

Department for Children and Families
Information on DCF Economic Benefits and the impact of H.510
April 13, 2021

DCF's main concern is that the proposed Child Tax Credit will impact the federal economic benefit program SNAP, called 3SquaresVT.

State Benefits:

The language in Section (1) (c) is sufficient to not have an impact on state benefit programs such as Child Care Financial Assistance Program (CCFAP), General Assistance, Low Income Home Energy Assistance Program (LIHEAP) and Reach Up/TANF.

3SquaresVT benefits:

Vermonters may be eligible for 3SquaresVT if their gross household income is equal to or less than 185% of the Federal Poverty Level, or if you have children and get the VT Earned Income Tax Credit. There are instances when a household has someone over age 60 or with a disability, and is over the income limit, but still qualifies.

Monthly state tax credit payments would count as income for 3SquaresVT. This is different from monthly *federal* tax credit payments because federal law (26 USC 6409) specifically excludes federal payments as income for SNAP.

USDA Food and Nutrition Service (FNS), the federal agency who administers 3SquaresVT benefits, confirmed that if the \$1,200 is paid out in 2 or more separate payments that the state child tax credit would count as unearned income for SNAP/3SquaresVT benefits. FNS was less clear about if a one-time payment would be countable. If the tax credit is a one-time payment, the Department would need to pursue a waiver to make the payment not countable. **A waiver is not possible if two or more separate payments are made.**

See scenarios on page 3

Federal Waivers:

Bill Text:

Section 1 (c) Notwithstanding any provision of law to the contrary, the refundable credit and its payment authorized under this section shall be treated in the same manner as the federal Earned Income Tax Credit and shall not be considered as assets, income, or resources to the same extent the credit and its payment would be disregarded pursuant to 26 U.S.C. § 6409 and the general welfare doctrine for purposes of determining eligibility for benefits or assistance, or the amount or extent of those benefits or assistance, under any State or local program, including programs established under 33 V.S.A. § 3512 and chapters 11, 17, 21, 25, and 26, for a period of 12 months from receipt. This subsection shall only apply to the extent that it does not conflict with federal law relating to the benefit or assistance program and that any required federal approval or waiver is first obtained for that program.

It is permissible for the state to ask for a waiver of income exclusions, acknowledging the parameters already shared by our federal partners. Requesting the waiver does not mean that the federal government will grant the waiver. Even if DCF is granted a waiver, a federal audit can also determine if funding is permissible or not, even if a federal waiver has been granted. Should the audit find the tax credit is not correctly counted, there will be an even greater impact on families served by the federal benefit program.

3SquaresVT Benefits – Scenarios

Household	Gross Earned Monthly Income	Monthly Rent/ Utilities	Monthly 3SquaresVT Benefit	Benefit After Child Tax Credit	Change in 3SquaresVT Benefit	Additional Considerations
2 parents, 2 children under 6 y.o., 1 child over 6 y.o.	\$4,587 and \$700 child care deduction	\$1,200	\$344	Without receipt of EITC: Not eligible. With EITC: \$284	-\$344, or -\$60	Child over 6 loses eligibility for free/reduced-priced meals at school
2 parents, 2 children under 6 y.o.	\$4,000 and \$700 child care deduction	\$1,200	\$319	Without receipt of EITC: Not eligible. With EITC benefit is \$259	-\$319, or -\$60	With receipt of the EITC, earned income about \$4,900 would result in a zero suspended 3SquaresVT benefit
2 parents, 2 children under 6 y.o.	\$3,096 and \$700 child care deduction	\$1,200	\$536	\$476	-\$60	
2 parents, 1 child under 6 y.o., 1 child over 6 y.o.	\$3,096 and \$400 child care deduction	\$1,200	\$446	\$416	-\$30	
2 parents, 1 child under 6 y.o.	\$2,756.30	\$1,700	\$228	\$198	-\$30	
2 parents, 1 child under 6 y.o.	\$900	\$500	\$658	\$644	-\$14	

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1 parent, 1 child under 6 y.o.	\$2,600 and \$200 child care deduction	\$1,000	\$127	Without receipt of EITC: Not eligible. With EITC benefit is \$97	-\$30	With receipt of the EITC, a 2-member household cannot receive a zero suspended 3SquaresVT benefit due to \$20 minimum required for HH of 1 or 2
1 parent, 1 child under 6 y.o.	\$2,158.60 (minimum wage at 40 hours/week)	\$1,200	\$173	\$143	-\$30	
1 parent, 1 child under 6 y.o.	0	0	\$459	\$459	\$0	

