

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



February 27, 1990

ALL COUNTY LETTER NO. 90-22

**SUBJECT: JONES V. YEUTTER LAWSUIT; CONDITIONS OF PARTIAL SETTLEMENT
AGREEMENT**

REFERENCES: ACL 88-150, dated December 2, 1988
ACL 89-21, dated February 24, 1989
ACL 89-100, dated November 22, 1989
M.S. 63-503.232(c)(4)

The purpose of this letter is to provide County Welfare Departments (CWDs) with instructions for implementing the requirements of a court approved Partial Settlement Agreement (Attachment C) signed on February 1, 1990 in the Jones v. Yeutter class action lawsuit.

BACKGROUND

The Jones v. Yeutter lawsuit challenged the policy which required the retrospective budgeting of CWD paid grants when the CWD was unable to budget them prospectively in the beginning months of Food Stamp Program participation (see ACL 88-150). As a result of the Jones lawsuit, an Agreement Pending Resolution of Case was signed by the Federal and State defendants and the plaintiffs on February 17, 1989. ACL 89-21 was issued to provide instructions for implementing this initial agreement. CWDs were instructed to discontinue the contested policy effective February 17, 1989 and to rescind any notice of action (NOA) that was sent as a result of the implementation of ACL 88-150. CWDs were instructed to restore benefits to otherwise eligible households when March 1989 benefits were lost due to failure to withdraw ACL 88-150.

On June 19, 1989, the plaintiffs amended the lawsuit to challenge the treatment of all additional or corrective payments from public assistance (PA) and general assistance (GA) programs. Further, the Department was required to request a waiver of Federal regulations to continue the prospective budgeting of GA payments. The waiver was necessary because Federal Food Stamp regulations do not permit the prospective budgeting of assistance payments from State or local funds in a monthly reporting/retrospective budgeting (MRRB) system. The requested waiver was granted on October 25, 1989. CWDs were instructed to continue the prospective budgeting of GA and to disregard any GA additional or corrective payments that were not budgeted prospectively (see ACL 89-100). CWDs were also advised that the definition of GA had been expanded to include not only CWD General Assistance/General Relief programs, but any payments from State or local funds.

IMPLEMENTATION INSTRUCTIONS

A court approved Partial Settlement Agreement among all parties to the lawsuit was signed on February 1, 1990. This agreement supersedes the earlier agreement of February 17, 1989. The Partial Settlement Agreement reiterates the additional and corrective payment policy specified in ACL 89-21 and ACL 89-100. However, it makes one additional change. Effective April 1, 1990 (April budget month) the following requirement shall be implemented:

All initial PA payments and any subsequent regular monthly PA payments shall not be budgeted retrospectively when received by **ongoing** Food Stamp households. The initial PA payment includes the first month's basic grant and any immediate need or homeless assistance payments that were issued prior to the authorization of that first month's basic grant. This initial payment and any subsequent regular monthly PA payment shall not be budgeted retrospectively even if they were not budgeted prospectively. These payments shall be budgeted prospectively to the extent that they can be anticipated with reasonable certainty and budgeted timely.

(NOTE: Under the terms of the Hamilton v. Lyng injunction, all AFDC Homeless Assistance payments are excluded from income pending the resolution of the lawsuit.)

CWDs are to continue the current policies specified in ACL 89-21 and ACL 89-100 and to implement those required by the Partial Settlement Agreement.

- o Any PA payments, including additional or corrective payments, received in the **beginning** months of Food Stamp participation shall not be budgeted retrospectively. They must be budgeted prospectively if they can be reasonably anticipated and budgeted timely. Additional or corrective payments would be those federally funded payments not defined as initial PA payments (e.g., corrective payments due to technical errors, additional payments for special needs, supplemental COLA payments).

The Federal defendants have agreed to this treatment of additional or corrective payments as an interim measure pending the resolution of the remainder of the lawsuit.

- o Any additional or corrective PA payments received by **ongoing** Food Stamp households that are not budgeted prospectively shall be budgeted retrospectively pending the resolution of the lawsuit. **This is the only PA payment that will be budgeted retrospectively if it cannot be budgeted prospectively.**

- o CWDs are to continue to budget GA payments prospectively. CWDs are not to budget retrospectively GA initial, additional, corrective or subsequent regular monthly payments that were not counted prospectively.

A chart illustrating the above policies (Attachment A) and examples of how to apply these requirements to case situations (Attachment B) are attached.

Refugee Cash Assistance (RCA) payments currently are being budgeted in the same manner as PA. Since only federally funded payments authorized in the Social Security Act can be budgeted prospectively, the Department is requesting a waiver to continue this method of budgeting RCA payments. CWDs should apply these PA budgeting methods in computing RCA payments pending further instructions.

