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TRANSMITTAL: 95 INF-41

TO: Commissioners of  
 Social Services

DIVISION: Economic  
 Security

DATE: October 26, 1995

SUBJECT: Food Stamps: Clarification of Treatment of Earned  
 Income Tax Credit (EITC) as a Resource and  
 Introduction of EITC Desk Chart

SUGGESTED

DISTRIBUTION: Food Stamp Directors  
 Income Maintenance Directors  
 CAP Coordinators  
 Staff Development Coordinators

CONTACT PERSON: Food Stamp Liaison 1-800-343-8859, ext. 4-9225

ATTACHMENTS: EITC Exclusion Desk Chart - Available on-line

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
95-ADM-15		387.9(3)	PL.101-508 PL.100-435 7CFR273.8(e) (12)(i),(ii)	FSSB XVI-C-8 XVI-C-9	

This is to provide clarification on when to apply the food stamp resource exclusion for the earned income tax credit (EITC). The Mickey Leland Hunger Relief Act provides that any household member's EITC is excluded as a resource for a period of 12 months from the date of receipt if participating in the food stamp program at the time of receipt. This INF introduces a quick reference EITC Desk Chart to assist eligibility staff and shares a couple of questions/answers received from the USDA on EITC.

Q: How should local districts account for the excluded EITC payments since some households receive advance payments which are included in their paychecks, resulting in the need to keep track of up to 52 separate federal and state EITC payments?

A: The pending final federal regulation does not provide an exception to the 12-month exclusion period for advance EITC payments. However, we feel that unspent advance EITC payments would be very unlikely to accumulate to the point where the household's eligibility would be affected. Local districts may wish to limit the tracking of such state and federal advance payments to those households whose resources are already close to the maximum resource eligibility level.

Q: How should EITC payments commingled in accounts with countable resources be handled? Does the six month exclusion rule (FSSB XVI-C-9) apply or should the account be excluded for twelve months?

A: The federal statutory provision excluding the EITC on a twelve month basis takes precedence over the commingling regulatory provision. Therefore when households commingle excluded EITC funds with countable resources the amount of the EITC fund must continue to be tracked and excluded for the twelve month period. In the unlikely event that the EITC funds are not expended in the twelve month period then the EITC funds would be added to the countable resources in the commingled account.

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Patricia A. Stevens  
Deputy Commissioner  
Division of Economic Security