

SHD Paraphrased Regulations - Food Stamps

270 Deductions

270-6

The rental fee for a propane tank, and the cost of the gas for the tank, are allowable shelter costs for FS purposes. (All-County Information Notice (ACIN) No. I-49-95, October 24, 1995, clarifying §63-502.353(a)(1), renumbered to §63-502.362(d))

270-7

The shelter cost deduction is allowed only when the total shelter costs exceed one-half of all other net income. In that case, the deduction is the difference between the shelter costs and one-half of the income, up to the applicable maximum deduction. (§63-502.36, formerly §63-502.35)

270-8

Monthly shelter costs include continuing costs for the shelter occupied by the household, including rent, mortgage, or other continuing costs leading to the ownership of the shelter. Property taxes, state and local assessments, and insurance on the structure itself are allowed, but there is no allowance for separate costs for insuring furniture or personal belongings. Shelter costs also include the cost of heating and cooking fuel, cooling and electricity, water and sewerage, garbage and trash collection fees, the basic service and rental fee for one telephone, including tax on the basic fee, and fees charged by the utility provider for initial installation of the utility. One-time deposits shall not be included as shelter costs. Shelter costs shall also include the costs for the home if temporarily not occupied by the household due to employment, illness or damage to the home. Charges for the repair of a home which was substantially damaged by a natural disaster are also allowed. (§63-502.362)

270-9 REVISED 9/08

A Standard Utility Allowance (SUA) may be used in calculating shelter costs of those households which incur heating or cooling costs separate and apart from their rent or mortgage payments. When the SUA is used, the household is not required to document the amount of the actual utility costs.

The SUA is \$287 effective October 1, 2008 and is mandatory for all effective November 1, 2006.

(§63-502.363, ACIN I-61-08)

270-9A ADDED 11/05

A Standard Utility Allowance (SUA) may be used in calculating shelter costs of those households which incur heating or cooling costs separate and apart from their rent or mortgage payments. When the SUA is used, the household is not required to document the amount of the actual utility costs.

Effective October 1, 2_____, the SUA is _____.

(§63-502.363; All County Information Notice I-_____)

270-10A REVISED 6/07

Prior to November 1, 2006, the FS household entitled to an SUA shall be advised at initial certification, recertification and when a household moves that it may, instead of using the SUA, deduct verified utility costs. Households certified for a 24-month period may also choose to switch between standard and actual utility costs at the time of the mandatory interim contact. (7

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Code of Federal Regulations §273.10(d)(b)(ii)(D), effective January 20, 2001 to be implemented by June 1, 2001; §63-502.363(c), prior to November 1, 2006)

Effective November 1, 2006, the SUA is mandatory for all. (§63-502-363(a)(1) effective November 1, 2006)

270-10B REVISED 12/06

Effective October 1, 2006, the SUA is mandatory for all households which incur heating or cooling costs separate and apart from their rent or mortgage payments. This includes residents of rental housing who are billed on a monthly basis by their landlords for actual usage as determined through individual metering.

(§63-502.363(a)(1) effective October 1, 2006)

The implementation date for the mandatory SUA was extended to November 1, 2006. (ACIN I-69-06, September 12, 2006)

270-10C REVISED 12/06

Effective October 1, 2006, a household that is not eligible for the SUA, but incurs expenses for at least two separate types of utilities (other than heating and cooling) is eligible for a Limited Utility Allowance (LUA). Allowable utilities include telephone, water, sewerage, and garbage or trash collection. The LUA will be adjusted annually. (§63-502.363(d) effective October 1, 2006)

The implementation date for the LUA was extended to November 1, 2006. (ACIN I-69-06, September 12, 2006)

270-11 REVISED 12/06

Prior to October 1, 2006, a standard telephone deduction of \$20 shall be allowed if the household has a telephone and is not entitled to the overall SUA. If the household's actual telephone service fee is greater than \$20 and is the lowest available rate, the actual fee may be used. (§63-502.363(b), prior to October 1, 2006)