RESTORATION REQUIREMENTS

The Partial Settlement Agreement requires the restoration of benefits to affected Food Stamp households. Restoration provisions specify:

- o If an otherwise eligible Food Stamp household lost benefits between December 2, 1988 and February 17, 1989 as a result of the implementation of withdrawn ACL 88-150, the CWD must restore those benefits. These restorations were mandated in ACL 89-21.
- o CWDs must restore benefits to any otherwise eligible Food Stamp household that lost GA benefits (under the expanded definition) between June 16, 1988 and April 1, 1990 due to the application of the additional or corrective payment policy. GA households were excluded from the additional or corrective payment policy effective with the November 1989 budget month as required in ACL 89-100.
- o Named plaintiffs in the agreement who sustained a reduction or suspension in their Food Stamp benefits or were assessed an overissuance in specified months shall have their Food Stamp benefits recalculated. CWDs must restore those benefits to which the named plaintiffs are entitled. Affected CWDs will be provided with separate instructions on restoring these benefits.
- o CWDs must cancel overissuance claims established as a result of the additional or corrective payment policy revised by this Partial Settlement Agreement.

Claim Period and Required Forms

The Partial Settlement Agreement requires a two-month claim period which "...shall begin two calendar months after the effective date of the State regulations...." We are in the process of developing these regulations and estimate they will be effective on August 1, 1990. Therefore, we calculate the claim period will run from October 1, 1990 through November 30, 1990. All Food Stamp claimants must file their claims within this period to be considered for restored benefits. The above estimated dates are contingent upon the timely approval by the Office of Administrative Law and filing by the Secretary of State. We will notify you of final dates once they are established.

Camera-ready copies of the notice/claim form will be sent to the CWDs under separate cover. CWDs will be required to duplicate and mail the single-page form to all Food Stamp households which are subject to retrospective budgeting. Each CWD will establish its own mailing list based on the information as of "...the last day of the month prior to the day the claim period...begins." The notice/claim form "...shall be mailed no later than the first day of the claim period." We realize this is an additional workload for the CWDs but we cannot do a single, mass mailing from the central data base. The State Department of Health Services' MEDS central data base cannot generate a complete Food Stamp mailing list because it does not capture the mailing address for recipients of Nonassistance Food Stamps. Therefore, we see no viable alternative other than to have CWDs do this mailing.

The Partial Settlement Agreement further requires:

- o Claimants must submit claim forms to the CWD which handled their case at the time of the Food Stamp reduction, suspension or assessment of an overissuance.
- o If a claim form is submitted to the wrong CWD, the CWD must forward it to the correct County, if known. If the correct CWD cannot be determined, the claim shall be denied with a NOA so informing the claimant.
- o The postmark date or the CWD date stamp on the claim form, which ever is earlier, shall be regarded as the date the claim is filed.
- o CWDs must approve or deny claims within 60 calendar days of the close of the claim period.
- o CWDs must provide each claimant with a NOA explaining the approval or denial of the claim and his/her right to a State hearing. We will provide CWDs with a camera-ready copy of this NOA.

Posters

CWDs will be responsible for displaying posters in each CWD office and Food Stamp issuance outlet in conspicuous places open to the public. We will print and mail the posters to all CWDs. These posters will be in English and Spanish and will include instructions in Vietnamese, Lao, Chinese and Cambodian that claimants may contact their worker for translation of the poster. The CWDs are responsible for displaying these posters on or before the first day of the claim period, which we estimate will be October 1, 1990. The posters must remain posted during the two-month claim period.

QUALITY CONTROL

CWDs will be held harmless for individual Quality Control (QC) errors related to the implementation of the court approved Partial Settlement Agreement for a period of 90 days beginning April 1, 1990.

If you have any questions about the Partial Settlement Agreement, contact Julie Andrews in the Food Stamp Policy Bureau at (916) 324-8701 or ATSS (916) 454-8701. If you have implementation questions, contact Carole Geller, AFDC/Food Stamp Policy Implementation Bureau at (916) 324-2015 or ATSS (916) 454-2015.



ROBERT A. HOREL
Deputy Director

Attachments

cc: CWDA

HOW TO BUDGET CWD PAID GRANTS WHEN THEY CANNOT BE PROSPECTIVELY BUDGETED

Attachment A

All payments are to be prospectively budgeted to the extent they can be anticipated with reasonable certainty and can be budgeted timely. The chart below displays the treatment of such payments when they cannot be prospectively budgeted.

