

County of San Diego, Health and Human Services Agency (HHS) Agency (HHS) Agency (HHS)
Program Guide Special Notice

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Issue Date:

January 29, 2016

Effective Date:

January 29, 2016

Background:

San Diego County's Earned Income Tax Credit (EITC) campaign, through "Thrive San Diego", continues to provide services on an annual basis. These materials are provided to supplement EITC outreach efforts. These are revised to reflect changes for each tax year.

Policy:

Federal EITC

Federal EITC is a refundable credit for qualifying individuals and families and can be claimed when the credit amount exceeds the tax amount owed by a tax payer. Individuals must have earned income from employment, or self-employment, as one of the requirements, and must file the federal tax return in order to claim their EITC refund.

State EITC

State EITC provides a refundable credit which matches 85 percent of the federal credit for the lowest-income households in California in the 2015 tax year. California's state EITC has the same general eligibility requirements as the federal EITC, but is limited to earned wages of one dollar, or more, that are verifiable. The state credit will be available with tax returns filed for income earned in 2015. The Franchise Tax Board (FTB) defines "earned income" as W-2 wages, salaries, tips and other employee compensation, but only if such amounts are subject to California withholding. **Self-employment income is specifically excluded from "earned income."**

Procedure:

Free Tax Preparation Services for Customers

Free tax preparation services are available through the Internal Revenue Service (IRS) Volunteer Income Tax Assistance (VITA) Program for low to moderate income individuals and families who earned \$53,000, or less, during tax year 2015.

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Customers can call 2-1-1 for more information and to find the nearest VITA site. Customers can also log on to:

- <http://www.unitedway.org/myfreetaxes/sandiego>
- www.thrivesandiego.org/index_files/new/irs vita.html
- <http://www.meetme.so/thrivesandiego>
- <http://www.211sandiego.org/>
- <https://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>
- <http://www.weconnect.net/index.php/explore hhh/taxhelp>
- <http://ftb.ca.gov>
- <https://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit/Use-the-EITC-Assistant>

EITC Postcards

The Community Action Partnership (CAP) will distribute EITC postcards and coordinate EITC presentations in various Family Resource Centers (FRCs) and Welfare-to-Work (WTW) sites as requested.

EITC postcards will be distributed to WTW, Refugee Employment Services (RES), Public Health Clinics, City and County libraries, schools, and Child Care contractors.

In addition, a flyer containing postcard information with VITA site locations and phone numbers is being mailed to CalWORKs, CalFresh and Medi-Cal recipients.

These EITC publications:

- Strengthen state and county efforts to promote the EITC to our customer population
- Target families and individuals who qualify for EITC
- Educate and assist families on how to access EITC

FRC, WTW, RES and Child Care Staff Action

FRC and contracted staff will distribute these postcards to customers at all contacts and encourage them to contact 2-1-1 to receive free assistance to file their taxes and claim EITC and other tax credits available to them.

If additional postcards are needed, FRC Managers or their designee may contact CAP at (619) 338-2799.

EITC Presentations

Thrive San Diego is available to provide EITC presentations to promote access to EITC. To schedule a presentation contact CAP at (619) 338-2799.

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California State and Federal EITC Maximum Income Limits for Tax Year 2015

Table 1 - California State and Federal EITC Maximum Income Limits for 2015 Tax Year:

Number of Qualifying Children	State EITC	Federal EITC
None	\$6,580	\$14,820 (\$20,330 if married filing jointly)
1	\$9,880	\$39,131 (\$44,651 if married filing jointly)
2	\$13,870	\$44,454 (\$49,974 if married filing jointly)
3 or more	\$13,870	\$47,747 (\$53,267 if married filing jointly)

Table 2 - California State and Federal EITC Maximum Credits for 2015 Tax Year:

Number of Qualifying Children	State EITC (with 85% EITC adjustment factor)	Federal EITC
None	\$214	\$503
1	\$1,428	\$3,359
2	\$2,358	\$5,548
3 or more	\$2,653	\$6,242

Impacts:

CalWORKs

• **Income**

EITC payments, whether received as advanced payments or as a single payment, are exempt as income in determining CalWORKs eligibility or benefits level (CPG 44-100.H.2).

• **Resource**

Under Semi-Annual Reporting rules EITC payments are considered nonrecurring lump sum payments and will be treated as property in the month of receipt and any subsequent months.

