

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



February 23, 1988

ALL COUNTY INFORMATION NOTICE NO. 1-10-88

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: SHAW V. McMAHON: COURT OF APPEAL DECISION

REFERENCES: ACL 84-109, 85-25, 85-67, 85-92, 87-124; ACIN I-60-85

This is to inform you that on December 31, 1987, the California State Court of Appeal for the First Appellate District issued its decision in the case of Shaw v. McMahon.

In its decision, the Appeal Court unanimously upheld the Superior Court's judgement and order enjoining the Department from applying the federal lump-sum rule to the State-only AFDC-U program but, in a majority opinion, reversed the Superior Court's compliance order that families whose principle wage earner meets the federal definition for unemployed be included in Shaw.

The Appeal Court's reversal of the compliance order affirms the Department's interpretation of Welfare and Institutions Code Section 11201(a)(2) and (b) as limiting State-only AFDC-U benefits to assistance units which do not meet the federal standards for unemployed parent. The Decision will become final forty days from the date of the order unless a request for rehearing or Supreme Court review is made by either party and accepted by the Court. A request for rehearing has been filed by the plaintiff and the Department has filed a petition for review by the Supreme Court. Neither plaintiff's request nor the Department's petition have been accepted by the Courts as of this date.

As a result of the reversal, Counties are advised to begin flagging all new and ongoing Federal AFDC-U Shaw cases in preparation for possible recoupment of overpayments. Cases which received Shaw benefits in the past should be identified at redetermination. In addition to Federal AFDC-U cases, some FG cases including single and two parent households, may be ineligible for Shaw benefits due to recent work quarters. These cases should also be flagged. Additional instructions will be issued along with a copy of the Appeal Court Decision once the ruling is final.

Should you have any questions, please contact Ms. Susan Wyckoff of the AFDC Policy Bureau at 324-2003.


ROBERT A. HOREL
Deputy Director