	PA	RCA	GA ^{2/}
Initial Grant ^{1/}	Disregard this Payment	Disregard this Payment	Disregard this Payment
Regular Grant (Subsequent monthly payments)	Disregard this Payment	Disregard this Payment	Disregard this Payment
Additional Payments (e.g., supplemental payment for special needs, supplemental COLA payments)	Disregard in beginning ^{3/} months of Food Stamp participation.	Disregard in beginning months of Food Stamp participation.	Disregard this Payment
	Retrospectively budget ^{3/} for ongoing Food Stamp households (if not part of initial payment).	Retrospectively budget for ongoing Food Stamp households.	
Corrective Payments (e.g., correcting technical errors)	Disregard in beginning ^{3/} months of Food Stamp participation.	Disregard in beginning months of Food Stamp participation.	Disregard this Payment
	Retrospectively budget ^{3/} for ongoing Food Stamp households.	Retrospectively budget for ongoing Food Stamp households.	
Homeless Assistance	Exclude as Income ^{4/}	N/A	N/A

^{1/} The initial grant includes the first month's basic grant and any immediate need and homeless assistance payments that were issued prior to the authorization of that first month's basic grant. (NOTE: All homeless assistance payments are excluded from income pending the resolution of the Hamilton lawsuit.)

^{2/} GA payments are defined as payments from State or local funds and include CWD General Assistance/General Relief (GA/GR) programs.

^{3/} Temporary treatment of these payments pending the outcome of the continuing litigation of the Jones lawsuit.

^{4/} Homeless assistance payments shall not be budgeted either prospectively or retrospectively but shall be excluded from income pending the resolution of the Hamilton v. Lyng lawsuit.

JONES V. YEUTTER EXAMPLES

EXAMPLE 1:

ASSUMPTIONS

The household applies for Food Stamps and public assistance (PA) on January 20. The household is certified for Food Stamps on February 5. At that time it is impossible to anticipate what the household's PA grant will be or when it will be received. Therefore, Food Stamp benefits for February are calculated assuming no PA income.

The household is ultimately approved for PA on February 27 with a beginning date for aid of February 1. At that time they receive their PA payment for February. For the sake of this example, the dollar amount is \$400.

Because of the timing of the determination of PA eligibility, the County was unable to anticipate the amount and timing of March benefits. Therefore, Food Stamp benefits for March are based on an anticipated PA grant amount of zero.

OUTCOMES

When determining April benefits, using February as the budget month, the February PA payment was not budgeted prospectively. The \$400 would be disregarded retrospectively as an initial PA payment.

When determining May benefits, using March as the budget month, there is a payment of \$400 that was received but was not budgeted prospectively. A payment such as the one received in March in this example will not be counted retrospectively because it is a subsequent regular monthly PA payment even though it was not budgeted prospectively.

EXAMPLE 2:

ASSUMPTIONS

Basic assumptions contained in Example 1, above, relative to January, February and early March remain the same.

On March 10, the County determines that the household is actually eligible for a PA grant of \$500 per month rather than \$400. At that point a \$200 payment is made to the household representing an extra \$100 for February and \$100 for March. Thereafter, the payments will be \$500 per month. As in Example 1, no PA payments for February or March were budgeted prospectively.

OUTCOMES

For April, no payment received in February is budgeted retrospectively when determining April benefits. Only the regular monthly PA payment of \$500 received in April is used when determining April benefits.

For May, the \$400 regular monthly PA payment received in March is disregarded, as in Example 1. However, the County will budget \$100 of the additional \$200 received. The first \$100 is disregarded because it is a retroactive payment for a month other than the month in which it is received. The second \$100 is budgeted under the additional and corrective payments policy. Therefore, May benefits will be based on PA income of \$600, the total of the regular monthly PA payment of \$500 received in May and the \$100 corrective payment made in March. If March is the third beginning month the second \$100 payment will also be disregarded.

EXAMPLE 3:

ASSUMPTIONS

This is an ongoing Food Stamp/PA household. The household is receiving \$400 per month in PA benefits. The \$400 is being budgeted prospectively (for Food Stamp purposes each month). In January, the household reports a change that will result in a \$100 per month increase in PA benefits effective in February. This increase is not reflected in the check issued to the household at the beginning of the month. They receive only \$400. The Food Stamp allotment for February is based on the \$400 amount. Later in the month of February the household receives a payment of \$100 to correct for the underpayment. The household continues to receive the \$500 payment in March and subsequent months.

OUTCOMES

March benefits will be based on the regular monthly PA payment of \$500 made in March.

April benefits will be based on a total of \$600, the regular monthly PA payment of \$500 made for April and the retrospective counting of the \$100 payment made in February.

EXAMPLE 4:

ASSUMPTIONS

The circumstances are the same as in Example 3 except the corrective payment of \$100 is issued in March rather than February.

OUTCOMES

March benefits will be based on the regular monthly PA payment of \$500. The \$100 corrective payment would not be counted because it is a retroactive payment for another month.

April benefits will be based on \$500 of regular monthly PA income.

