Commonwealth of Massachusetts

Executive Office of Health and Human Services

Department of Transitional Assistance

600 Washington Street • Boston, MA 02111

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Governor

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Operations Memo 2011-15
May 3, 2011

To: **Department of Transitional Assistance Staff**

From: **Stephanie Brown, Assistant Commissioner for Policy, Program and External Relations**

Re: **TAFDC and SNAP – Income Tax Refunds as Noncountable Assets**

Purpose of Memo

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 was signed into law on December 17, 2010. This law makes changes to how the TAFDC and SNAP programs treat Federal income tax refunds.

This memo outlines changes to how federal income tax refunds are treated as assets for TAFDC and certain SNAP cases.

Important: Income tax refunds continue to be noncountable income for TAFDC (see 106 CMR 204.120 (I)) and SNAP (see 106 363.230 (K)).

Income Tax Refunds as Noncountable Assets: TAFDC

Effective with this Operations Memo, federal income tax refunds received by applicants and ongoing clients are considered noncountable assets for twelve months from the date of receipt. Thereafter, any portion of the income tax refund remaining is considered a countable asset. Federal income tax refunds include Earned Income Tax Credits (state and federal) as well as any portion of the refund that was due to over-withholding. This change is effective for federal income tax refunds received before December 31, 2012.

At the next client contact and each contact thereafter (including reevaluations), case managers must ask: "Did you receive a federal income tax refund on or after December 31, 2009? If you did, do your assets include any of this money?"

Income Tax Refunds as Noncountable Assets: TAFDC (continued)

If any assets are in whole or in part due to a federal income tax refund received on or after December 31, 2009, that portion claimed at the time of the interview must now be considered noncountable and changed on the appropriate BEACON page (for example, Liquid Assets, Vehicles) by updating the TAFDC field with the appropriate amount in the Countable Amounts section. A note must also be made on the Narrative that the case manager asked if the asset was from a federal income tax refund received after December 31, 2009 and that because it was, the asset changed from countable to noncountable. It will remain noncountable for twelve months.

Important: No client can be denied for excess assets unless they have been explicitly asked “Did you receive a federal income tax refund on or after December 31, 2009? If you did, do your assets include any of this money?”

Income Tax Refunds as Noncountable Assets: SNAP

SNAP cases that are Categorically Eligible are **not** impacted by this change as assets are noncountable.

For SNAP purposes, only non-categorically eligible households and elderly/disabled households that exceed the 200% gross income limit are subject to an asset test. While interviewing these households, the case manager must ask the client if any asset held by the household includes any federal income tax refund. If the asset contains money from a refund received between December 31, 2009 and December 31, 2012, that portion claimed at the time of the interview must now be considered noncountable and changed on the appropriate BEACON page (for example, Liquid Assets, Vehicles). It will remain noncountable for twelve months.

Important: No client can be denied for excess assets unless they have been explicitly asked “Did you receive a federal income tax refund on or after December 31, 2009? If you did, do your assets include any of this money?”

Special Project

Certain cases may have been incorrectly denied TAFDC or SNAP benefits due to being over assets because these assets were in whole or in part due to a federal income tax refund received after December 31, 2009. MIS has compiled a report of TAFDC and SNAP cases that have been denied from December 17, 2010 due to excess assets. This report has been broken down by TAO and case manager within the TAO. The report will be emailed to TAOs with the issuance of this memo. For each case, case managers must do the following:

- Using BEACON, determine when the client was denied for excess assets and what asset caused the denial.

- Send an appointment letter to the client asking them to come to the TAO for a review of eligibility bringing with them proof of the asset and the tax return for the year they received the federal income tax refund or a written statement that the asset was as a result of the federal income tax refund.

- For denied clients who are still closed, take an application to determine eligibility using current income and assets. Exclude the asset (either in whole or in part) that was due to the federal income tax refund following rules established in this Operations Memo. Enter this information on BEACON.

- For clients who were denied and have reopened, determine eligibility using current income and assets. Exclude the asset (either in whole or in part) that was due to the federal income tax refund following rules established in this Operations Memo.

- If the previously denied client is still not eligible, establish the case on BEACON with the information. BEACON will issue a denial letter.

- If the previously denied client who has since opened is not eligible, deny the eligibility for the retroactive benefit using an NFL-9 (Notice of Approval, Denial or Termination for Emergency Assistance or Other Financial Service). For TAFDC use the manual citation 106 CMR 204.120. For SNAP use the manual citation 106 CMR 363.130.

- If the previously denied client is eligible, determine the number of months the client should have received benefits from either the denial date to the current date (if the client was closed) or the denial date to the opening date (if the client is currently open).

Special Project (continued)

- Multiply that number by the benefits the client would have been eligible for when he or she was denied (based on whether they are exempt or nonexempt and living in private or public housing for TAFDC and the family size for TAFDC and SNAP).
- Issue that benefit on the Related Benefit page.
- If the client does not keep the appointment, no further action is needed.

State Letter

A state letter detailing the change to policy will be issued shortly.

Questions

If you have any questions, please have your Hotline designee call the Policy Hotline.