

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



November 14, 1986

ALL COUNTY LETTER NO. 86-117

TO: ALL COUNTY WELFARE DIRECTORS

REFERENCES: ALL COUNTY LETTER NO. 86-45

ALL COUNTY WELFARE DIRECTOR MEDS TRANSMITTAL OF JUNE 10, 1986

ALL COUNTY LETTER NO. 86-55 ALL COUNTY LETTER NO. 86-84

ALL COUNTY LETTER NO. 86-90

SUBJECT: RUTAN v. McMAHON

This letter transmits the Notice of Action messages to be used in the Rutan v. McMahon court ruling and to clarify several issues in All County Letter 86-90, dated September 16, 1986 which transmitted detailed implementing instructions.

The attached messages are to be used in noticing families who have had their lump sum period of ineligibility recalculated under the Rutan v. McMahon court order.

Following are clarifications of All County Letter 86-90:

1. A sentence was omitted in the implementing instruction, No. 1, second paragraph. It should read as follows (the omitted words are underlined):

If a case was discontinued effective August 31, 1986 due to the receipt of lump sum income, that action must be rescinded and the benefits restored. The lump must be treated as income in the month received and budgeted accordingly.

2. No. 1 of the implementing instructions regarding lump sum income as property in month following receipt for the purpose of determining state- only AFDC eligibility is clarified as follows: The lump sum income received is treated as income and budgeted accordingly. The income becomes property in the month following receipt. The county must evaluate if the family is within the property limits on the first of the month following receipt of the lump sum income. If the family is over the property limit in the month following receipt of the lump sum income, and the family is still receiving aid, any amount of aid received is an overpayment due to excess property. The suspense month is still in effect and the county should verify property values for the first of the month following suspension, prior to resuming aid.

However, if it is confirmed that the family will be over the property limit on the first of the month following receipt of the income and there is sufficient time to send timely notice, the case would be discontinued due to excess property. Because the case would be discontinued effective the first of the month following receipt, there would be an overpayment in the month of receipt if the income exceeded 185% of Minimum Basic Standard Adequate Care (MBSAC). Since the case is discontinued, the retrospective cycle would be broken, with no ability to suspend. The month of receipt becomes the ineligible month if the income exceeded 185%.

3. No. 3 of the implementing instructions is clarified as follows: "still currently in a period of ineligibility" means that an individual is in a period of ineligibility as of August 1, 1986.
4. When changing or adding a caretaker relative to the assistance unit, the new caretaker relative must be given the lump sum general informing notice.
5. We suggest that the general informing notice be included as part of the annual redetermination package.
6. When recalculating the period of ineligibility for those individuals currently in a period of ineligibility, the county must only take into account the amount of the lump sum that was determined to be available. For example, a family in February 1986 received recurring income of \$500 and a lump sum of \$1500 totaling \$2000. A four month period of ineligibility was calculated. The family applies for Rutan, the family certifies that \$1200 was spent prior to receipt of the notice of action discontinuing the family due to lump sum. \$800 is considered in the recalculation of the lump sum period of ineligibility.
7. Counties must continue to inform families of their potential eligibility pursuant to the Shaw v McMahon court order.

If there are any further questions regarding this, please call Cindy Wong Lan of the AFDC Policy Bureau at (916) 324-2158.



ROBERT A. HOREL
Deputy Director

Attachments