The implementation date for the telephone utility allowance (TUA) was extended to November 1, 2006. (ACIN I-69-06, September 12, 2006)

270-11A REVISED 12/06

Effective October 1, 2006, a household that is not eligible for either the SUA or LUA, but incurs telephone costs only, is entitled to a telephone allowance of \$20. It shall be used only in instances where the household has a telephone, or in its absence, an equivalent form of communication. (§63-502.363(e) effective October 1, 2006)

The implementation date for the telephone utility allowance (TUA) was extended to November 1, 2006. (ACIN I-69-06, September 12, 2006)

270-13 REVISED 8/04

Effective October 1, 2002, the CDSS issued instructions requiring counties "... 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 and elects the SUA. The full SUA is allowed. ...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

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share in the food stamp budget." (All-County Letter No. 02-55, July 22, 2002, p. 2, to be implemented for new or prospectively budgeted FS household October 1, 2002, and for other households effective December 1, 2002)

When the household lives with and shares utility expenses with an excluded/ineligible household member(s), the county shall not prorate the SUA. (§§63-502.371, .375(c))

270-15 REVISED 11/05

All homeless households which incur, or reasonably expect to incur, shelter costs during a month shall be eligible to use the homeless standard shelter deduction without providing verification of shelter costs. Homeless households which do not incur shelter costs, or receive free shelter for the entire calendar month, are not eligible for the homeless shelter deduction. If the allowance is used, separate utility costs may not be claimed, nor may the SUA be used. (§§63-502.351-.354; 63-502.363(a)(1))

The homeless standard shelter allowance shall be adjusted annually on October 1. (Handbook §63-1101.27) As of October 1, 2005, the homeless standard shelter allowance was \$143. (ACIN I-46-05)

270-16

If actual verified homeless shelter costs are higher than the homeless shelter deduction, the household may use the actual cost, and utility costs may also be claimed. (§63-502.362(a))

270-17

If the FS household has its \$143 homeless shelter allowance deducted from its income in accord with §63-503.311(f), it is not entitled to an excess shelter deduction under §63-503.311. (§63-502.352, as revised effective June 1, 2001; 7 Code of Federal Regulations §273.9(d)(6)(i))

270-18 ADDED 9/06

TREATMENT OF INCOME – SHELTER DEDUCTIONS SCENARIO:

An approved Food Stamp household has a shelter and utility expense which totals \$500.00. The household reports an increase in their shelter and utility expense of \$2000.00 which appears to be questionable. The County Welfare Department contacts the household requesting verification of the increase in shelter. The household fails to provide the verification.

QUESTION:

Since the household has failed to provide verification, do we

- Not increase the shelter and utilities and continue to allow the \$500,
- Zero out the shelter and utilities, or
- Terminate the case for failure to provide verification.

ANSWER:

Per ACL 84-34 and ACIN I-62-89 regarding the Saldivar vs McMahon court case, each county has two options to choose from for income deductions when the household fails to provide verifications(s). Option #1 does not allow any unverified deduction(s). In this case, the allotment amount is to be computed using previously verified deduction amounts.

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Option #2 disallows any unverified deductions(s) if the requested verification/information is not received before the extended filing date per MPP 63-504.34 which states "...If the household fails to provide the missing verification/information, other than for income, by the extended filing date, the CWD shall not consider the CA 7 incomplete. Any deductions for which the verification/information is missing shall be disallowed..."

In such cases, the unverified deduction is "zeroed out" and no deduction is allowed. Whatever option the county elects, the elected procedure must be countywide.

(All County Information Notice I-52-06, July 21, 2006, page 4)

270-18A ADDED 9/06

BUDGETING – SHELTER DEDUCTION

SCENARIO:

There is a mom and 2 undocumented non-citizen children, 1 citizen child (receiving CalWorks and Food Stamps) and mom's boyfriend, also an undocumented non-citizen. The boyfriend is employed. Everyone purchases and prepares together. There is a sworn statement on file that the boyfriend pays half of the rent and the rest is paid with the CalWorks grant.

