

October 28, 2022

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

**EXECUTIVE SUMMARY**

**ALL COUNTY LETTER NO. 22-91**

The purpose of this All County Letter is to provide County Welfare Departments with guidance regarding the Better for Families Tax Refund pursuant to Assembly Bill (AB) 192 (Chapter 51, Statutes of 2022) and the Young Child and Foster Youth Tax Credits pursuant to AB 201 (Chapter 72, Statutes of 2022), and their treatment in the California Work Opportunity and Responsibility to Kids, CalFresh, Medi-Cal, Refugee Cash Assistance, Entrant Cash Assistance, Trafficking and Crime Victims Assistance Program, and Cash Assistance Program for Immigrants.



KIM JOHNSON  
DIRECTOR

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**DEPARTMENT OF SOCIAL SERVICES**  
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GAVIN NEWSOM  
GOVERNOR

October 28, 2022

ALL COUNTY LETTER (ACL) NO. 22-91

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY CALWORKS PROGRAM SPECIALISTS  
ALL CALFRESH PROGRAM SPECIALISTS  
ALL COUNTY REFUGEE COORDINATORS  
ALL COUNTY CONSORTIA REPRESENTATIVES

SUBJECT: BETTER FOR FAMILIES TAX REFUND AND YOUNG CHILD AND FOSTER YOUTH TAX CREDITS: TREATMENT IN THE CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS), CALFRESH, MEDI-CAL, REFUGEE CASH ASSISTANCE (RCA), ENTRANT CASH ASSISTANCE (ECA), TRAFFICKING AND CRIME VICTIMS ASSISTANCE PROGRAM (TCVAP), AND CASH ASSISTANCE PROGRAM FOR IMMIGRANTS (CAPI)

REFERENCE: [ASSEMBLY BILL \(AB\) 192 \(CHAPTER 51, STATUTES OF 2022\);](#)  
[SENATE BILL \(SB\) 201 \(CHAPTER 72, STATUTES OF 2022\);](#)  
[7 CODE OF FEDERAL REGULATIONS \(CFR\) SECTION 273.9\(c\);](#)  
[7 CFR SECTION 273.8\(c\);](#) [OFFICE OF REFUGEE](#)  
[RESETTLEMENT STATE LETTER 11-04; WELFARE AND](#)  
[INSTITUTIONS CODE \(WIC\) SECTION 8161\(F\);](#) [REVENUE AND](#)  
[TAXATION CODE SECTION \(RTC\) 17052.1\(F\) AND RTC](#)  
[SECTION 17052.2\(H\);](#) [PROGRAM OPERATIONS MANUAL](#)  
[SYSTEM \(POMS\) SECTION SI 01130.676;](#) [MANUAL OF](#)  
[POLICIES AND PROCEDURES \(MPP\) SECTION 44-111.61\(L\),](#)  
[MPP SECTION 49-035.64, MPP SECTION 69-201.4, MPP](#)  
[SECTION 69-301 AND MPP SECTION 70-105](#)

The purpose of this (ACL) is to provide County Welfare Departments (CWDs) with guidance regarding the Better for Families Tax Refund pursuant to AB 192 (Chapter 51, Statutes of 2022), the Young Child and Foster Youth Tax Credits pursuant to SB 201

(Chapter 72, Statutes of 2022), and their treatment in the California Work Opportunity and Responsibility to Kids (CalWORKs), CalFresh, Medi-Cal, Refugee Cash Assistance (RCA), Entrant Cash Assistance (ECA), Trafficking and Crime Victims Assistance Program (TCVAP), and Cash Assistance Program for Immigrants (CAPI) programs.

## **BACKGROUND**

### **Better for Families Tax Refund**

AB 192 established the Better for Families Tax Refund by adding [Section 8161](#) to the WIC. The Refund is a one-time payment for certain qualified taxpayers. The Better for Families Tax Refund is referred to as the Middle Class Tax Refund by the [Franchise Tax Board](#).

### **Young Child and Foster Youth Tax Credits**

SB 201 expanded the definition of “qualified taxpayer” to also include an eligible qualified taxpayer who has a qualified child **and** has earned income of zero dollars or less, which previously rendered them ineligible to the tax credit.

Additionally, beginning on January 1, 2022, SB 201 allows for a foster care tax credit against personal income tax for a qualified taxpayer who was in foster care and is between 18 to 25 years of age.

## **TREATMENT OF TAX REFUNDS AND TAX CREDITS IN CALWORKS, CALFRESH, MEDI-CAL, RCA, ECA, TCVAP, AND CAPI**

### **CalWORKs**

Per WIC Section 8161(e), the Better for Families Tax Refund is treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 of the WIC, which includes CalWORKs. Federal earned income credit payments are exempt from consideration as income in CalWORKs per [MPP 44-111.61\(l\)](#). As such, the Better for Families Tax Refund does not count as income for CalWORKs and does not count against the resource limit for 12 months from receipt of a payment under this program.