May benefits will be based on \$500 of regular monthly PA income. In the budget month of March, a corrective payment was received and was not prospectively budgeted for March. However, it will NOT be budgeted retrospectively for May because when issued in March it was a retroactive payment for another month.

EXAMPLE 5:

ASSUMPTIONS

The case is an ongoing Food Stamp/PA household. They become homeless and receive one or more homeless assistance payments. These payments were not anticipated and therefore were not budgeted prospectively.

OUTCOME

To the extent that these payments are not disregarded for another reason, they would be budgeted retrospectively as an additional payment provided the household remained subject to monthly reporting and retrospective budgeting.

EXAMPLE 6:

ASSUMPTIONS

A household applies for Food Stamps and PA at the same time. They are determined eligible for an immediate need payment. They are also determined eligible for Food Stamps. Subsequently, the household receives a payment reflecting the balance of their regular monthly PA payment (regular monthly PA payment minus the immediate need payment).

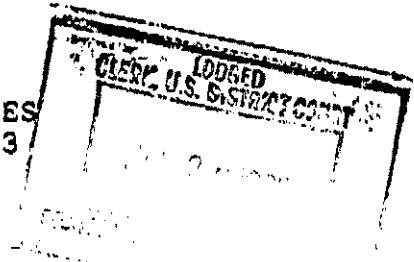
All of the above PA payments are made in the month of application.

OUTCOME

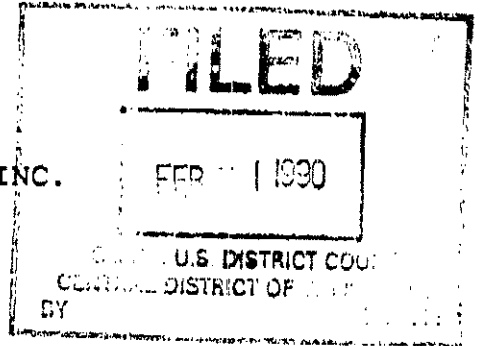
Even if the PA payments (immediate need and balance) cannot be anticipated and counted prospectively, they will NOT be counted retrospectively since the immediate need payment and the subsequent balance payment together represent the initial PA payment to the household.

COPY

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12 UNITED STATES DISTRICT COURT
 13 CENTRAL DISTRICT OF CALIFORNIA
 14

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 17 LINDA ANDERSON, ELIZABETH ABREGO,)
 LEATHA DAVIS, RONALD CORNMAN and)
 18 MICHAEL MORGENROTH, on behalf of)
 themselves and all others)
 similarly situated,)

Case No.
 CV-89-0768 WDK (JRx)

[PROPOSED]
 PARTIAL SETTLEMENT
 AGREEMENT

19 Plaintiffs,

CLASS ACTION

20 v.

21 CLAYTON K. YEUTTER, in his)
 official capacity as Secretary of)
 22 the U.S. Department of)
 Agriculture; and LINDA McMAHON,)
 23 in her official capacity as)
 Director of the California)
 24 Department of Social Services,)

25 Defendants.

26
 27
 28

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1 PARTIAL SETTLEMENT AGREEMENT

2 Pursuant to F.R.Civ.P. 23(e) and Local Rule 18.5, the
3 parties through their respective counsel have filed an
4 application for approval and entry of a Partial Settlement
5 Agreement. The purpose of the Partial Settlement Agreement is
6 to resolve the claims of the named plaintiffs and certain other
7 plaintiff class members.

8 I

9 BACKGROUND

10 Plaintiffs initiated this class action suit on February 8,
11 1989. On April 6, 1989, the plaintiffs filed as of right an
12 Amended Complaint. On June 16, 1989, the Court granted
13 plaintiffs leave to file their Second Amended Complaint. The
14 lawsuit challenges the interpretation and application of
15 certain budgeting rules within the food stamp program as
16 administered in California. Specifically, plaintiffs challenge
17 on various statutory, regulatory and constitutional grounds the
18 defendants' interpretation and application of the policy set
19 forth in 7 C.F.R. § 273.21(j)(1)(vii)(B) (1988) and the
20 corresponding state regulation, Manual of Policies and
21 Procedures (MPP) 63-503.232(c)(4).

22 Specifically, for households subject to monthly reporting
23 and retrospective budgeting, the plaintiffs challenge the
24 retrospective counting of any additional or corrective payments
25 not previously budgeted for food stamp purposes where
26 California has selected the option of calculating food stamp
27 benefits based on the public assistance or general assistance
28

1 grant amount to be paid in the issuance month. Under this
2 policy, the defendants determine the amount of food stamp
3 benefits to which a household is entitled in a given month on
4 the basis of the public assistance or general assistance income
5 received in that same month as well as on the basis of any
6 "additional or corrective" public assistance or general
7 assistance income received two months earlier, i.e.,
8 "retrospectively", which had not been previously budgeted.
9 See, 7 C.F.R. § 273.21(j)(1)(vi)(B).