QUESTION:

Should the shelter cost be determined based on MPP 63-503.442 (c) (3) which states that the known portion of the shelter cost paid by an excluded household member is deducted from the total expense and the remainder is allowed as a deduction for the Food Stamp household?

ANSWER:

Yes. According to MPP 63-503.442 (c) (3), since we have a definite amount contributed by the excluded person, deduct the known amount from the total cost, and allow the remainder as a deduction for the Food Stamp household.

(All County Information Notice I-52-06, July 21, 2006, page 5)

271-1

Vendor payments for child care made by the CalWORKs program or by the California Department of Education are not considered income to the household and cannot be used as a child care deduction.

An expense which is covered (i.e., either already paid and reimbursed, or anticipated to be reimbursed) by an excludable reimbursement payment or vendor payment (§63-502.2(b)(2)) is not a deductible expense. However, if the child care payment is not reimbursed, or reimbursed only in part, the out-of-pocket expense is deductible per §§63-502.34 and 63-1101.2, up to the allowable maximum. Counties must recalculate the FS allotment and issue any applicable benefit supplement in the current month, or restore lost benefits.

(All-County Letter No. 98-19, March 17, 1998)

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271-1A ADDED 9/08

The cap on the deduction for dependent care expenses (currently \$175 or \$200 per month, depending on the age of the dependent) is eliminated and effective October 1, 2008 families eligible for the deduction are allowed to deduct the entire amount of dependent care expenses when benefit levels are calculated. (ACL 08-37, August 1, 2008)

272-1 REVISED 9/08

Under MR/RB, and for change reporting households under QR/PB, the net monthly income of an FS household that includes a member who is elderly or disabled as defined in §63-102(e) is computed as follows: For QR/PB households, the steps below shall be followed after income is averaged over the QR/PB Payment Quarter as specified in §63-509(a)(4):

- (a)-(b) Add the gross monthly income earned by all household members minus earned income exclusions, and multiply the result by 80%.
- (c) Add to the net monthly earned income the total monthly unearned income of all household members, minus income exclusions.
- (d) Subtract the standard deduction which is \$134 for one to three persons through September 2008. The standard deduction increases to \$144 effective October 1, 2008. (ACIN I-61-08)
- (e) Subtract monthly dependent care expenses, if any, up to the current maximum. It is \$200 for dependent children under age two, and \$175 for all other dependents. Effective October 1, 2008, the cap on dependent care expenses is eliminated. (ACL 08-37)
- (f) Subtract the allowable medical expenses (see §63-502.33) of elderly and disabled members of the household in excess of \$35 per month.
- (g) Subtract the homeless shelter deduction which has been \$143 since October 1, 1996 per ACLs No. 96-56 and 02-62)
- (h) Subtract the allowable monthly child support payments as specified in §63-502.37 (now §63-502.38). (This deduction no longer applies effective November 1, 2006)
- (i) Subtract from the total allowable shelter costs 50% of the preliminary net income figure. This is the amount of the shelter cost deduction.
- (j) Subtract the shelter cost deduction from the preliminary net income figure, and the remaining amount is the household's net monthly income.

(§63-503.312 revised effective November 1, 2006)

Legally obligated child support payments to a non-household member are treated as income exclusions rather than deductions (63-502.2(p) effective November 1, 2006)

Effective November 1, 2007, the child support disregard is no longer considered an income exclusion (ACIN I-48-07, September 27, 2007)

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272-1A REVISED 9/08

Effective October 1, 1995, there is a child support deduction when household members pay legally obligated child support to or for a nonhousehold member. (All-County Letter No. 95-49, August 31, 1995, referencing §63-503.312)

Legally obligated child support payments to a non-household member are treated as income exclusions rather than deductions (§63-502.2(p) effective November 1, 2006)

