

# Q& A: Public Benefits

## Can people who work and also get cash assistance still get the EIC or CTC?

Yes. As long as they earn wages and meet the income and other eligibility requirements for the credits. Cash assistance benefits are not considered in determining eligibility for tax credits.

- **Workfare programs.** Some welfare recipients are required to participate in “work experience” and “community service programs” (often called “workfare”) in exchange for their cash assistance benefits. These benefits are not counted as income to determine eligibility for the EIC or CTC.
- **Subsidized jobs.** Current or former recipients who are employed in jobs for which employers are subsidized through state welfare block grants or other government programs do earn wages that count in determining eligibility for the EIC and CTC.

## Will getting the EIC or CTC lower other government benefits? Could someone lose benefits altogether?

Generally, no. Under federal rules, the EIC (including Advance EIC payments) and CTC are not counted as income for Medicaid, food stamps, SSI or federally assisted housing programs.

Welfare cash assistance programs are administered by states under a block grant called Temporary Assistance for Needy Families (TANF). Each state can set its own rules for how the EIC will be treated in determining eligibility for cash assistance. Currently no state counts the EIC refund as income in determining eligibility, except that in Connecticut, under some circumstances, Advance EIC payments may affect a worker’s TANF eligibility. *However, under federal law, states may not count the CTC as income in determining eligibility for cash assistance.*

Rules on how the EIC or CTC may affect “General Assistance” benefits are different in each state where a general assistance program is in place. *Contact your state or local welfare agency for information.*

However, if kept in savings, EIC and CTC refunds can count as *resources* in determining eligibility for some benefit programs. Often, if the recipient has few or no other resources, saving part of a tax credit refund is not enough to cause that recipient to exceed the resource limit for a benefit program. The rule for most state TANF programs is that the EIC and/or CTC refund must be spent by the end of the month after the month in which it is received or it can count against the dollar limit on resources. However, some states may have adopted less restrictive policies. *Contact your state welfare agency for the rule in your state.*

For Medicaid, if your state has a resource limit, the EIC and CTC are treated the same as for TANF. Most states have no resource limit for the Children's Health Insurance Program (CHIP) and none count the EIC toward CHIP resource limits.

For SSI, the EIC and CTC do not count toward the resource limits for nine months after the refund is received. The EIC and CTC are treated differently for food stamps: the EIC does not count as a resource in food stamps for 12 months after the refund is received, but CTC refunds are excluded only for the month the refund is received and the following month.

**Safe harbor.** Deposits in certain types of Individual Development Accounts (IDAs), which may include a worker's EIC or CTC refund, do not count as a resource in determining eligibility for the above programs or for state cash assistance programs. *For more information see the ["2002 Federal IDA Briefing Book"](#).*