10 In challenging this additional or corrective payment
11 policy, plaintiffs assert claims on behalf of food stamp
12 households in California which are affected by the policy and
13 which are receiving various kinds of cash assistance.

14 The Court has ordered that a class be certified in this
15 action. The class as a whole is defined as follows:

16 all food stamp eligible households in California
17 receiving public assistance and/or general assistance
18 within the meaning of 7 C.F.R. § 271.2 (1988) which
19 are or have been subject to reduction or denial of
20 food stamps as a result of the application of the
21 defendants' "additional or corrective payment"
22 policy.

23 The class is further defined to include a subclass, defined as
24 follows:

25 all such households which, during the initial months
26 of their participation in the food stamp program, are
27 or have been subject to reduction or denial of food
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1 stamps as a result of the budgeting in the same month
2 of the public assistance or general assistance grant
3 for the current month and the public assistance or
4 general assistance grant for a prior month, which
5 previously had been disregarded because of
6 uncertainty as to amount or time of receipt.

7 See, Amended Order Certifying Case As A Class Action (May 19,
8 1989).

9 The federal defendant, Clayton K. Yeutter, Secretary of
10 Agriculture, has the responsibility to ensure that the
11 California food stamp program is operated in conformity with
12 federal law. The state defendant, Linda McMahon, Director of
13 the California Department of Social Services, has
14 responsibility for the administration of the food stamp program
15 in California.

16 By entering into this Court-approved Partial Settlement
17 Agreement, the federal and state defendants do not admit
18 liability.

19 The parties agree that this Partial Settlement Agreement
20 supersedes their earlier agreement (entitled, Agreement Among
21 Parties Pending Resolution of Case (effective February 17,
22 1989) and All County Letter No. 89-21, attached as Exhibits 1
23 and 2, respectively).

24 For purposes of this Partial Settlement Agreement, the
25 following terms shall be as defined below:

26 "Public assistance" means any of the following programs
27 authorized by the Social Security Act of 1935, as amended: Old-

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1 age assistance, aid to families with dependent children (AFDC),
2 including AFDC for children of unemployed fathers, aid to the
3 blind, aid to the permanently and totally disabled, and aid to
4 aged, blind or disabled.

5 "General assistance" means cash or another form of
6 assistance, excluding in-kind assistance, financed by State or
7 local funds as part of a program which provides assistance to
8 cover living expenses or other basic needs intended to promote
9 the health or well-being of recipients.

10 "Additional or corrective payment policy" refers to the
11 procedure set forth in 7 C.F.R. § 273.21(j)(1)(vii)(B).
12 Specifically, for food stamp households subject to monthly
13 reporting and retrospective budgeting, the term, "additional or
14 corrective payment policy" means the procedure of
15 retrospectively counting any additional or corrective payments
16 (not previously budgeted for food stamp purposes) where
17 California has selected the option of budgeting food stamp
18 benefits based on the public assistance grant to be paid in the
19 issuance month.

20 "Beginning months" means the first two or three months of
21 a household's participation in the food stamp program, as
22 provided for in 7 C.F.R. § 271.2 and MPP 63-503.222.

23 The terms and conditions of this Partial Settlement
24 Agreement are as follows:

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II

RELIEF FOR NAMED PLAINTIFFS

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3 1. The federal and state defendants agree that the
4 aforementioned additional or corrective payment policy is not
5 applicable to the cash assistance payments received by each of
6 the named plaintiffs in the months placed in dispute by this
7 lawsuit, specifically as follows:

8 (a) the public assistance payments in the form of Aid
9 to Families with Dependent Children (AFDC) benefits received by
10 Christine Jones and her children during the month of February
11 1989;

12 (b) the public assistance payments in the form of
13 AFDC benefits received by Galina Alexandrov, her husband and
14 their children during the month of February 1989;

15 (c) the general assistance payments in the form of
16 county general relief benefits received by Doris Wilson during
17 the month of October 1986;

18 (d) the general assistance payments in the form of
19 county general relief benefits received by Linda Anderson
20 during the month of September 1986;

21 (e) the general assistance payments in the form of
22 state reduced income supplemental payments received by
23 Elizabeth Abrego during the month of December 1988;

24 (f) the general assistance payments in the form of
25 county general relief benefits received by Leatha Davis during
26 the month of January 1989;

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1 (g) the general assistance payments in the form of
2 county general relief benefits received by Ronald Cornman
3 during the month of July 1988;

4 (h) the general assistance payments in the form of
5 supplemental county general relief benefits received by Michael
6 Morgenroth during the month of January 1989.