Refunds from the Young Child and the Foster Youth Tax Credit are to be treated in the same manner as the federal earned income refunds pursuant to [RTC Section 17052.1\(f\)](#) and [Section 17052.2\(g\)](#), respectively. [Section 6409 of the Internal Revenue Code](#) excludes federal refunds as income and does not count against resource limits for 12 months from receipt of the refund payment. Therefore, the Young Child and Foster Youth Tax Credits are exempt as income and do not count against the resource limit for 12 months from receipt.

### CalFresh and California Food Assistance Program

Per [7 CFR Section 273.9\(c\)\(8\)](#), lump-sum payments, which include tax refunds and credits, do not count as income. Therefore, the Better for Families Tax Refund and Young Child and Foster Youth Tax Credit are excluded from income entirely for CalFresh and California Food Assistance Program (CFAP) eligibility and benefit determination.

In accordance with [7 CFR 273.8\(c\)](#), lump-sum payments are considered resources in the month received. However, please note that the impact from the Better for Families Tax Refund and Young Child and Foster Youth Tax Credit is minimal as most CalFresh households are conferred Categorical Eligibility or Modified Categorical Eligibility and are not subject to the resource limit.

### Medi-Cal

The Better for Families Tax Refund is not considered income for Modified Adjusted Gross Income (MAGI) Medi-Cal applicants or recipients. For Non-MAGI Medi-Cal applicants or recipients, the Better for Families Refund will count as property in the month received and thereafter. CWDs are reminded that as of July 1, 2022, property limits for Medi-Cal non-MAGI programs are \$130,000 for one person and an additional \$65,000 for each additional family member.

Additionally, the Department of Health Care Services (DHCS) is seeking federal approval to exempt the Young Child and Foster Youth Tax Credit payment for Non-MAGI Medi-Cal applicants and recipients. DHCS will release a separate All County Welfare Directors Letter with instructions on the treatment of income and property of this tax credit for Medi-Cal.

### RCA, ECA, and TCVAP

Per [MPP Section 69-201.4](#), CalWORKs program regulations apply to financial eligibility and payments for the RCA program, unless specifically superseded by RCA regulations. Unless otherwise provided, ECA and TCVAP recipients must be provided cash assistance under the same conditions and to the same extent as the RCA program per [MPP Section 69-301](#) and [MPP Section 70-105](#), respectively. In this case, no exceptions apply and RCA, ECA, and TCVAP must follow the CalWORKs analysis above for the treatment of the Better for Families Tax Refund and the Young Child and Foster Youth Tax Credits.

### CAP

Per [WIC Section 8161\(e\)](#), the payment received under the Better for Families Tax Refund is to be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 of the WIC, which includes CAP. Pursuant to CAP regulation at [MPP Section 49-035.64](#), federal earned

income tax refunds are excluded from being counted as income. Furthermore, under [POMS Section SI 01130.676](#), all federal tax refunds are excluded from being counted as a resource for 12 months after the month of receipt. As such, the Better for Families Tax Refund does not count as income for CAPI and does not count against the resource limit for 12 months after month of receipt.

Similarly, the amount refunded pursuant to the Young Child and Foster Youth Tax Credits is to be treated in the same manner as the federal earned income refund per [RTC Section 17052.1\(f\)](#) and [RTC Section 17052.2\(g\)](#). Thus, the amount refunded would be excluded from being counted as income and does not count against the resource limit for 12 months after the month of receipt.

If you have any questions or need additional guidance regarding CalWORKs, contact the Early Engagement and Eligibility Bureau at [CWEligibilityPolicy@dss.ca.gov](mailto:CWEligibilityPolicy@dss.ca.gov).

If you have any questions or need additional guidance regarding CalFresh or CFAP, contact the CalFresh Policy and Employment Bureau at [CalFreshPolicy@dss.ca.gov](mailto:CalFreshPolicy@dss.ca.gov).

If you have any questions or need additional guidance regarding Medi-Cal, contact [Janis.Kimball@dhcs.ca.gov](mailto:Janis.Kimball@dhcs.ca.gov).

If you have any questions or need additional guidance regarding RCA and ECA, contact the Refugee Programs Bureau at [RefugeePolicy@dss.ca.gov](mailto:RefugeePolicy@dss.ca.gov) and for TCVAP, contact the [TCVAP@dss.ca.gov](mailto:TCVAP@dss.ca.gov).

If you have any questions or need additional guidance regarding CAPI, please contact the Benefit Programs and Program Integrity Bureau at [CAPI@dss.ca.gov](mailto:CAPI@dss.ca.gov).

Sincerely,

***Original Document Signed By:***

JENNIFER HERNANDEZ  
Deputy Director  
Family Engagement and Empowerment Division