

**County of San Diego, Health and Human Services Agency (HHS) Agency (HHS) Agency (HHS)**  
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**Issue Date:**

01/20/17

**Background:**

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

**Policy:**

**Federal EITC**

Federal EITC requires the filing of a federal tax return for earned income in 2016. 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 requires the filing of a state tax return for income earned in 2016. 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**

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 2016.

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.html](http://www.thrivesandiego.org/index.html)
- <http://www.211sandiego.org/>
- <https://www.irs.gov/Individuals/Free-Tax-Return-Preparation-for-You-by-Volunteers>
- <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.

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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 designees, may contact CAP at (619) 338-2799.

EITC Presentations

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

California State and Federal EITC Maximum Income Limits for Tax Year 2016

Table 1 - California State and Federal EITC Maximum Income Limits for 2016 Tax Year:

<b>Number of Qualifying Children</b>	<b>State EITC</b>	<b>Federal EITC</b>
None	\$6,718	\$14,880 (\$20,430 if married filing jointly)
1	\$10,088	\$39,296 (\$44,846 if married filing jointly)
2	\$14,162	\$44,648 (\$50,198 if married filing jointly)
3 or more	\$14,162	\$47,955 (\$53,505 if married filing jointly)

Table 2 - California State and Federal EITC Maximum Credits for 2016 Tax Year:

<b>Number of Qualifying Children</b>	<b>State EITC (with 85% EITC adjustment factor)</b>	<b>Federal EITC</b>
None	\$217	\$506
1	\$1,452	\$3,373
2	\$2,406	\$5,572
3 or more	\$2,706	\$6,269

**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

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addition, EITC payments are excluded as resources 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, 63-224.10, 63-203.13).

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, 63-203.13, 63-120).

**Medi-Cal**

- **Income**  
EITC payments received as tax refunds or advanced payments 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 2016, 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).

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**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 in the "Action" group box; and 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.
  - Select the individual from the **Name** drop down field.
2. 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,
  - Select the **Frequency**, and **Source** from the drop down fields.
  - Complete the remaining fields on the **Collect Unearned Income Detail** window.
  - Select the appropriate **Verification** and **Source** from the drop down fields.
  - Click **Save** on the toolbar.
3. 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**.
  - Enter the **Lump Sum [Y/N]** indicator.
  - Select the appropriate **Verification** and **Source** from the drop down fields.
  - Click **Save** on the toolbar to save the information entered.
4. Close the **Collect Income Received Detail** window. Return to the **Collect Unearned Income Detail** window.
5. Close the **Collect Unearned Income Detail** window. Return to the **Display Unearned Income Summary** window.
6. Run Eligibility Determination and Benefit Calculation (EDBC) to apply the changes to the case.

**References:**

ACIN I-85-16

**Sunset Date:**

This policy will be reviewed for continuance by January 31, 2018.

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**Approval for Release:**



1-20-17

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Eligibility Operations