



TO: **W-2 Agencies**
TJ Contractors and Subcontractors
TMJ Contractors and Subcontractors
Training Staff

FROM: Patara Horn, Director
Bureau of Working Families
Division of Family and Economic Security
Department of Children and Families

Bojana Zorić Martinez, Director
Bureau of Refugee Programs
Division of Family and Economic Security
Department of Children and Families

BWF/BRP OPERATIONS MEMO					
No:	21-09				
DATE:	06/08/2021				
W-2	<input checked="" type="checkbox"/>	EA	<input checked="" type="checkbox"/>	CF	<input type="checkbox"/>
JAL	<input checked="" type="checkbox"/>				
RAP	<input checked="" type="checkbox"/>	TMJ	<input checked="" type="checkbox"/>	TJ	<input checked="" type="checkbox"/>
Other EP	<input type="checkbox"/>				

SUBJECT: *American Rescue Plan Act Stimulus Payments and Tax Credits*

CROSS REFERENCE: [American Rescue Plan Act of 2021](#)
[W-2 Policy Manual Section 3.2.9 Disregarded Income](#)

EFFECTIVE DATE: Immediately

PURPOSE

The purpose of this memo is to:

1. Provide detail on economic stimulus payments and tax credit changes under the American Rescue Plan (ARP) Act of 2021; and
2. Provide guidance on how to treat economic stimulus and Federal Child Tax Credit payments when determining financial eligibility for Wisconsin Works (W-2), Emergency Assistance, Refugee Cash Assistance, Job Access Loans, Transform Milwaukee Jobs (TMJ), and Transitional Jobs (TJ).

BACKGROUND

The COVID-19 pandemic caused a sharp rise in unemployment, leading to state and federal legislation intended to temporarily expand unemployment insurance benefit programs in addition to providing more robust benefits. The federal [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act of 2020](#) provided economic relief in response to the COVID-19 pandemic,

and the federal government provided continued emergency relief through the [Consolidated Appropriations Act of 2021](#). Most recently, the [American Rescue Plan \(ARP\) Act of 2021](#) was passed on March 11, 2021. The ARP Act aims to combat the public health and economic impacts of the COVID-19 pandemic.

For information on additional relief provided in the ARP Act, see [BWF/BRP Operations Memo 21-10 COVID-19 Expanded Unemployment Insurance Benefits Under the American Rescue Plan Act of 2021](#).

ECONOMIC STIMULUS PAYMENTS

The ARP Act of 2021 provides a third round of Economic Impact Payments. Those eligible will automatically receive an Economic Impact Payment of up to \$1,400 for individuals or \$2,800 for married couples, plus \$1,400 for each dependent. Under the ARP Act, families receive a payment for each dependent claimed on a tax return, including adult dependents. Previously, the payments for dependents were limited to qualifying children under the age of 17.

Additional information on the third round of Economic Stimulus Payments, including answers to frequently asked questions, may be found via the corresponding [Internal Revenue Service \(IRS\) Fact Sheet](#) web page.

TAX CREDITS

FEDERAL CHILD TAX CREDIT

The ARP Act increases the federal child tax credit from \$2,000 to \$3,000 per child, ages 6-17, (\$3,600 for children 5 years old and younger) for the 2021 tax year. Periodic "child allowance" payments may be issued to families from July 2021 to December 2021, dependent upon IRS disbursement. Half the total credit amount will be paid in advance with the periodic payments, while the other half will be claimed in 2022 on 2021 tax returns.

OTHER TAX CREDITS

For tax year 2021, the ARP Act expands the child and dependent care tax credit. The ARP also temporarily expands Earned Income Tax Credit eligibility and increases the amount of the credit for taxpayers with no qualifying children for tax year 2021. The Bureau of Working Families will release detailed information relating to federal child tax credits and other tax credits in the annual joint tax credits operations memo to be published in 2022.

POLICY

There is no change to policy for counting tax credits or the COVID-19 Economic Stimulus Payments as income.

When determining financial eligibility, payments must be disregarded as income in the month they are received and as an asset for a period of 12 months from the date of receipt.

TRAINING

The Partner Training Team will update any relevant trainings based on the above policy.

AGENCY ACTION

Agencies must become familiar with policies as described in this memo and update any relevant local agency procedures.

CONTACTS

For W-2 and TJ/TMJ Policy Questions: [BWF Policy Question SharePoint](#)

For TJ/TMJ Processing Questions: DCFDfESBWFContracts@wisconsin.gov

For W-2 and TJ/TMJ WWP Functionality Questions: BWF Work Programs Help Desk
BWFworkprogramsHD@wisconsin.gov

DCF/DFES/BWF/LW & DK