In addition, EITC payments are excluded as resource for 12 calendar months from the date of receipt (CPG 42-200.I.6, CPG 44-100.A.11, CPG 44-270.G.4).

CalFresh

• **Income**

EITC payments, whether received as advanced payments or as a single payment, are considered a lump sum payment and excluded as income for CalFresh.

• **Resource**

EITC payments are excluded as resources for 12 calendar months starting with the month of receipt (CFPG 63-225.4, 63-224.11, 63-203.13).

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NOTE: The resources of Categorically Eligible (CE) or Modified Categorical Eligible (MCE) households are not evaluated to determine eligibility to CalFresh (CFPG 63-201.1, 63-203.19, 63-120).

Medi-Cal

• **Income**

EITC payments received as tax refund or advanced payment are exempt from consideration as income (MPG B - Desk Aid 56B - Income NOT Counted for MAGI and PTC).

For ABD cases, the EITC is treated as earned income (MPG 10.2.2.C).

• **Resource**

EITC payments are property for the month of receipt and the month following (MPG 9.6.11.A).

General Relief (GR)

GR counts EITC as income in the month received. Any portion of the refund retained by the recipient in the month following receipt is considered personal property (GRPG 90-400.5.F).

If a recipient received General Relief during 2015 and the recipient receives EITC, the worker must review the case for potential unreported earned income.

Cash Assistance Program for Immigrants (CAPI)

CAPI exempts EITC from consideration as income in the month received (CAPI PG 99-103.2.B). It is also exempt as a resource for 12 months following the month of receipt (CAPI PG 99-104.4.B).

County Medical Services (CMS)

CMS counts EITC as earned income in the month received (CMSPG 06.01.02A).

Any portion of the refund retained by the beneficiary in the month following receipt is considered exempt personal property (CMSPG 06.04.03H).

Automation:

In order to track EITC enrollment, the eligibility worker will record EITC in CalWIN as follows:

1. Click **Intake & Case Maintenance** on the **Navigate CalWIN** window.
 - Click the **Data Collection** heading in the "Action" group box.
 - Select the **Display Unearned Income Summary** window from the expanded tree view in the "Action" group box.
 - Enter the case number.
 - Click **[Open]** button. The **Display Unearned Income Summary** window displays with the **Case Number** and **Name** pre-filled in the "Case" group box.
2. Select the individual from the **Name** drop down field.
3. Click **Add** on the toolbar. The **Collect Unearned Income Detail** window displays.
 - Enter the Effective Begin Date.
 - In the **Type** field, select **Earned Income Tax Credit** from the drop down menu,

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- Select the **Frequency**, and **Source** from the drop down fields as appropriate.
 - Complete the remaining fields on the **Collect Unearned Income Detail** window as appropriate.
 - Select the appropriate **Verification** and **Source** from the drop down fields.
4. Click **Save** on the toolbar.
 5. Click **[Income Received]** button. The **Collect Income Received Detail** response window appears.
 - Enter the date the unearned income was received or is expected to be received in the **Date Received/Expected to Be Received** field.
 - Enter the **Income Terminated [Y/N]** indicator.
 - Enter the **Begin Date** and **End Date** of the pay period in the "Pay Period" group box.
 - Enter the gross dollar amount of the unearned income in the **Gross Amount** field.
 - Enter the **Year to Date Total** as appropriate.
 - Enter the **Lump Sum [Y/N]** indicator.
 - Select the appropriate **Verification** and **Source** from the drop down fields.
 6. Click **Save** on the toolbar to save the information entered.
 7. Close the **Collect Income Received Detail** window. Return to the **Collect Unearned Income Detail** window.
 8. Close the **Collect Unearned Income Detail** window. Return to the **Display Unearned Income Summary** window.

TIP: As with all Data Collection changes, Eligibility Determination and Benefit Calculation (EDBC) is to be run to apply the changes to the case. EDBC will be run on immediate, or batch mode, after the changes are made in the system.

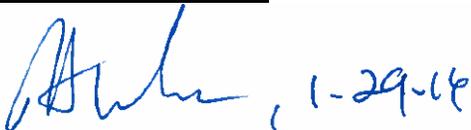
References:

ACL 15-87

Sunset Date:

This policy will be reviewed for continuance by December 31, 2016.

Approval for Release:



Rick Wanne, Director
Eligibility Operations