

## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 22, 2002

ALL COUNTY LETTER NO. 02-55

TO: ALL COUNTY WELFARE DIRECTORS  
ALL FOOD STAMP PROGRAM  
COORDINATORS

REASON FOR THIS TRANSMITTAL	
<input type="checkbox"/>	State Law Change
<input checked="" type="checkbox"/>	Federal Law or Regulation Change
<input type="checkbox"/>	Court Order or Settlement Agreement
<input type="checkbox"/>	Clarification Requested by One or More Counties
<input type="checkbox"/>	Initiated by CDSS



SUBJECT: BUDGETING POLICY CHANGES IN THE FOOD STAMP PROGRAM (FSP) REGARDING THE STANDARD UTILITY ALLOWANCE AND OFFSETS TO SOCIAL SECURITY ADMINISTRATION BENEFITS - EFFECTIVE OCTOBER 1, 2002

REFERENCE: CODE OF FEDERAL REGULATIONS (CFR) 273.9(b)(2), 273.9(d)(6)(iii)(F); ADMINISTRATIVE NOTICES (ANs) 01-13, 02-21, 02-23; 02-27; MANUAL OF POLICIES AND PROCEDURES (MPP) 63-402.22, 63-502.142, 63-502.363, 63-502.37, 63-503.44; ALL COUNTY LETTER (ACL) No.'s. 98-66, 99-64

The purpose of this letter is to transmit implementing instructions to County Welfare Departments (CWDs) regarding two policy changes in the Food Stamp Program (FSP). They are: 1) budgeting of the Standard Utility Allowance (SUA) if the person or persons who are sharing the utility expense with the food stamp household are excluded only because they are ineligible and 2) treatment of offsets to Social Security benefits to collect claims for unpaid federal taxes under the Federal Payment Levy Program. Supplemental security income (SSI) payments are not impacted by this change.

**POLICY CHANGES:****Budgeting of the Standard Utility Allowance (SUA):**

Current SUA budgeting procedures at MPP 63-502.37 provide for proration of the SUA when a household member who shares utility expenses (heating or cooling) is excluded due to ineligibility. The Food and Nutrition Service (FNS) recently released Administrative Notice (AN) 02-23 clarifying that states do not have the option to prorate the SUA in this instance.

New Policy on the SUA:

Effective October 1, 2002, the CWDs are required not to prorate the SUA if a person(s) who shares heating or cooling expenses with the food stamp household are excluded because they are ineligible, and the household is eligible for and elects the SUA. The full SUA is allowed. For example, if the ineligible noncitizens would otherwise be part of the household but for their immigration status, the SUA would not be prorated.

However, if the food stamp household was sharing utility expenses with another household(s), which may or may not be participating in the FSP, the CWD would prorate the SUA (if the FS household elects the SUA) and then would allow the FS household's share in the food stamp budget.

This ACL supersedes current procedures on the treatment of the SUA. Emergency food stamp regulations will follow shortly to reflect the ACL.

Impact on New and Continuing Cases:

For continuing or retrospectively budgeted cases, the new SUA policy will be applied to December's benefits based on November's information. For new applications or prospectively budgeted cases, it will be effective October for October's benefits. See ATTACHMENT I for budgeting examples illustrating the new policy on the SUA.

**Treatment of Offsets to Social Security Administration (SSA) Benefits:**

Effective February 2002, the Internal Revenue Service (IRS) began offsetting SSA payments to collect claims for unpaid federal taxes. The FSP would treat the offset amount (i.e., the amount intercepted) the same way it treats the income recouped by another program, as specified in MPP 63-502.17; the recouped amount would count as income in the food stamp budget. For example, a household's \$700 social security benefit is reduced to \$650 because IRS is offsetting \$50. For FSP purposes, \$700 would be counted as income to the household. SSI payments are not impacted by this change.

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**CONTACTS:**

If you have any policy questions regarding this letter, please contact Rosemary Akhidenor, Analyst, Food Stamp Bureau, Policy Implementation Unit, at (916) 654-2116 or via email at: [rosemary.akhidenor@dss.ca.gov](mailto:rosemary.akhidenor@dss.ca.gov). For any QC-related questions, please contact Michael Bowman-Jones at 213-833-2260 or via email at: [Mike.bowman-jones@dss.ca.gov](mailto:Mike.bowman-jones@dss.ca.gov).

