

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



June 13, 1991

**ALL COUNTY LETTER** 91-48

**TO:** ALL COUNTY WELFARE DIRECTORS

**SUBJECT:** Public Law 101-508; Omnibus Budget Reconciliation Act of 1990. Aid to Families with Dependent Children (AFDC) Program - Earned Income Tax Credit (EITC).

The 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 October 1, 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 or in the form of a lump sum, are excluded as income [Section 44-111.3(q)] but counted as a resource after the month of receipt [Section 42-213.2(r)]. 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 Family Support Administration (FSA) has directed the State to implement this provision. Therefore, CWDs must implement as soon as administratively possible but no later than July 1, 1991 for all new Aid to Families with Dependent Children applications.

For continuing cases this provision is effective beginning with the July budget month. This provision shall be implemented and appropriate retroactive benefits made either upon request of the recipient, or at redetermination, or when the CWD becomes aware that a review is needed, whichever comes first. Restored benefits to eligible recipients are to be provided back to the date of application or January 1, 1991, whichever occurred later. For applicant cases from January 1, 1991 until July 1, 1991 that were denied benefits due to excess resources as a result of the receipt of lump sum EITC payments, the case is entitled to restored benefits back to January 1, 1991 or the date of application, whichever occurred later, if the case: (1) is otherwise entitled to benefits and (2) requests a review of its case or the CWD becomes aware a review is needed. Emergency regulations will be promulgated in the near future.

If you have any questions, please contact Marianne Grillo, Welfare Policy Implementation Bureau at (916) 323-8431.

  
ROBERT A. HOREL  
Deputy Director

cc: CWDA