Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

September 25, 2015

GENERAL LETTER NO. 7-E-111

ISSUED BY: Bureau of Financial, Health and Work Supports
Division of Adult, Children and Family Services

SUBJECT: Employees' Manual, Title 7, Chapter E, ***INCOME***, pages 47, 51, 52, and 54, revised.

Summary

Chapter 7-E is revised to:

- Increase the maximum shelter deduction from $490 to $504.
- Increase the standard deduction for household sizes of four or more.
- Increase the big standard utility allowance from $326 to $387.
- Increase the little standard utility allowance from $229 to $254.
- Decrease the telephone only standard utility allowance from $26 to $25.

Effective Date

October 1, 2015

Material Superseded

This material replaces the following pages from Employees' Manual, Title 7, Chapter E:

Page	Date
47, 51, 52, 54	December 19, 2014

Additional Information

Refer questions about this general letter to your area income maintenance administrator.

Shelter Expenses

Legal reference: 7 CFR 273.9(d)(5)

Households receive a deduction for monthly shelter costs that are more than 50% of their income after all other deductions. The maximum monthly shelter deduction, including utilities, is $504 for households that do not include an elderly or disabled member. If a household includes an elderly or disabled member, there is no maximum amount.

The Automated Benefit Calculation (ABC) system allows the appropriate shelter deduction based on coding entered on the TD02 screen, FS TEST field. Enter code "N" if the household includes at least one elderly or disabled member. When code "N" is entered, ABC does not limit the amount of monthly shelter deduction.

See 7-I, Income and Deductions of Ineligible Household Members, for how to treat shelter costs for households whose only elderly or disabled person is an ineligible member.

When a client is living in a residential care facility and the facility can separate out the charges for room cost, allow this cost as a shelter expense. If the facility cannot separate out the room cost, subtract the maximum Food Assistance allotment from the facility's total monthly charge for that household. Allow the difference as the household's monthly shelter cost.

If a shelter expense is covered by reimbursement or vendor payment that is excluded as income, do not allow the expense as a shelter deduction. If the reimbursement or vendor payment excluded as income is only for a portion of the shelter expense, allow the portion not covered by the payment as a shelter expense.

The following sections discuss allowable shelter deductions related to maintaining the dwelling. (The utility component of shelter costs is discussed under Standard Utility Allowances.) They include:

- Tax and insurance costs.
- Rent, mortgages, and continuing charges.
- Condominium or association fees.
- Repair or replacement costs.
- Shelter costs for two residences.
- Costs of an unoccupied home.
- Separate costs for a shared living arrangement.

Standard Deduction

Legal reference: 7 CFR 273.9(d)(1)

Allow a standard deduction for the applicable household size by using the following chart:

Household Size	Standard Deduction
1	$155
2	$155
3	$155
4	$168
5	$197
6+	$226

Standard Utility Allowances

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(234)

Households who are responsible for utility expenses are eligible for a standard utility allowance. There are three standard utility allowances:

- The "big" standard utility allowance (with heating or air conditioning).
- The "little" standard utility allowance (no heating or air conditioning).
- The telephone standard utility allowance.

Any one household can have only one standard utility allowance. Households may have their utility bills placed under non-household members' names for a variety of reasons. Allow these bills as an expense to the Food Assistance household as long as the household verifies that it is responsible for the bills.

The following sections explain:

- Big standard utility allowance
- Little standard utility allowance
- Telephone standard utility allowance

For handling utility expenses of ineligible members, see 7-I, Deductions.

Big Standard Utility Allowance

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(1)

The amount of the big standard utility allowance is $387 per month per household. A household can get the big standard utility allowance when the household:

- Is responsible for paying any portion of the heat or air-conditioning costs either directly to the utility provider, to a landlord, or to someone with whom the household shares these expenses (including excess or flat fees for these costs); or
- Receives energy assistance payments through the Low Income Home Energy Assistance Program (LIHEAP), such as the Affordable Heating Program, or
- Incurs costs during the certification period above those reimbursed by energy assistance programs other than LIHEAP.

Use this allowance for the entire year if the household is entitled to it.

A **heating** expense is the cost of fuel from the primary heating source the household normally uses. The cost of electricity used to operate a furnace fan is not a heating expense. When the household uses wood as its primary heating source, consider it a heating expense only if the household has to pay a third party for the wood. Do not allow a deduction for the costs of equipment to cut the wood.

Air conditioning costs are the cost for operating either a central air conditioning system or a room air conditioner.

If the household's rent includes utility expenses and the household gets LIHEAP, allow the full amount of the rent in addition to the big standard.

The following sections explain how to determine:

- Receipt of LIHEAP
- Reimbursement from other energy assistance programs

Little Standard Utility Allowance

Legal reference: 7 CFR 273.9(d)(6), 441 IAC 65.8(5)

The amount of the little standard utility allowance is $254 per month per household.

A household can get the little standard utility allowance when it is responsible for paying any portion of the following utility costs either directly to the utility provider, to a landlord, or to someone with whom the household shares these expenses:

- Water
- Sewer
- Electricity for other than heating or air-conditioning
- Cooking fuel
- Garbage disposal

This includes excess or flat fees for these costs. Use this allowance for the entire year if the household is entitled to it.

Telephone Standard Utility Allowance

Legal reference: 7 CFR 273.9(d), 441 IAC 65.8(3)

Allow a telephone standard of $25 if the household is responsible for any portion of the basic service fee for a telephone (including cellular phone) and it is the household's only utility expense. The phone expense is already included in the other standard utility allowances.

For cellular phones, the cost is deductible whether the household pays a monthly fee or buys a prepaid card with a certain dollar value or number of minutes.