CALFRESH (CF) PROGRAM
REQUEST FOR POLICY/REGULATION INTERPRETATION

INSTRUCTIONS: Complete items 1 - 10 on the form. Use a separate form for each policy interpretation request. If additional space is needed, please use the second page. Be sure to identify the additional discussion with the appropriate number and heading. Retain a copy of the CF 24 for your records.

- Questions from counties, including county Quality Control, must be submitted by the county CalFresh Coordinator and may be submitted directly to the CalFresh Policy analyst assigned responsibility for the county, with a copy directed to the appropriate CalFresh Policy unit manager.
- Questions from Administrative Law Judges may be submitted directly to the CalFresh Policy analyst assigned responsibility to the county where the hearing took place, with a copy of the form directed to the appropriate CalFresh Bureau unit manager.

1. RESPONSE NEEDED DUE TO:
   - ☑ Policy/Regulation Interpretation
   - ☐ QC
   - ☐ Fair Hearing
   - ☐ Other:

5. DATE OF REQUEST: 5/5/2014
NEED RESPONSE BY: ASAP

6. COUNTY/ORGANIZATION: YOLO

7. SUBJECT: Treatment Tax-Free Interspousal Transfer Income

2. REQUESTOR NAME:

3. PHONE NO.:

4. REGULATION CITE(S): 63-502

8. REFERENCES: *(Include ACL/ACIN, court cases, etc. in references)*
NOTE: All requests must have a regulation cite(s) and/or a reference(s).

9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

A client is receiving a settlement income from ex-spouse in one payment annually. In the divorce decree, it is stated that the income is intended to be a tax-free inter-spousal transfer related to the cessation of marriage to effect a division of marital property under Internal Revenue code section 1041. According to this section of the Internal Revenue Code the income is to be treated as a gift.

The client receives a payment every January. The amount varies because it depends on the amount ex-wife makes annually. In 01/2014 he received $26,050.00.

Our question is, how should we treat this income? Is it countable or excluded?

10. REQUESTOR'S PROPOSED ANSWER:

If we treat this income as a gift, this income should be countable and as it is an annual payment the amount should be averaged and spread over the 12 months of the year. This is following the same guidelines as lottery winnings paid on an annual basis as described in ACIN I-58-08.

11. STATE POLICY RESPONSE *(CFPB USE ONLY)*:

The settlement payment shall be treated as unearned income in the month it is received. MPP Section 63-502.144 specifies that unearned income shall include support or alimony payments made directly to the household from non-household members. To be considered a resource, the income would need to be a non-recurring lump sum payment consistent with MPP Section 63-501.111. Any portion of the income that is unspent following the month of receipt shall be treated as a resource and shall be excluded when determining CalFresh eligibility provided the client qualifies for Modified Categorical Eligibility (MCE) defined in All County Letter 11-11. To qualify for MCE, a household must receive the TANF/MOE-funded "Family Planning – PUB 275" brochure or be directed to the brochure online.

FOR CDSS USE

DATE RECEIVED: 05/05/2014

DATE RESPONDED TO COUNTY/ALJ: 6/20/2014 R. Nevins