

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



December 22, 1986

ALL COUNTY LETTER NO. 85-134

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: YEAR-END EARNED INCOME CREDIT (EIC) PAYMENTS AND
APPLICATION OF THE STANDARD WORK EXPENSE DISREGARD
IN AFDC, RCA, ECA AND RDP

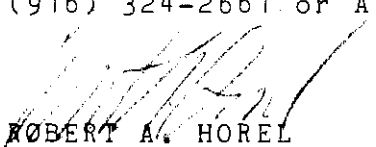
On January 1, 1987, AFDC emergency regulations (ORD No. 1186-52) are scheduled to take effect implementing a change in how the standard work expense disregard is applied to year-end EIC payments received by AFDC recipients. The new regulations will repeal the handbook example in MPP 44-113.622(c). All year-end EIC payments received on or after the effective date of the regulations are affected by this change.

The effect of this regulation change is that when a year-end EIC payment is received in a month in which no other earned income is received, the recipient will now be entitled to receive the \$75 standard work expense disregard in accordance with MPP 44-113.214. Previously, recipients receiving a year-end EIC payment would only be entitled to the standard work expense disregard if they had received other earned income in the same month. Under the new regulations, if a recipient receives a year-end EIC payment and other earned income in the same month, the recipient is entitled to only one standard work expense disregard for that month.

The treatment of stepparent income (MPP 44-133.6) and senior parent income (MPP 44-133.7) is also affected by the repeal of MPP 44-113.622(c). The stepparent and senior parent computations require either a \$75 or \$50 standard work expense disregard from earned income based upon whether the earned income is from full or part-time employment. Under the new regulations, a stepparent or senior parent will receive a \$50 work expense disregard from a year-end EIC payment when the EIC payment is received in a month in which they received no other earned income or in a month in which they received earned income from part-time employment (MPP 44-133.631(a)(2) and 44-133.752(a)(2)).

This regulation amendment does not require any changes to existing forms, notices of action or messages.

If you have any questions concerning the treatment of year-end EIC payments and the application of the standard work expense disregard to those payments, please contact Jim Mullany at (916) 324-2661 or ATSS 454-2661.



ROBERT A. HOREL
Deputy Director

cc: CWDA