7 2. To the extent that any of the named plaintiffs, as a
8 result of the application of the additional or corrective
9 payment policy as alleged in the Second Amended Complaint,
10 sustained a reduction or suspension or were assessed an
11 overissuance of food stamp benefits, the state defendant agrees
12 to recalculate their food stamp benefits and restore to them
13 the food stamp benefits to which they are otherwise entitled.

14 3. To the extent that any of the named plaintiffs, as a
15 result of the application of the additional or corrective
16 payment policy as alleged in the Second Amended Complaint,
17 are subject to a claim that they were overissued food stamp
18 benefits, the state defendant agrees to waive any such alleged
19 overissuance, and not to take any further action to reduce
20 future food stamp benefits or otherwise recover or recoup food
21 stamp benefits from the named plaintiffs on the basis of any
22 such alleged overissuance.

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III

CLASS RELIEF

A. Food Stamp Households Receiving Public Assistance

4. The parties agree to entry of an order which supersedes their earlier agreement, reflected in the attached Exhibits 1 and 2. Under this order, the federal and state defendants agree that the initial public assistance payment and subsequent regular monthly public assistance payments shall not be retrospectively budgeted in a later month as an additional or corrective payment within the meaning of 7 C.F.R.

§ 273.21(j)(1)(vii)(B). These payments will be prospectively budgeted to the extent they are anticipated with reasonable certainty. Attached as Exhibit 3 are representative examples of the manner in which this provision shall apply.

5. The state defendant agrees that the state regulation, MPP 63-503.232(c)(4), shall be amended to conform with the foregoing paragraph.

6. Pending final resolution of plaintiffs' remaining claims, the federal and state defendants agree that the additional or corrective payment policy set forth in 7 C.F.R. § 273.21(j)(1)(vii)(B) shall not be applied to any public assistance payments received by food stamp households during the beginning months of a household's participation in the food stamp program.

7. The federal and state defendants agree that any California food stamp household receiving public assistance

1 payments which, as a result of the implementation of withdrawn
2 All-County Letter No. 88-150, may have sustained an actual
3 reduction or suspension of food stamp benefits between
4 December 2, 1988 and February 17, 1989, shall also be entitled
5 to the restoration of food stamp benefits on the same terms and
6 conditions as set forth in All County Letter No. 89-21, supra.

7 B. Food Stamp Households Receiving
8 General Assistance.

9 8. The federal and state defendants agree that the
10 aforementioned additional or corrective payment policy is not
11 applicable to general assistance within the meaning of 7 C.F.R.
12 § 271.2.

13 9. The federal and state defendants agree to restore
14 food stamp benefits to any class member who, from June 16,
15 1988, to the effective date specified in the All County Letter
16 referred to in paragraph 28 below, sustained an actual
17 reduction or suspension of food stamps as a result of the
18 application of the additional or corrective payment policy to
19 such class member's receipt of general assistance payments.

20 C. Notices and Claim Forms.

21 10. As set forth below, the state defendant agrees to
22 issue a written notice and claim form to the plaintiff class,
23 which shall notify the class members that they may be entitled
24 to additional food stamps or to a cancellation of an alleged
25 overissuance of food stamp benefits.

26 11. The state defendant shall issue the written notice
27 and claim form by first class mail to all food stamp households
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1 in California which are subject to retrospective budgeting and
2 are receiving food stamps as of the last day of the month prior
3 to the day the claim period defined below in paragraph 18
4 begins. The notice and claim form shall be mailed no later
5 than the first day of the claim period. The written notice
6 shall advise the class members that those households which had
7 received an initial public assistance payment and subsequent
8 regular monthly public assistance payments between December 2,
9 1988 and February 17, 1989, or general assistance payments from
10 June 16, 1988 to the effective date specified in the All County
11 Letter referred to below in paragraph 28, may have had their
12 food stamp benefits reduced or suspended because their income
13 was budgeted under the current additional or corrective payment
14 policy.

15 12. The State Department of Social Services ("SDSS")
16 shall have twenty (20) working days from its receipt of the
17 Court-approved Partial Settlement Agreement to develop a draft
18 of a written notice and claim form and submit the document to
19 plaintiffs' attorneys for review.

20 13. Plaintiffs' attorneys shall have ten (10) working
21 days from the date of receipt of the draft claim form to submit
22 to SDSS any comments on the proposed language, content and
23 format of the form.

24 D. Posters.

25 14. SDSS shall have twenty (20) working days from its
26 receipt of the Court-approved Partial Settlement Agreement to
27 develop a draft 18" by 22" poster printed in English and
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1 Spanish which shall contain similar language as contained in
2 the mailed noticed referred to in paragraph 10 above. The
3 posters will also include instructions in Vietnamese, Lao,
4 Chinese and Cambodian which translate to: "Welfare may owe you
5 food stamps. You may ask your worker to translate this
6 notice."

