

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

November 27, 1984

ALL COUNTY INFORMATION NOTICE NO. 1-106-84

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: STEPHENS vs. McMAHON
SHAW vs. McMAHON

REFERENCE: ALL COUNTY LETTER 84-109

This is to inform you that on November 8, 1984 a judgment was issued by the Superior Court of San Diego County in the case of Stephens vs. McMahon. A copy of the judgment is attached.

This judgment requires the Department to define one-time windfall payments such as personal injury payments, workers compensation (but not to the extent they represent back wages), gifts, inheritances, lottery winnings, damage claim settlements, and insurance death benefits as resources in the month received and, thereafter, to the extent they are retained. Therefore, cases with these types of payments will not have the lump sum period of ineligibility applied (EAS 44-207.4) and may remain eligible for aid if their resources are below the resource limit on the first of the month following receipt of the lump sum payment. Lump sums of money still subject to the lump sum income regulation will include only those lump sums representing current earned or unearned income that have accrued and would have otherwise been paid on a regular recurring basis, but for some delay (e.g., back wages, Social Security benefits, or retroactive unemployment insurance benefits).

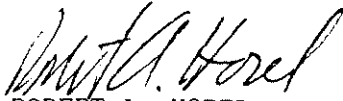
The Department will be issuing an All County Letter to require counties to recompute eligibility and benefits for adverse actions taken on windfall lump sum cases for all AFDC FG & U cases from October 1, 1984 forward. These actions include denials, terminations, grant reductions, and suspensions. Counties will be required to locate these cases (which should have been flagged in response to ACL 84-109). In the recomputation the windfall lump sum payments will be considered a resource.

With respect to windfall lump sum actions taken prior to October 1, 1984, but resulting in periods of ineligibility or grant adjustments continuing past October 1, 1984, counties will be asked to make adjustments only in response to applications. SDSS will be mailing Medi-Cal stuffers to current and former recipients March 1, 1985 and providing posters to CWDs in order to inform persons of the need to apply. A future All County Letter will provide you with the procedures you will need to follow when you receive applications.

In addition, the Department will be processing emergency regulations to change the treatment of windfall lump sum payments from income to resources.

Because the Shaw case has not been finally settled, you must continue to flag all federal AFDC FG & U cases/applications which are impacted by the application of the lump sum rule. In addition, we have determined that all RCA/ECA cases impacted by the lump sum rule must also be flagged.

We will keep you informed of further developments. If you have any questions, please contact Bob Stipe, AFDC Program Development Bureau at (916) 324-2012.



ROBERT A. HOREL
Deputy Director

Attachment