

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

April 12, 1990



ALL COUNTY LETTER NO, 90-33

TO: ALL COUNTY WELFARE DIRECTORS
ALL FOOD STAMP PROGRAM COORDINATORS

SUBJECT: JONES v. YEUTTER LAWSUIT; CLARIFICATION OF CERTAIN
PROVISIONS CONTAINED WITHIN ALL COUNTY LETTER NO. 90-22

REFERENCES: ACL 88-150, DATED DECEMBER 2, 1988
ACL 89-21, DATED FEBRUARY 24, 1989
ACL 89-100, DATED NOVEMBER 22, 1989
ACL 90-22, DATED FEBRUARY 27, 1990
M, S, 63-503, 232 (c) (4)

The purpose of this letter is to provide County Welfare Departments (CWDs) with further information and clarification of ACL 90-22 which implemented the provisions of the court approved Partial Settlement Agreement signed on February 1, 1990 in the Jones - Yeutter class action lawsuit.

CWDs were instructed in ACL 90-22 to budget on a retrospective basis any additional/corrective PA payments received by ongoing Food Stamp households (FSHHs) which could not be budgeted prospectively. However, confusion resulted when CWDs attempted to distinguish additional/corrective payments from subsequent regular monthly PA payments.

Clarification received from Food and Nutrition Service, Western Region Office, indicated that what the CWD reasonably anticipates it will pay in the issuance month is the context within which the additional/corrective payment policy is applied. Therefore, in evaluating whether an additional/corrective payment exists, the CWD must determine whether a grant level has been established for the issuance month. Once a PA grant amount has been established and is budgeted prospectively for Food Stamp benefit computation purposes, that PA amount would be considered the household's regular monthly payment for the issuance month. Any adjustment to this amount is to be considered an additional/corrective payment. However, the establishment of a grant amount must entail an amount that could be paid (i.e., an amount of \$0 does not constitute a grant amount). If no PA amount was budgeted prospectively, any PA payment issued subsequently shall not be considered an additional/corrective payment.

The following case situations illustrate the distinction between additional/corrective and subsequent regular monthly PA payments.

1. An ongoing FSHH reported the birth of a child in March. As a result, the CWD issued two supplemental PA payments in April, the first for prorated March benefits, the second for April benefits and added the child to the FSHH effective April 1st.

The prorated supplement for March benefits would be considered a nonrecurring lump sum payment and must be counted as a resource in April in accordance with M.S. 63-502.2(j). The supplemental PA payment received in and for the month of April would be considered an additional/corrective payment which must be budgeted retrospectively for the June issuance month.

NOTE: In Jones - Yeutter, the reference to initial payments was related to the grant to the FSHH rather than specific individuals within the household.

2. An ongoing FSHH filed a March CA 7 which resulted in a determination that the monthly PA grant would decrease from \$400 to \$50 for May. The \$50 PA grant level was used to determine the Food Stamp benefits for the issuance month of May. Subsequently, the FSHH filed an administrative appeal and received aid paid pending in the amount of \$400.

In this instance, \$350 (\$400-\$50) would not be budgeted retrospectively as an additional/corrective payment. This is because aid paid pending is required by State administrative appeals procedures. The \$350 +\$50 would be considered a subsequent regular monthly payment under the requirements of the partial settlement agreement.

3. An ongoing FSHH filed a March CA 7 which caused the CWD to reduce the May PA grant amount to \$0. The CWD used \$0 income to compute the Food Stamp benefit level for the issuance month of May. Subsequent to this action, the CWD discovers that an error was made in the determination of the FSHH's PA grant and recomputes the PA budget to an appropriate grant amount of \$400.

The \$400 would be considered a subsequent regular monthly PA payment. As previously noted, no other grant amount for the issuance month had been established and paid. Therefore, the amount issued would be considered a subsequent regular monthly PA payment. However, if the CWD had established and actually paid a grant amount (e.g. \$50), any adjustment to this amount must be considered an additional/corrective payment amount and budgeted retrospectively regardless of how the additional/corrective payment was issued (i.e. on check, two checks, etc.).

Information regarding the restoration of benefits to affected Food Stamp households was also provided in ACL 90-22 (page 3). CWDs were instructed to 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/corrective payment policy. The sentence should be corrected to read, "CWDs must restore benefits to any otherwise eligible Food Stamp Household that lost FS benefits..." rather than GA benefits.

CWDs were also informed that overissuance claims established as a result of the additional/corrective payment policy in effect prior to the Partial Settlement Agreement must be cancelled. However, the instructions failed to provide clarity regarding the time frame for restoration of benefits under these circumstances. Any claims established resulting from application of this policy for the period between 6/16/88 and 4/1/90 must be cancelled.

The chart depicting how to budget CWD paid grants when they cannot be prospectively budgeted (Attachment A of ACL 90-22) omitted a parenthetical statement under the second sentence in the treatment of additional payments for RCA. The treatment should read, "Retrospectively budget for ongoing Food Stamp households (if not part of initial payment)."

If you have any questions, please contact Carole Geller of the AFDC and Food Stamp Policy Implementation Bureau at (916) 324-2015.



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Director