Effective November 1, 2007, the child support disregard is no longer considered an income exclusion (ACIN I-48-07, September 27, 2007)

272-2

The maximum limitation on the amount of the shelter cost deduction is not applicable to FS households which contain an elderly or disabled member as defined in §63-102e. (§63-502.35)

272-3

At certification and recertification, households (HHs) with elderly or disabled members will be required to report and provide verification of all medical expenses. The HH's monthly medical deduction shall be based on the information reported and verified by the HH. (§63-503.253(a))

Medical expenses averaged over the certification period shall not be automatically based on past months' medical expenses. Those past expenses shall be used only as an indicator of estimated or reasonably anticipated expenses during the certification period. Fluctuating medical expenses (such as services and treatments received regularly, but less often than monthly, and fluctuating costs of prescription drugs) may be allowed as a deduction and averaged only if regularly recurring, reasonably anticipated, and verified to recur over the certification period. (§63-503.252(b))

272-4

Change reporting households (HHs) which voluntarily report a medical expense change shall have their FS allotments changed as follows:

1. If the change is \$25 or less, the county shall increase or decrease the FS allotment, as appropriate.
2. If the reported change is more than \$25 and would result in an increase in benefits, the county must verify the claimed expense before increasing the allotment. If the reported change is \$25 or more and would result in a decrease or ineligibility for the HH, the county shall act on the change without requiring verification.

(§§63-503.253(a) and 63-504.421; 7 Code of Federal Regulations §273.10(d)(4))

272-4A ADDED 9/06

For change reporting households, changes reported during the certification period shall be subject to the same verification procedures as apply at initial certification, with the following exceptions.

The county shall not verify income if the source is unchanged and the amount has changed by \$50 or less.

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(§63-504.421)

273-1 ADDED 9/08

The standard deduction is \$134 for households from one to three persons until October 1, 2008. The standard deduction is \$144 for households from one to three persons effective October 1, 2008

The standard deduction for four persons was \$143 effective October 1, 2007. The standard deduction for four persons is \$147 effective October 1, 2008.

The standard deduction for five persons was \$167 effective October 1, 2007. The standard deduction for five persons is \$172 effective October 1, 2008.

The standard deduction for six or more persons was \$191 effective October 1, 2007 and is \$197 effective October 1, 2008.

(ACIN I-45-07 and I-61-08, August 21, 2008)

273-1A ADDED 9/08

Effective October 1, 2007 the standard utility allowance (SUA) was \$274. Effective October 1, 2008 the SUA is \$287. (ACIN I-45-07, I-61-08)

273-1B REVISED 9/08

As of October 1, 200_, deductions from gross income to provide an adjusted net income for FS purposes include:

- (1) 20% of gross earned income.
- (2) A standard deduction which is \$134 for a one to three person household through September 2008, \$___ for a four-person household, \$___ for a five-person household, and \$___ for households of six or more.
- (3) A shelter cost deduction up to a specified maximum (which is \$___).
- (4) A dependent care deduction up to a maximum of \$160 per dependent until September 1, 1994, when it increased to \$200 for dependent children under two, and to \$175 for all others.

Effective October 1, 2008, the minimum standard deduction for households with one to three members is raised from \$134 to \$144 and is indexed to inflation starting in FFY 2010 (i.e., October 1, 2009). (All County Letter 08-37, August 1, 2008; §63-503.311; ACIN I-__-__, August __, 20__)

273-2

There are limited income exclusions and deductions in the FS Program. There is no exclusion or deduction for _____. (§§63-502.2 and 63-502.3)

273-3

Excess medical costs excluding the costs of a special diet are allowable as a deduction if they exceed the amount specified in §63-1101. The amount specified in §63-1101.25 is \$35. The

