

Operations Memorandum - Cash Assistance

OPS090404

April 8, 2009

SUBJECT: Support Received from an Income Tax Intercept
TO: Executive Directors
FROM: Joanne Glover, Director, Bureau of Operations

Purpose

To announce a change in distribution of support received from Federal income tax intercepts and to clarify how the income is treated.

Background/Discussion

The Deficit Reduction Act of 2005 changed the distribution priority of support arrears collected through the Federal Income Tax Refund Offset Program (FTROP), beginning in January 2009. States are now required to distribute this money to pay arrears owed to the client first, instead of arrears owed to the Department of Public Welfare (DPW). This change will result in a larger number of clients receiving support payments collected through the FTROP program.

Current and former TANF clients will continue to be notified of support payments through the Monthly Support Notice (PA/CS 763). County Assistance Offices will be notified of the payments through Alert 124. The amount of the payment can be found on the CIS Case Active Alert Detail Inquiry screen (CQACDT). A payment shown on CQACDT will not be identified as an FTROP collection due to Internal Revenue Service confidentiality regulations.

Treat these payments as lump sum unearned income for cash assistance, food stamps, medical assistance, and Low-Income Home Energy Assistance Program, according to:

- Cash Assistance Handbook [157.5](#) – Determining the Effect of a Lump Sum Payment on Eligibility
- [Food Stamp Handbook 550.5](#) – Income Excluded in Computing Eligibility
- [Medical Assistance Eligibility Handbook 357.1](#) – General Policy
- [Low-Income Home Energy Assistance Program 650.7](#) – Income Exclusions

This change only affects support arrears payments. Current support paid for an active Temporary Assistance to Needy Families client will continue to be assigned to DPW up the amount of assistance received by the client.

Next Steps

1. Share this information with appropriate members of your staff.
2. Refer any questions to your area manager.
3. Policy handbooks will be updated to reflect this change.