

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



November 26, 1996

ALL COUNTY INFORMATION NOTICE I-60-96

REASON FOR THIS TRANSMITTAL

- State Law Change
 Federal Law or Regulation
 Change
 Court Order
 Clarification Requested by
 One or More Counties
 Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: ADMINISTRATIVE HEARING RULINGS INVOLVING AID TO FAMILIES
 WITH DEPENDENT CHILDREN (AFDC) PROGRAM OVERPAYMENTS

The purpose of this letter is to inform counties about Administrative Hearing rulings involving AFDC overpayments caused by county administrative error. This letter responds to counties' requests for clarification regarding why the Administrative Law Judges (ALJ) are ordering them to reduce the overpayment by the value of a Food Stamp (PS) underpayment when the ruling made is based on equitable estoppel.

When the county has computed the AFDC overpayment, an ALJ may consider what amount of PS benefits the claimant would have received if the county had issued the correct AFDC amount instead of the AFDC overpaid amount. If such computation results in a larger PS allotment than the claimant actually received, the ALJ may instruct the county to reduce the AFDC overpayment. The overpayment is reduced by the amount of the increased PS value the claimant would have received if the grant had been computed correctly.

Under equitable estoppel, the lost food stamps are a measure of the injury sustained by the claimant, caused by the county's administrative error. The claimant would have received a larger PS allotment, but for the county's error. Reducing the AFDC overpayment is a way of reimbursing the claimant for lost PS benefits.

If you have any questions regarding this information, please contact Ms. Joelyn Walters at (916) 654-1803 CALNET 8-454-1803.

Sincerely,

BRUCE WAGSTAFF
 Deputy Director
 Welfare Programs Division