DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento CA 95814
(916) 322-5387

July 14, 1980

ALL-COUNTY LETTER NO. 80-41

TO:ALL COUNTY WELFARE DIRECTORS

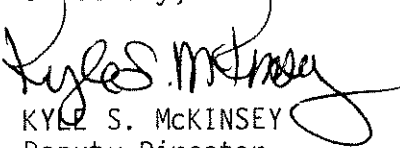SUBJECT:Earned Income Tax Credit - Taxable Year 1979

REFERENCE:

On February 23, 1979, you received All-County Information Notice I-18-79 (attached) which concerned the earned income tax credit (EITC). This letter specified that federal law exempted the EITC from consideration as income or resources in the AFDC and Food Stamp Programs through December 31, 1979.

EAS Section 42-213.2(s), EAS Section 44-111.3(1)(3) and forthcoming revisions to FS Sections 63-501.3(k)(5) and 63-502.2J provide that the exemption of the EITC is effective until January 1, 1980. The correct application of these regulations is to exempt as income and resources for AFDC and Food Stamps any EITC for the taxable year (calendar year) 1979 even if the payment was received in 1980. The application is consistent with Public Law 95-600 and USDA regulations (Federal Register/Vol. 44 No. 112/Friday, June 8, 1979).

We recognize that some counties were told that EITC payments for the taxable year 1979 received after December 31, 1979 were no longer exempt as income in the AFDC Program. This information was based on an interpretation by HEW staff that no exemption was permitted for any EITC payments received in 1980. However, we have subsequently been advised that federal policy requires the direction being provided in this letter. We regret that this has caused lack of proper direction and that some counties now are required to issue retroactive corrective payments. For continuing cases, retroactive corrective payments must be made by September 1, 1980. For those remaining cases which currently are not receiving AFDC, retroactive corrective payments must be made by October 1, 1980.

GEN 654   (9/79)

If you have any questions, contact your AFDC Management Consultant at (916) 445-4458 or Food Stamp Operations Consultant at (916) 322-5475.

Sincerely,

KYLE S. McKINSEY
Deputy Director

Attachment

cc: CWDA