STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

May 7, 1991

ALL COUNTY LETTER NO. 91-37

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: Public Law 101-508; Omnibus Budget Reconciliation Act of 1990. Food Stamp Program - Earned Income Tax Credit (EITC)

This letter is to provide the County Welfare Departments (CWDs) with instructions to implement a provision of Public Law 101-508, Omnibus Budget Reconciliation Act of 1990, enacted November 5, 1990. The provision pertains to the treatment of Earned Income Tax Credit (EITC) payments and was effective January 1, 1991.

Currently, EITC payments received as an advance payment [(Section 63-502.2 (m)] or in the form of a lump sum [(Section 63-502.2 (j)] are excluded from income but counted as a resource [(Section 63-501.1)]. Public Law 101-508 requires EITC payments to be excluded as income and as a resource for the individual and his/her spouse for the month of receipt and the following month. This treatment applies whether the payment is received as an advance payment or in the form of a lump sum payment.

The Food and Nutrition Service has directed the State to implement this provision. Therefore, CWDs must implement as soon as administratively possible but no later than June 1, 1991 for all new Food Stamp applications.

For continuing cases this provision is effective beginning with the June budget month. This provision shall be implemented and appropriate restoration of benefits made either upon request of the household, or at recertification, or when the CWD becomes aware that a review is needed, whichever occurs first. Restored benefits to entitled households are to be provided back to the date of application or January 1, 1991, whichever occurred later. For a household that applied for benefits from January 1, 1991 until June 1, 1991 and was denied due to excess resources as a result of the receipt of lump sum EITC payments, the household is entitled to restored benefits back to January 1, 1991 or date of application, whichever occurred later, if the household: (1) is otherwise entitled to benefits and (2) requests a review of its case or the CWD becomes aware a review is needed. An emergency regulation package will be promulgated in the near future.

If you have any questions, please contact Michael Jones, Welfare Policy Implementation Bureau at (916) 323-0119.

ROBERT A. HOREL
Deputy Director

cc: CWDA