

**DSS ADMINISTRATIVE LETTER ECONOMIC SERVICES NO. 11-2004,  
Treatment of Legally Obligated Child Support Exclusion (December 16, 2004)**

**(Food Stamps)**

**TO:** County Directors of Social Services

**ATTENTION:** Food Stamp Supervisors

**DATE:** December 16, 2004

**SUBJECT:** Treatment of Legally Obligated Child Support Exclusion

**EFFECTIVE:** January 1, 2005

**I. GENERAL INFORMATION**

Current Food Stamp policy allows households an income deduction for Legally Obligated Child Support (LSO) paid. There are about 4,800 households benefiting from this deduction. Language in the Farm Bill of 2002 requires LSO to be budgeted as an income exclusion from gross household income instead of a deduction. The effect of this budgeting method is that some child support payors who are over the income limit using current budgeting procedures will become eligible for benefits. The purpose of this letter is to implement the LSO amount paid as an income exclusion instead of a deduction effective January 1, 2005.

Policy regarding allowing, verifying and calculating the amount of child support paid has not changed. Continue to use current verification and calculation procedures.

**II. POLICY PROCEDURES**

A. The Food Stamp Information System (FSIS) must be revised to automatically calculate the new gross income amount after excluding the LSO amount paid. Until the system changes are in place, countable income must be manually calculated and entered in FSIS. Policy regarding the allowance, calculation and verification of the LSO exclusion is the same as with the LSO deduction. Subtract the LSO excludable amount from the payor's gross earned or unearned income. Always subtract the LSO amount paid from the payor's unearned income first as it is more beneficial to the client. If the payor does not have sufficient income to meet the child support obligation, exclude the remainder or the full amount of the paid amount from the gross of other FSU members.

**Example 1:** FSU Member #1 has monthly gross income of \$1000 and the LSO amount paid is \$150. Key \$850 in Field 80F for Member #1. Document the case file to show how the countable income was determined.

**Example 2:** FSU Member #1 has zero income but FSU Member #2 has a gross monthly income amount of \$1000. The LSO amount paid for FSU Member #1 is \$150 monthly. Subtract the LSO amount paid from the gross income of Member #2. Key \$850 in Field 80F for FSU Member #2. Document the case file to show how the countable income was determined.

**Example 3:** FSU Member #1 has monthly gross income of \$100. Member #2 has a gross monthly income amount of \$1000. The LSO amount paid for Member #1 is \$150 monthly. Subtract \$100 from the gross income of Member #1 and do not key any income in Field 80F for Member #1. Subtract the remaining \$50 from the gross income of Member #2. Key \$950 in Field 80F for FSU Member #2. Document the case file to show how the countable income was determined.

**Example 4:** FSU Member #1 has monthly gross income of \$1000; \$500 is earned and \$500 is unearned. The LSO amount paid is \$150 monthly. Subtract \$150 from the unearned income of FSU Member #1 as it is more favorable to the client. Key \$500 in Field 80F for FSU Member #1. Key \$350 in Field 80J for FSU Member #1.

B. If the child support is paid by a disqualified FSU member (E&T, Workfare, Voluntary Quit, Drug Felon, IPV, or disqualified due to Transfer of Assets), allow the entire child support payment as an exclusion from the countable income of the disqualified FSU member.

C. If the child support is paid by an ineligible FSU member (ineligible alien or an individual ineligible due to failure to provide or obtain an SSN), allow a prorata share of the payment as an exclusion from the countable income of the ineligible FSU member.

D. This change in Federal Law supercedes all other change reporting requirements that require action. When a change in situation occurs, the LSO must be changed from an income deduction to an income exclusion. Send the household the appropriate notice. Use procedures listed above to exclude the LSO.

E. When entering a change in FSIS, address the LSO calculation. This applies to any change keyed in FSIS (address changes, worker number changes, etc).

F. Exclude the LSO from gross income prior to screening for expedited benefits and when determining if a reportable change has occurred for semi-annual reporting cases.

G. Continue to enter the LSO amount paid in Field 80N. The exclusion must be calculated manually but the entry is necessary for tracking purposes.

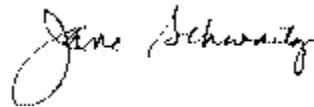
H. When subtracting the LSO from the FSU's gross income results in zero income being budgeted, enter zero income and the appropriate income type so the case will be a SR case.

### **III. IMPLEMENTATION INSTRUCTIONS**

No mass change is required to implement this change. Apply the change in budgeting procedures to all new applications, reapplications, recertifications and changes in situation taken and/or processed on or after January 3, 2005.

If you have any questions regarding this information, please contact your Food Assistance and Energy Programs Representative.

Sincerely,

A handwritten signature in black ink that reads "Jane Schwartz". The signature is written in a cursive style with a large, looping initial "J".

Jane Schwartz, Chief

Economic Services Section

JS:jcs