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deduction is only available if the expense is incurred by a household member who is elderly or disabled as defined in §63-102e (now (e)). Allowable medical expense items include medical or dental care, hospitalization, prescription drugs and medical supplies, insurance premiums, Medicare premiums or Medi-Cal shares of cost, seeing eye or hearing dog costs, eye glass or contact lens costs, transportation expenses and the cost of maintaining an attendant. (§63-502.33)

273-4

The actual cost of transportation is an allowable medical cost provided that it is less than the actual cost of the least expensive mode of transportation reasonably available to the recipient. When a more costly means of transportation, such as a taxi or private auto is the only means available, the actual costs of such transportation shall be allowed. (§63-502.331(h))

273-5 REVISED 6/07

Prior to November 1, 2006, there was a child support deduction in the FS program for those individuals who make verified child support payments to or for individuals living outside the HH. These child support payments include legally obligated payments for health insurance. The payments are deductible only to the extent that they represent a child support obligation that has been ordered by a court or administrative authority. (§63-502.38 repealed effective November 1, 2006) Child support payments for arrearages are a deductible expense. (§63-502.386 repealed effective November 1, 2006)

Legally obligated child support payments to a non-household member are now treated as income exclusions rather than deductions (§63-502.2(p) effective November 1, 2006)

273-6 ADDED 8/04

Under QR/PB, medical, child care and court-ordered child support expenses shall be determined as follows:

Determine the expense amount that is reasonably anticipated in each month of the quarter.

Average the reasonably anticipated amounts over the months of the quarter and use this amount as the expense deduction when computing benefits.

Expenses paid weekly shall be multiplied by 4.33 and received bi-weekly by 2.167 to determine monthly expenses.

Document the rationale for the determination of anticipated expense deductions.

(§63-509(a)(3)(A))

273-6A REVISED 6/07

Under QR/PB, shelter costs shall be determined at application and recertification and shall remain fixed at the determined amount until the household reports either a change on the QR 7, makes a voluntary mid-quarter report, or a mandatory report of a move. Prior to November 1, 2006, utility costs determined at application and recertification shall remain fixed during the certification period with the exception of households that choose the standard utility allowance (SUA). Households that have elected the SUA may switch to actual utility expenses if it can verify the costs. (§§63-509(a)(3)(B) and (C) prior to November 1, 2006)

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Effective November 1, 2006, entitlement to the SUA, LUA or telephone allowance shall be determined at application and at recertification and shall remain in effect during the certification period. (§63-509(a)(3)(C) effective November 1, 2006)

273-6B REVISED 9/08

Effective October 1, 2008, the standard utility allowance (SUA) is \$287.

Effective October 1, 2008, the limited utility allowance (LUA) is \$83. A household that does not qualify for the SUA but incurs expenses for at least two separate utilities other than heating and cooling are eligible for a LUA.

Effective November 1, 2006 the telephone utility allowance is \$20. A household that is not eligible for a SUA or a LUA but incurs a telephone expense or in its absence an equivalent form of communication is eligible to receive a TUA.

(All County Information Notice I-61-06, I-61-08)

273-6C ADDED 3/07

Q. If there are no heating or cooling costs, does the CWD need to determine whether more than one utility is being paid in order to allow the LUA?

A. Yes. Per MPP Section 63-502.363(d), a household that is not eligible for the SUA, but incurs expenses for at least two separate allowable types of utilities (other than heating or cooling) is eligible for a LUA. If the household incurs costs for any two expenses of which telephone, water, sewage and garbage or trash collection are a part, the household is eligible for the LUA.

(All County Information Notice I-96-06, December 26, 2006, question and answer 7)

273-6D ADDED 3/07

Q. If the telephone or cell phone is not in the client's name, are they still eligible to the TUA?

A. Yes, provided the household incurs a cost. Examples of incurring a cost include, but are not limited to: a household pays \$10 a month to use the neighbor's home phone when needed, pre-paid phone cards, e-mail through the internet, or phone line for a fax machine, etc.

(All County Information Notice I-96-06, December 26, 2006, question and answer 8)