

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



October 3, 1999

ALL COUNTY LETTER NO. 99-82

TO: ALL COUNTY WELFARE DIRECTORS
ALL CalWORKs PROGRAM SPECIALISTSREASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order
- Clarification Requested by One or More Counties
- Initiated by CDSS

SUBJECT: TREATMENT OF EARNED INCOME CREDIT (EIC)
PAYMENTS IN CalWORKs

REFERENCE: EAS 42-213.518, 44-111.61I, FS 63-501.31

The purpose of this letter is to clarify the California Department of Social Services' (CDSS) policy regarding the treatment of Earned Income Credit (EIC) payments in the CalWORKs program. This clarification is provided in response to inquiries from the counties and to ensure the correct application of the Food Stamp Program (FSP) regulations when valuing property for CalWORKs.

Counties are to use CalWORKs regulations to **define** income and property. Once it has been determined to be personal property, counties will then follow FSP regulations to **value** the property.

CalWORKs regulation 44-111.61(I) found in the Manual of Policy and Procedures (MPP) exempts EIC payments from consideration as income in the month received. Following the month of receipt, the EIC payment becomes property which is excluded per MPP Section 42-213.518. If the EIC payment is retained beyond the first two months, counties will then apply the Food Stamp Program (FSP) rules for treatment of property.

FSP MPP Section 63-501.3(I)(2) states, "any EIC payment received by any household member shall be excluded for 12 months, provided the household was participating in the Food Stamp Program at the time of receipt of the earned income tax credit and provided the household participates continuously during that 12-month period." This section also applies to CalWORKs participants who were not in receipt of Food Stamp benefits but were in receipt of CalWORKs during the 12-month period.

If you have questions regarding this letter or the treatment of EIC, please contact Dorette Pierce at (916) 654-1867.

Sincerely,

Original signed by

Bruce Wagstaff on 10/03/99

BRUCE WAGSTAFF

Deputy Director

Welfare to Work Division

c: CWDA
CSAC