7 15. SDSS shall submit the poster to plaintiffs' attorneys
8 for review. Plaintiffs' attorneys shall have ten (10) working
9 days from the date of receipt of the proposed poster to submit
10 to the SDSS any comments on the language and format of the
11 poster.

12 16. The posters will be placed in each county welfare
13 department office and food stamp issuance outlet in a
14 conspicuous place open to the public. The posters shall be
15 posted on or before the first day of the claim period and shall
16 remain posted during the entire claim period defined below.

17 17. SDSS and the plaintiffs' attorneys shall confer on
18 the format and language of the notice and claim form and
19 poster. If the parties fail to agree, the matter may be
20 submitted to the court for resolution.

21 E. Claim Period and Procedure.

22 18. The claim period shall begin two (2) calendar months
23 following the effective date of the state regulations which
24 implement this Court-approved Partial Settlement Agreement.
25 Claims will be accepted for two (2) calendar months following
26 the date that the claim period begins. The postmark date on
27 the claim shall be regarded as the date of filing of the claim.

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1 19. Claimants must submit claim forms to the county
2 welfare department which handled their case at the time of the
3 food stamp reduction or suspension. Should a claim form be
4 submitted to the wrong county welfare department, that county
5 welfare department shall forward the claim form to the correct
6 county, if known. If the claim form gives no indication of the
7 correct county, the claim shall be denied with a notice of
8 action so informing the claimant.

9 20. The county welfare departments shall process claim
10 forms and approve or deny claims within sixty (60) calendar
11 days of the close of the claim period.

12 21. Each claimant shall receive a written notice of
13 action explaining the approval or denial of the claim and the
14 right to a state hearing.

15 F. Regulations.

16 22. SDSS shall adopt, publish and implement the necessary
17 and proper regulations to ensure the implementation of the
18 terms of this agreement.

19 23. SDSS shall have sixty (60) working days from its
20 receipt of the Court-approved Partial Settlement Agreement to
21 prepare proposed state regulations for submission to
22 plaintiffs' attorneys for review and comment.

23 24. Plaintiffs' attorneys shall have ten (10) working
24 days from the date of receipt of the draft regulations to
25 submit to SDSS any comments on the proposed regulations.

26 25. Within ten (10) working days of receipt of the
27 plaintiffs' attorneys' comments, plaintiffs' attorneys and SDSS

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1 shall confer if necessary to attempt to resolve any
2 differences. In the event any differences cannot be resolved,
3 the matter may be submitted to the court for resolution.

4 26. SDSS shall have twenty (20) working days from the
5 resolution of any differences to submit regulations to the
6 Office of Administrative Law for adoption.

7 27. The regulations shall be adopted on an emergency
8 basis to implement the terms of this agreement.

9 IV

10 OTHER TERMS AND CONDITIONS

11 28. SDSS shall have twenty (20) working days from its
12 receipt of the Court-approved Partial Settlement Agreement to
13 issue a new All County Letter advising all county departments
14 of social services of the terms and conditions of this Court-
15 approved Partial Settlement Agreement and directing that they
16 conform their policies and practices with it as promptly as is
17 administratively possible.

18 29. The federal defendant will not impose any sanctions
19 against the state defendant for implementing policies
20 consistent with this Court-approved Partial Settlement
21 Agreement. The state defendant will be held harmless for
22 individual quality control errors related to the implementation
23 of this Court-approved Partial Settlement Agreement for a
24 period of 90 days beginning with the effective date of
25 implementation specified in the All County Letter referred to
26 in paragraph 28, above.

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1 30. The plaintiffs agree to the dismissal with prejudice
2 of all individual claims asserted on behalf of the named
3 plaintiffs, namely, Christine Jones, Galina Alexandrov, Doris
4 Wilson, Linda Anderson, Elizabeth Abrego, Leatha Davis, Ronald
5 Cornman and Michael Morgenroth.

6 31. The plaintiffs agree to the dismissal with prejudice
7 of all claims asserted on behalf of the plaintiff class,
8 defined at paragraph 18 of the Second Amended Complaint,
9 insofar as the rights of those class members were allegedly
10 violated as a result of the application of the defendants'
11 additional or corrective payment policy to the receipt of
12 general assistance payments.

13 32. Nothing in this Court-approved Partial Settlement
14 Agreement shall be construed as limiting in any manner the
15 right of the plaintiffs to contest the remaining claims on
16 behalf of the class, i.e., food stamp cases in California in
17 which the household receives "public assistance" payments
18 subject to the federal and state defendants' additional or
19 corrective payment policy.

20 33. Nothing in this Court-approved Partial Settlement
21 Agreement shall be construed as limiting in any manner the
22 right of the plaintiffs to make a subsequent claim for attorney
23 fees, costs or expenses, including but not limited to those
24 recoverable pursuant to 42 U.S.C. § 1988 and 28 U.S.C. § 2412.

