

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



June 15, 1982

ALL-COUNTY LETTER NO. 82-55

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: VAESSEN v. WOODS

REFERENCE:

As you were advised in the May 19, 1982 telegram to All County Welfare Directors, the Temporary Restraining Order (TRO) in the case of Vaessen v. Woods was dissolved by the Los Angeles Superior Court effective May 18, 1982. The plaintiffs sought a reversal of this dissolution through the Court of Appeals. That reversal was denied and the dissolution upheld.

Additionally, the Court of Appeals issued its opinion in the Vaessen case. This ruling upheld the state regulations that required income tax refunds to be treated as income in the AFDC program. The plaintiffs may appeal to the California Supreme Court on this issue.

You are to treat income tax refunds as income under the lump sum provisions of AB 2X (EAS 44-207.4).

For cases authorized prior to May 1, 1982, income tax refunds received in April 1982 will affect the eligibility or grant amount for June 1982. Tax refunds are to be treated as reported lump sum income for June. If in applying the lump sum income computation there is a period of ineligibility, the period of ineligibility would begin in June 1982. If in applying the lump sum income computation there is not a period of ineligibility, the 150% income limit is applied. If the April reported income exceeds 150% of MBSAC plus special needs, the ineligible month would be June 1982. If the gross income (as defined in 44-207.2) is less than 150% of MBSAC plus special needs, the net non-exempt income from April 1982, including the tax refund, shall be prior-month budgeted to determine the

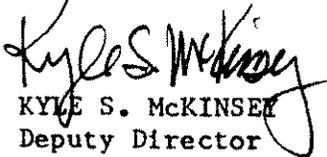
June grant. Note that in cases where April is the first or second month of aid, the budgeting of tax refunds received in April in determining the June grant is consistent with EAS 44-315.614 since the tax refund would not have been considered as income in determining the April grant. Administrative overpayments exist for June to the extent that tax refunds received in April were not treated as income in a manner consistent with these instructions.

For new cases authorized in May 1982, income tax refunds received in May shall be treated as reported lump sum income. When a period of ineligibility results, it shall be applied according to EAS 44-207.421. When a period of ineligibility does not result, the instructions above apply in determining eligibility or grant amount for July 1982.

These instructions do not apply to income tax refunds received prior to April 1982.

If there are questions, please contact your AFDC Management Consultant at (916) 445-4458.

Sincerely,


KYLE S. MCKINSEY
Deputy Director

cc: CWDA