



## Program and Policy Considerations – Direct Cash Transfer<sup>1</sup>

Direct Cash Transfer (DCT) programs provide flexible resources to children, families, and adults, giving them needed flexibility in meeting their basic needs. These programs have regained traction in the U.S. as a promising intervention and can be administered in different ways and can vary based on their design. Yet, without careful thought and planning, Direct Cash programs have the potential to negatively impact public assistance recipients' benefits which could diminish the beneficial impacts of these programs.

The matrix below, adapted from a Chapin Hall Cash Transfers Toolkit and enhanced to include Washington State specific information, is meant to guide DCT program design in a way that can mitigate negative impact and hopefully protect public benefits for recipients. Please note that design may not protect DCT recipients from reduction or loss of public benefits and the table below is meant to be a guide. Nothing in this matrix should be considered legal advice or official guidance. More direct policy analysis is likely needed during the design phase of the DCT.

Program/Policy	Can DCT be exempted as countable income?	Key Factors for consideration	Additional Information	Washington State information
Supplemental Nutrition Assistance Program (SNAP)	Yes	Funding source (must be fully private or private-public blend)	State option must exclude TANF/Medicaid as income. Through adjunctive eligibility, can disregard payments as countable income under SNAP 7 CFR 273.9(c)(19) if DCT source is public-private blend of funding. Food and Nutrition Service issued clarity in April 2022.	<p>Will require Washington to implement state option to exclude this income for purposes of TANF / Medicaid.</p> <p><b>Current Status:</b>  <a href="#">WAC 388-455-0015:</a>            Excluded Income: Money received in the form of a nonrecurring lump-sum payment. 7 CFR 273.9(c)(8)</p> <p><u>Income budgeted at Application/ Eligibility Review:</u>            For the purpose of determining the household's eligibility and level of benefits, the State agency shall take into account the income already</p>

<sup>1</sup> This table has been enhanced and adapted from a toolkit developed by Chapin Hall [Cash-Transfers-Policy-Toolkit Conclusion.pdf](#)  
 Berger Gonzalez, S. & Morton, M. (2022). Key takeaways and recommendations for direct cash transfers as a policy tool for redefining a safety net for youth and young adults. Chicago, IL: Chapin Hall at the University of Chicago.

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				<p>received by the household during the certification period and any anticipated income the household and the State agency are reasonably certain will be received during the remainder of the certification period. If the amount of income that will be received, or when it will be received, is uncertain, that portion of the household's income that is uncertain shall not be counted by the State agency. 7 CFR 273.10(c)(1)</p> <p>Counted as unearned if reasonably anticipated and more than \$30/quarter  <a href="#">WAC 388-450-0065:</a></p>
Food Assistance Program	Yes	Mirrors SNAP	Mirrors SNAP	Mirrors SNAP
Temporary Assistance for Needy Families (TANF)	Yes	State Option	States have flexibility to define countable income for TANF through state statutes or specific regulation. There may be limitations though.	<p>Will require analysis and agency request legislation to implement</p> <p>RCW 74.12 – TANF Rules</p> <p>Cash gift: Counted as unearned if reasonably anticipated and more than \$30/quarter. <a href="#">WAC 388-450-0065:</a></p> <p>needs-based assistance: see <a href="#">WAC 388-450-0055:</a></p> <p>If not reasonably anticipated (infrequent or irregular) – excluded  <a href="#">WAC 388-455-0015:</a>  Lump Sum Payment:  Excluded if awarded for wrongful death, personal injury, damage or loss of</p>

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				property. Counted as unearned for all other lump sum payments.  However, based on the calculation in section (3) of the WAC, we may end up counting only some, or none of the lump sum.
State Family Assistance (SFA)		Mirrors TANF	Mirrors TANF	Mirrors TANF
Refugee Cash Assistance (RCA)		Mirrors TANF	Mirrors TANF	Mirrors TANF
Aged, Blind, & Disabled (ABD)	Yes	State law	RCW 74.04.005: Definitions— Eligibility. (wa.gov)(9)(a) The department may exempt income (not to exceed resource limit) “to decrease his or her need for public assistance or to aid in rehabilitating him or her or his or her dependents.”	Will require analysis and agency request legislation to implement  Similar state rules as TANF (see above)
Supplemental Nutrition Program for Women, Infants and Children (WIC)	Depends	Adjunctive eligibility	State option around TANF, Medicaid, or SNAP important. Federal rules require public assistance, welfare payments and other cash income to be counted; however, with state option, households eligible for TANF, Medicaid, or SNAP are not subject to income determination.	<b>May need FNS waiver</b>  A person is adjunctively eligible for WIC when he/she is currently on an income qualifying program.  <a href="#">Washington WIC Policy &amp; Procedure Manual: Volume 1 Chapter 6 - WIC Income</a>
Medicaid	Yes			

