

## CalFresh Program Guide Letter #589

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**Subject** CHANGES IN THE TREATMENT OF FEDERAL TAX CREDITS AND REFUNDS; AND  
EXPIRATION OF THE FEDERAL WAIVER ALLOWING ELIGIBILITY TO SSI/SSP RECIPIENTS IN SUSPENDED STATUS

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**Effective Dates**

- **January 1, 2013** Treatment of Federal tax credits and refunds
- **June 14, 2013** Expiration of Federal waiver giving eligibility to SSI/SSP Recipients in Suspended Status

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**Reference** All County Letters 13-46 received June 14, 2013  
All County Letter 11-46 (waiver expiration verbally confirmed July 2, 2013)  
CalFresh Program Guide (CFPG) Letters [#558](#) and [#563](#)

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**Purpose** To inform Family Resource Center (FRC) staff regarding:

- Changes in the treatment of federal tax credits and refunds for CalFresh, as a result of passage of the American Taxpayer Relief Act of 2012 (PL 112-240); and
- The expiration of the United States Department of Agriculture Food and Nutrition Services (USDA-FNS) waiver that allowed CalFresh eligibility to certain SSI/SSP recipients in suspended status.

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**Background** **FEDERAL TAX CREDITS AND REFUNDS**  
The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 excluded federal tax refunds as income and resources for a period of 12 months after receipt for all federal means-tested programs. The 12-month exclusion provision was set to expire on December 31, 2012.

The American Taxpayer Relief Act of 2012 excludes federal tax credits and refunds as income and resources permanently for 12 months.

County Welfare Departments (CWDs) were notified of this provision on June, 10, 2013.

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# CalFresh Program Guide Letter #589, Continued

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## Background (Continued)

### **SSI/SSP RECIPIENTS IN SUSPENDED STATUS WAIVER**

Individuals no longer eligible to SSI/SSP are placed in suspension status before being discontinued. Per Federal regulations, SSI/SSP individuals in suspended status are not eligible to CalFresh in California until the case is actually terminated by the Social Security Administration (SSA).

USDA-FNS approved a 24-month waiver (June 13, 2011 through June 13, 2013) giving eligibility to SSI/SSP recipients in suspended status due to State budget cuts and to humanitarian refugees/asylees with expired federal time limits.

CWDs were notified verbally on 07/2013 that USDA-FNS did not renew this waiver.

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## Tax Credits and Refunds Regulations Changes

Effective January 1, 2013, all EITC payments and federal income tax credit and refund payments are permanently:

- Excluded as income when determining eligibility and benefit amount for CalFresh and
- Exempt from resource consideration for applicants and recipients for 12 calendar months starting with the month of receipt of the payment.

Beginning January 1, 2013, cases in which tax credits and refunds were incorrectly treated as resources when determining eligibility or allotment, the Human Services Specialist (HSS) is required to take corrective action to re-evaluate the eligibility and recalculate the allotment excluding the tax credit and refund payment.

In addition, no overissuance will be established for excess resources beginning January 1, 2013 unless the HSS has verified whether or not the household resources included a tax refund or credit, and those monies have been properly disregarded.

### **REMINDER:**

The resources of Non-Assistance CalFresh (NACF) households are not evaluated to determine eligibility for CalFresh when the household is determined Modified Categorical Eligible (MCE). Refer to [63-120.7-12](#) and [63-201](#).

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## CalFresh Program Guide Letter #589, Continued

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### Tax Credits and Refunds Notification to Clients

While the changes to the treatment of tax refunds and credits may not significantly impact benefit level calculations for a large number of CalFresh recipients, the changes will allow recipients who are not MCE eligible to save more of their funds without becoming ineligible for benefits due to excess resources.

The HSS should inform CalFresh recipients:

- About the free tax preparation services through the [Volunteer Income Tax Assistance \(VITA\)](#) program; and
- That they will be able to retain tax refunds and credits for 12 months without penalty so they do not have to "spend down" their savings in order to be eligible to CalFresh (if not MCE eligible).

Households should also be encouraged to save the extra cash for emergencies or to help them meet future financial needs.

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### Expiration of the SSI/SSP Recipients in Suspended Status Waiver

Effective June 14, 2013, SSI/SSP recipients who are placed in suspended payment status by SSA are no longer eligible to CalFresh even if the reason for suspension is due to State budget cuts or expiration of federal time limits of Humanitarian Refugees/Asylees.

Households that include an SSI/SSP household member in suspended status that was approved prior to June 14, 2013, will be reevaluated for eligibility at the next recertification or when processing the SAR 7 whichever comes first.

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### CalWORKs Impact

CalWORKs issued instructions regarding Federal tax credits and refunds via CalWORKs Program Guide (CPG) Letter.

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### Medi-Cal Impact

No impact.

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### General Relief Impact

No impact.

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# CalFresh Program Guide Letter #589, Continued

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## Summary of Changes

The following CFPG sections have been updated online:

Section	Changes/Updates
<a href="#">63-101.6</a>	Deleted link to section 63-101.13, Suspended SSI/SSP Waiver
63-101.13	Section deleted
<a href="#">63-202.4(C)</a>	Added link to 63-203.13, 63-204.4 and 63-225.4
<a href="#">63-203.13</a>	Changed section title from "Earned Income Tax Credits" to "Federal Tax Credits and Refunds - Earned Income Tax Credits (EITC)" Updated section to include changes in the treatment of EITC as a result of passage of the American Taxpayer Relief Act of 2012
<a href="#">63-224.11</a>	Added EITC and CTC to the lump-sum list
<a href="#">63-204.4</a>	Updated section removing the December 31, 2012 expiration date
<a href="#">63-225.4</a>	

Changes to the CFPG are noted with **highlighted text**.

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## Automation Impact

### TAX CREDITS AND REFUNDS REGULATIONS CHANGES

No impact.

### EXPIRATION OF THE FEDERAL WAIVER ALLOWING ELIGIBILITY TO SSI/SSP RECIPIENTS IN SUSPENDED STATUS

CFPG Letter #563 included instructions to follow BENDS 5752 to add a suspended SSSI/SSP household member to a Non-assistance CalFresh (NACF).

BENDS 5752 has been retired.

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## Access Impact

No impact.

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## Forms Impact

No impact.

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## Document Capture Impact

No impact.

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# CalFresh Program Guide Letter #589, Continued

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Operational  
Impact

No impact.

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Quality Control  
Impact

Quality Control will cite the appropriate error when the regulations cited in the material have not been followed.

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Director  
Approval



A handwritten signature in blue ink that reads "Rick Wanne, Dir. MFT 10-8-13".

**RICK WANNE, MA, MFT**  
Director  
Eligibility Operations

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