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 | ADMINISTRATIVE DIRECTIVE |
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TRANSMITTAL: 90 ADM-24

TO: Commissioners of
 Social Services

DIVISION: Income
 Maintenance

DATE: August 21, 1990

SUBJECT: Food Stamps: Exclusion of Advance Payments of Earned Income
 Tax Credit as Food Stamp Income

SUGGESTED DISTRIBUTION: Public Assistance Staff
 Food Stamp Staff
 Employment Staff
 Staff Development Coordinators

CONTACT PERSON: Food Stamp County Representative at 1-800-342-3715,
 extension 4-9225.

ATTACHMENTS: None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
		387.11(p)	Section 402 of PL 100- 435	FSSB Section XII-G-4	GIS 89 IM/DC001

I. PURPOSE

To inform local districts that effective January 1, 1989 advance payments of Earned Income Tax Credit are to be excluded as food stamp income.

II. BACKGROUND

Earned Income Tax Credit (EITC) is a refundable tax credit and may be received in the form of an advance payment included in an individual's paycheck throughout the year or as a lump sum payment received with an individual's federal income tax refund. Previously EITC received as a lump sum payment was excluded as food stamp income but counted as FS earned income if received as an advanced payment.

Provisions of the Hunger Prevention Act of 1988 (P.L. 100-435) provide that, as of January 1, 1989, advance payments of EITC must be excluded as food stamp income.

Local districts were informed of this policy change in IM GIS message 89 IM/DC001 issued on January 13, 1989.

III. PROGRAM IMPLICATIONS

The exclusion of advance payments of earned income tax credit for food stamp purposes may result in additional food stamp benefits for FS households in receipt of EITC. Households in receipt of advance payments of earned income tax credit that were previously ineligible for food stamps due to excess income may now be eligible when EITC payments are excluded as food stamp income.

IV. REQUIRED ACTION

- A. Food stamp applicants as of January 1, 1989 in receipt of advance payments of EITC who were denied food stamps due to excess income, upon household request, are to have their FS eligibility redetermined excluding such payments as food stamp income. These applicants must be provided with restored benefits, if eligible, retroactive to January 1, 1989.
- B. Food stamp recipient households in receipt of advance payments of EITC must be rebudgeted excluding such payments as food stamp income by the next agency contact or recertification and provided with restored benefits, if eligible, retroactive to January 1, 1989.
- C. Advance payments of EITC are to be counted as a food stamp resource in the month received.

V. SYSTEMS IMPLICATIONS

A. Districts Outside of NYC

On WMS ABEL, such payments shall no longer be entered as earned income source "18 - Earned Income Credit". WMS ABEL was changed to support this policy as of February 13, 1989, by prohibiting entry of earned income source "18 - Earned Income Credit" on food stamp budgets and not displaying the EITC amount entered with earned income credit indicator "1 - Receiving Advance EIC Payments" on PA budgets on the food stamp input screen.

B. NYC

On WMS/ABEL the change to treat income source "35 - Earned Income Credit" as exempt income for food stamps will be available in the production environment at a future date. In the meantime workers should be advised to enter income source "35 - EIC" with a program indicator of "P" for all PA/FS or PA - only budgets. For calculating NPA-FS budgets, workers should omit input of income source "35 - EIC".

VI. EFFECTIVE DATE

This release is effective August 1, 1990 retroactive to January 1, 1989.

Oscar R. Best, Jr.
Deputy Commissioner
Division of Income Maintenance