AMT1, AMT2, etc.
Treatment of vehicles	Not applicable	Exclude the resources of a categorically eligible household.	Exclude the value of one vehicle per household.	Enter correct valid value for each vehicle on AST2.

Revised 2/99 Replaces chart from AT 99-04