

**GENERAL INFORMATION SYSTEM**  
**Center for Employment & Economic Supports**

**March 5, 2010**

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**TO:** Commissioners; Temporary Assistance (TA), Medicaid (MA) and Food Stamps (FS) Directors; and Staff Development Coordinators

**FROM:** Russell Sykes, Deputy Commissioner, Center for Employment and Economic Supports

**SUBJECT:** The Treatment of Making Work Pay and Child Tax Credits for TA, MA and FS

**EFFECTIVE DATE:** Immediately

**CONTACT PERSON:** TA Program Questions: Bureau of Temporary Assistance at (518) 474-9344; FS Program Questions: FS Bureau at 1-800-343-8859 Extension 3-1469, MA Program Questions at Bureau of Medicaid /FHPlus Enrollment (518) 474-8887

The American Recovery and Reinvestment Act (ARRA) signed into law by President Obama in February 2009 included a provision providing for a temporary refundable tax credit called the Making Work Pay (MWP) credit. For people who receive a paycheck and are subject to income tax withholding, the MWP was designed to reduce tax withholding and give workers higher take home pay. Taxpayers who did not have income taxes withheld by an employer during the year, can receive the credit as a lump sum refundable credit. Taxpayers may also receive as a refund earned income tax credits (EITC) and additional child tax credits. The amounts of these credits received as a refund can be established from the taxpayer's tax return. This GIS details the treatment of these credits for TA, MA and FS when received as a refund.

### **Temporary Assistance Policy**

TA policy for Family Assistance (FA), Safety Net Assistance Federally Participating (SNA-FP) and Safety Net Assistance Not Federally Participating (SNA-FNP) is the following:

**Making Work Pay Credit** – This is exempt as income in the month received and for the following two months as a resource.

**Additional Child Tax Credit** – This is exempt as income and in the month received and the following month as a resource.

**Earned Income Tax Credit** – This is exempt as income when received and as resource thereafter.

### **Medicaid Policy**

**Making Work Pay Refund** – For SSI-related individuals the Making Work Pay Tax credit is exempt as income in the month in which it is received and is exempt as a resource for the following two (2) months. For individuals in all other categories the refund is exempt as income in the month in which it is received. Since there is no resource test for non-SSI-related individuals, it is not counted as a resource at any time.

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Additional Child Tax Credit – For SSI-related individuals the Additional Child Tax Credit is exempt as income in the month received and is exempt as a resource for the following nine (9) months. For individuals in all other categories this credit is exempt as income in the month in which it is received. Since there is no resource test for non-SSI-related individuals, it is not counted as a resource at any time.

Earned Income Tax Credit – For SSI-related individuals the Earned Income Tax Credit is exempt as income in the month in which it is received and is exempt as a resource for the following nine (9) months. For individuals in all other categories this credit is exempt as income in the month in which it is received. Since there is no resource test for non-SSI-related individuals, it is not counted as a resource at any time.

### **Food Stamp Policy**

Food Stamp Program policy regarding these tax credits is as follows:

Making Work Pay Credit – This is excluded as income, and for **those FS households who cannot be considered categorically eligible and still are subject to a resource test** would be considered a resource for the two months following the month of receipt.

Additional Child Tax Credit – This is excluded as income, and for **those FS households who cannot be considered categorically eligible and still are subject to a resource test** would be considered a resource for the month following the month of receipt.

We remind the local districts that **households that are considered categorically eligible for the Food Stamp Program are not subject to a resource test under any circumstance.** The latest guidance regarding the rules governing the categorical eligibility of FS households was provided in 09 ADM-06.

### **Home Energy Assistance Program**

Making Work Pay Credit – This is exempt as income in the month received and for the following two months as a resource.

Additional Child Tax Credit – This is exempt as income in the month received and for the following month as a resource.