25 34. Nothing in this Court-approved Partial Settlement
26 Agreement precludes Congress from enacting legislation or the
27 Secretary of the U.S. Department of Agriculture from

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1 promulgating regulations which are consistent with federal law
 2 that would affect the future rights of the plaintiffs or
 3 members of the class regarding any of the issues in this
 4 litigation.

5 READ AND AGREED TO:

6 By: Brian Lawlor
 7 BRIAN PATRICK LAWLOR
 8 LEGAL AID FOUNDATION OF LOS ANGELES
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10 Attorney for Plaintiffs

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15 Attorney for Federal Defendant

16 By: Lesley A. Sive
 17 LESLEY A. SIVE
 18 DEPUTY ATTORNEY GENERAL
 19 3580 Wilshire Blvd., Suite 800
 Los Angeles, California 90010
 Telephone: (213) 736-3478

20 Attorney for State Defendant

21
 22 ORDER

23 The Court has considered the terms and conditions of the
 24 foregoing Partial Settlement Agreement and determines that they
 25 constitute a bona fide settlement which is in the best interest
 26 of the class, and constitute a reasonable partial compromise of
 27 the plaintiff class claims. The Court further determines that,
 28

1 because this matter is a class action proceeding pursuant to
 2 Rule 23(b)(2) involving essentially claims for declaratory and
 3 injunctive relief and the restoration of food stamp benefits to
 4 be determined under state administrative processes, other than
 5 as provided in the Partial Settlement Agreement there is no
 6 need for further notice or hearing to class members. Pursuant
 7 to F.R.Civ.P. 23(e) and Local Rule 18.5, the Court hereby

*WOK
(ST)*

8 *Subject to final review on 7/2/90 of the proposed notices, regulations, etc. as have*
 approves the Partial Settlement Agreement ~~the terms and~~ *been adhered to*
 9 ~~conditions of which shall be deemed the order of the Court.~~ *be presented to the Court*

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DATED: 2-1-90

WILLIAM D. KELLER

 WILLIAM D. KELLER
 U.S. District Judge

AGREEMENT AMONG THE PARTIES PENDING RESOLUTION OF CASE

Plaintiffs have filed litigation before the United States District Court for the Central District of California entitled Jones, et al. v. Yeutter, et al., U.S.D.C., E.D. Ca., Civil No. 89-0768 WDK (JRx). The plaintiffs, defendant Clayton K. Yeutter, Secretary of Agriculture, and defendant Linda McMahon, Director of the California Department of Social Services, by and through their respective counsel, hereby agree to the following:

1. This agreement shall become effective immediately upon execution by counsel for the respective parties herein.

2. In exchange for the following terms agreed to by defendants, plaintiffs will not seek an order of temporary and/or preliminary relief from the Court on behalf of the named plaintiffs or the putative class members.

3. Effective the date this agreement is executed by all parties, the State defendant agrees to withdraw California Department of Social Services All County Letter No. 88-150, attached to the Complaint herein as Exhibit 2.

4. Within one business day of the date that plaintiffs telefax this executed agreement to State defendant at 916-445-4846, attention Sharon Hindley, Legal Affairs, defendant McMahon shall notify in writing all county departments of social services that All County Letter No. 88-150 has been withdrawn, effective immediately. Defendant McMahon shall assure that this written notice is delivered by telegraph, express mail, electronic mail or other comparable means intended to assure delivery no later than the following business day.

5. Within five business days of the date that this agreement is telefaxed to the State defendant, defendant McMahon shall issue a new All County Letter which shall direct county departments of social services to withdraw any Notice of Action or other comparable county action which is effective subsequent to the effective date of this agreement and would purport to reduce or deny food stamps to any otherwise eligible food stamp household as a result of implementation of withdrawn All County Letter No. 88-150.

6. The aforementioned new All County Letter shall also provide that, as of the date that this agreement becomes effective and any time thereafter, in the event that any otherwise eligible food

stamp household suffers an actual reduction or denial of food stamps as a result of the inadvertent implementation of withdrawn All County Letter No. 88-150, any such food stamps shall be restored on an expedited basis to the household once that error becomes known to the county department of social services.

7. Federal defendant shall hold the State defendant harmless for any quality control errors which may occur in the period during which this agreement is in effect and which errors result from State defendant's implementation of the terms of this agreement.

8. The parties herein agree that this agreement shall remain in effect until such time as this action is resolved either by subsequent agreement of the parties herein or by judicial disposition.

READ AND AGREED TO:

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DATED: 2/17/89

Counsel for Plaintiffs

By: *Roger Weiner*

DATED: Feb. 16, 1989

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Secretary of U.S. Department of Agriculture

By: *Lesley Ann Sive*

DATED: Feb. 17, 1989

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