Department of Human Resources 311 West Saratoga Street Baltimore MD 21201	FIA ACTION TRANSMITTAL
Control Number: # 11-27	Effective Date: IMMEDIATELY Issuance Date: May 17, 2011

TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS AND ELIGIBILITY STAFF
PURCHASE OF CHILD CARE SUBSIDY ADMINISTRATORS
HEALTH OFFICERS, LOCAL HEALTH DEPARTMENTS
LOCAL HEALTH DEPARTMENT ELIGIBILITY STAFF

FROM: ROSEMARY MALONE, INTERIM EXECUTIVE DIRECTOR

RE: DISREGARDING FEDERAL INCOME TAX REFUNDS AS INCOME OR RESOURCE

PROGRAM AFFECTED: ALL PROGRAMS

ORIGINATING OFFICE: OFFICE OF PROGRAMS

SUMMARY

The way income tax refunds and Earned Income Tax Credit (EITC) funds are applied to determine eligibility differs from program to program. Some programs count tax refunds and exclude the EITC, while others disregard income tax refunds in their entirety. The difference in policies makes it difficult for case managers to apply program specific procedures which can lead to a wrong eligibility determination.

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L.111-312) was signed into law on December 17, 2010. The law includes a provision that **disregards federal income tax refunds received after December 31, 2009**, as income and as a resource for a period of 12 months for all programs that are funded in whole or in part with federal funds. This does not affect State funded programs such as Temporary Disability Assistance Program (TDAP). Continue to count tax refunds as income and resources according to policy for State funded programs.

ACTION DUE

Effective immediately, all programs that receive federal funding must **exclude the total amount of tax refunds** as income or resource for a period of 12 months, from the month of receipt. This policy is not retroactive, but must be implemented immediately.

APPLICATION and REDETERMINATION

At application or redetermination, the case manager must:

- Explain the policy to applicants and recipients
- Do not require verification for previously received tax refunds
- Disregard current tax refunds received by anyone in the assistance unit
- **DO NOT COUNT** the tax refund as a resource in the twelve months after the month the tax refund is received
- Clearly narrate how the eligibility determination was reached.

ASSET TEST

For programs that still consider assets when determining eligibility, **exclude all federal tax refunds**. An individual or family cannot be denied federally funded benefits based on over scale assets because of a federal tax refund. **Count the customer's assets without including federal tax refunds.**

INQUIRIES:

Please direct Temporary Cash Assistance (TCA) policy questions to Gretchen Simpson at 410-767-7937 or gsimpson@dhr.state.md.us, or Fatmata Khella at 410-767-7956 or fkhella@dhr.state.md.us. Food Supplement Program (FSP) questions should be directed to Rick McClendon at 410-767-7307 or rmcclend@dhr.state.md.us. For Child Care Subsidy (POC) questions, please contact Myra White-Gray at 410-767-7863 or myra white-gray@msde.state.md.us. Please direct POC system inquiries to the MSDE CCATS Help Desk at 410-767-7816 or MSDECCATS@msde.state.md.us. Please direct MA policy questions to DHMH Division of Eligibility Policy at 410-767-1463 or 1-800-492-5231 (select option 2 and request extension 1463).

cc: DHR Executive Staff
FIA Management Staff
Constituent Services
DHR Help Desk