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		<p>Treatment of cash as gift for Medicaid recipients is countable when it is recurring. DCT is also taxable for MAGI but excludable as income for all Medicaid if receipt is needs based.</p>	<p>Assistance is based on need when it is provided under a program which uses the amount of your income as one factor to determine your eligibility. Needs-based Assistance must be wholly funded by a State or one of its political subdivisions and include no federal funds.</p> <p><a href="#">20 CFR 416.1124</a></p>	<p><a href="#">Income overview 1: income eligibility   Washington State Health Care Authority</a></p> <p><a href="#">Countable income and lump sum payments   Washington State Health Care Authority</a></p> <p><a href="#">Income overview 4: exclusions and allocations continued   Washington State Health Care Authority</a></p> <p>For MAGI and Non-MAGI recipients, needs-based assistance is excluded from being countable.</p> <p><a href="#">WAC 182-509-0320</a> MAGI Noncountable income – (3) Income received from other agencies or organizations as needs-based assistance is not countable income under this section. Needs based means eligibility for the program is based on having limited income or resources.</p> <p>WAC 182-512-0860 (8) SSI related medical income exclusions under federal statute or other state laws lists assistance based on need as an income exclusion. Assistance based on need that is not counted as income includes payments wholly funded by a State or not of its political divisions. Payments provided under a program that uses an individual's income to determine eligibility for the program, the payments are not counted. If the individual's income is used only to determine the amount of the payment, and not for eligibility, then the payment is counted as unearned income.</p>

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Child Care Development Fund (CCDF)	Yes	State Option; Adjunctive Eligibility	<p>States have flexibility to define countable income for CCDF through state statues or specific regulation.</p> <p>There may be limitations, though.</p> <p>TANF recipients in many states are automatically eligible for CCDF. Seeking a TANF waiver may also protect CCDF.</p>	<p>RCW impacting CCDF is silent on countable income.</p> <p>DCYF must be given budget authority to add this income type to excluded income outlined in <a href="#">WAC 110.15.0070</a>.</p>
Early Childhood Education and Assistance Program (ECEAP)	Yes	State Option	<p>For ECEAP eligibility this currently counts as income. We currently count regular income or emergency cash payments (non-stimulus). We would need legislation to state we would exclude this from income.</p>	<p>This is currently outlined in <a href="#">the ECEAP Performance Standards</a> on page 45, under POA 45 – What income to count.</p>
Social Security Income (SSI)	Depends	Federal law; funding source; treatment of cash gift (ABLE account)	<p>In general, gift of cash counts against eligibility. An ABLE account is a programmatic way of allowing SSI beneficiaries to receive cash gift without loss of benefit.</p> <p>Source of funds matter (see Social Security § 416.1124).</p> <p>Disaster relief, emergency assistance, assistance based on need funded by State or subdivisions does not impact SSI.</p>	

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Social Security Disability Insurance (SSDI)	Yes	Federal law, DCT treated as cash gift	Federal law states that cash gifts are counted as unearned income and therefore do not count toward SSDI benefit or eligibility.	
Housing Subsidies	Depends	Local PHA waiver  Housing subsidy type	Federal regulation requires annual income to be reported. Flexibility for local options (Public Housing Assistance waiver + adjunctive eligibility). Pending implementation of Housing Opportunity through Modernization Act which would exempt certain income for housing vouchers.	<b>Seek input from Commerce</b>
Low Income Home Energy Assistance Program (LIHEAP)	Yes	State option	States have flexibility to define countable income for LIHEAP through state statutes or specific regulation. There may be limitations, though.	<b>Seek input from Commerce</b>
Pell Grants/FAFSA	Yes	Cash gift treatment; federal law, 2-year look back period	The FAFSA Simplification Act of 2021 removed several questions about nontaxable income from the FAFSA. Cash transfers provided as gift will not be reportable on the FAFSA starting with the 2024-25 academic year. As students will report 2022 income on the 2024-25 FAFSA, any DCT payments made in the 2022 tax year and later will not be included as income for needs analysis.	Unrestricted DCTs do not impact a student's financial aid package.  DCTs that require post-secondary enrollment as a condition of receipt do count as Other Financial Assistance and must be reported to the financial aid office, having a dollar-for-dollar impact on the aid package.

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Washington College Grant	Yes	<p>Unrestricted DCTs do not impact a student's financial aid package.</p> <p>DCTs that require post-secondary enrollment as a condition of receipt do count as Other Financial Assistance and must be reported to the financial aid office, having a dollar-for-dollar impact on the aid package.</p>		