Sincerely,

**Original document signed by**

BRUCE WAGSTAFF  
Deputy Director  
Welfare to Work Division

c: CWDA  
CSAC

ATTACHMENT I

**EXAMPLES ILLUSTRATING THE NEW POLICY ON THE STANDARD UTILITY ALLOWANCE (SUA) – EFFECTIVE OCTOBER 1, 2002**

These examples show how this new change may or may not impact either combined state/federal or federal FS budgets or both. Please note that the SUA amount used in the examples is the Federal Fiscal Year (FFY) 2001/2002 amount of \$206.

**EXAMPLE 1:**

A household (HH) consists of an undocumented noncitizen mother that contributes toward rent and utilities and two (2) CalWORKs children. Total rent is \$300. The household is eligible for and elects the SUA.

**Housing:**

<p>\$300 rent divided by 3 (undocumented noncitizen mother and 2 CalWORKs children) = \$100 per person × 2 (2 CalWORKs children) = \$200                  \$300 divided by 3 (undocumented noncitizen mother and 2 CalWORKs children) = \$100 per person × 2 (2 CalWORKs children) = \$200</p>	<p><b>\$200</b> to be used in the FS budget</p>
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**Utilities:**

<p>SUA \$206</p> <p><b>Note:</b> The undocumented noncitizen mother (excluded member) shares utilities with the FS household.</p>	<p>The <b>full SUA \$206</b> to be used in the FS budget</p>
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**EXAMPLE 2:**

HH consists of an supplemental security income (SSI) recipient mother who does not contribute toward rent and utilities and 2 CalWORKs children. Total rent is \$300. The household is eligible for and elects the SUA.

**Housing:**

<p>\$300 (Household's total rent amount)</p> <p><b>Note:</b> If the SSI recipient was contributing and the amount was known, that amount would be deducted from the total rent and the net amount allowed as a deduction. However, when the SSI person's contribution is unknown because he or she pools income with the FS household, the rent would be prorated among the eligible household members and persons contributing toward the rent.</p>	<p><b>\$300</b> to be used in the FS budget</p>
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**Utilities:**

<p>SUA \$206</p> <p><b>Note:</b> Although the SSI recipient (excluded member) does not contribute toward the utilities, the household still would be allowed the full SUA (if the SUA is elected). This would be because the household pays utilities separate from the rent and elects the SUA.</p>	<p>The <b>full SUA \$206</b> to be used in the FS budget</p>
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**EXAMPLE 3:**

HH consists of an undocumented noncitizen mother that contributes toward rent and utilities; 2 CalWORKs children; an unrelated adult that shares expenses by contributing \$150 for rent and \$75 for utilities, and purchases and prepares food separately; an excluded student that does not contribute but purchases and prepares with the undocumented noncitizen mother and the 2 CalWORKs children. Total rent is \$300. The household is eligible for and chooses to use the SUA.

**Housing:**

<p><math>\\$300 \text{ rent} - \\$150 \text{ (the unrelated adult's known contribution)} = \\$150 \div 3 \text{ (undocumented noncitizen mother} + 2 \text{ CalWORKs children)} = \\$50 \times 2 \text{ (2 CalWORKs children)} = \\$100</math></p> <p><b>Note:</b> Two households have been identified to be sharing rent and utilities. <u>HH A</u> contains undocumented noncitizen mother and 2 CalWORKs children; <u>HH B</u> contains the unrelated adult.</p> <p>The excluded student is not included in the proration because he or she does not contribute toward expenses.</p>	<p><b>\$100</b> to be used in the FS budget</p>
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**Utilities:**

<p>SUA \$206 divided by 2 (HH A + HH B) = \$103</p>	<p><b>\$103</b> to be used in the FS budget</p>
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**EXAMPLE 4:**

HH consists of an Intentional Program Violation (IPV) disqualified father that contributes to rent and utilities, 2 FS /CalWORKs children, and an SSI recipient that contributes but the amount of contribution is unknown. Total rent is \$300. The household is eligible for and elects the SUA (\$206).

**Housing:**

<p>\$300 rent divided by 4 (1 excluded IPV disqualified father + 2 FS/CalWORKs children + 1 excluded SSI recipient) = \$75 per person × 3 (IPV disqualified father + 2 FS/CalWORKs children) = \$225</p> <p><b>Note:</b> IPV Disqualified father's income, resources and share of deductible expenses would be counted in their entirety in the FS budget regardless of whether or not he was contributing toward expenses.</p>	<p><b>\$225</b> to be used in the FS budget</p>
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**Utilities:**

<p>SUA \$206</p>	<p>The <b>full SUA \$206</b> to be used in the FS budget</p>
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**EXAMPLE 5:**

HH consists of 2 California Food Assistance Program (CFAP) eligible parents that have no income and do not contribute toward rent or utilities, and 2 FS federally eligible persons with income. Total rent is \$300. The household is eligible for and elects the SUA.

**Housing:**

COMBINED FS BUDGET	\$300 (Household's total rent amount)	<b>\$300</b> to be used in the Combined FS budget
FEDERAL FS BUDGET	\$300  <b>Note:</b> No proration is done in this budget because the "excluded" CFAP person has no income. Therefore, the total rent amount would be allowed in this budget	<b>\$300</b> to be used in the Federal FS budget.

**Utilities:**

COMBINED FS BUDGET	SUA \$206  <b>Note:</b> The full SUA is allowed in this case regardless of whether or not the CFAP eligible person has income. CFAP person is an eligible FS household member.	The <b>full SUA</b> to be used in the Combined FS budget
FEDERAL FS BUDGET	SUA \$206  <b>Note:</b> The SUA would not be prorated in this budget because it is a component of housing expenses and not a standard deduction. It is not a dollar for dollar deduction like other deductible expenses. The SUA has to be factored into the overall deductible expenses.	The <b>full SUA</b> would be allowed in the Federal FS budget.



**EXAMPLE 6:**

The following examples (6a and 6b) illustrate how to budget when a household claims actual utility expenses or elects the SUA.

**EXAMPLE 6a:**

HH consists of an Social Security Number (SSN) disqualified person contributing an unknown amount toward rent and utilities; 2 FS eligible/citizen children; an unrelated adult that shares expenses by contributing \$150 for rent and \$75 for utilities, purchases and prepares food separately; and an SSI/excluded student also sharing expenses by contributing \$200 for rent and \$150 for utilities. Total rent is \$1,000. The household is not eligible for the SUA but claims actual utility expense (\$500 monthly).

**Housing:**

$\$1,000 \text{ rent} - \$350 \text{ (the unrelated adult's and excluded student's known contributions)} = \$650 \div 3 \text{ (2 FS eligible/citizen children + 1 excluded SSN disqualified person)} = \$216.66 \text{ per person} \times 2 \text{ (2 FS eligible/citizen)} = \$433.32$	<b>\$433.32</b> rent to be used in the FS budget
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**Utilities:**

$\$500 - \$225 \text{ (the unrelated adult's and excluded student's known contributions)} = \$275 \text{ divided by } 3 \text{ contributors (1 excluded SSN disqualified person + 2 FS eligible/citizen children)} = \$91.66 \text{ person} \times 2 \text{ (FS eligible/citizen children)} = \$183.32$	<b>\$183.32</b> FS household's share of utilities to be used in the FS budget
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**EXAMPLE 6b:**

HH consists of an Social Security Number (SSN) disqualified person contributing an unknown amount toward rent and utilities; 2 FS eligible/citizen children; an unrelated adult that shares expenses by contributing \$150 for rent and \$75 for utilities, purchases and prepares food separately; and an SSI/excluded student also sharing expenses by contributing \$200 for rent and \$150 for utilities. Total rent is \$1,000. The household is eligible for and elects the SUA.

**Utilities:**

SUA \$206  <b>Note:</b> The full SUA is allowed because the SSN disqualified person (excluded member) shares utilities with the FS household.	The <b>full SUA \$206</b> to be used in the FS budget
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