

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, CA 95814



August 29, 1986

ALL COUNTY LETTER NO. 86-84

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: RUTAN v. McMAHON

REFERENCES: All County Letter No. 86-45

All County Welfare Directors MEDS Transmittal of June 10, 1986

All County Letter No. 86-55

On August 20, 1986, the Superior Court of Alameda County issued a preliminary injunction in the Rutan v. McMahon court case. A copy of the order is attached. The order enjoins the Department from:

- 1, Applying the lump sum regulations (MPP Section 44-207,4) to recipients who have not received a written notice (Exhibit A) explaining the lump sum rule prior to receipt of the lump sum income as of August 25, 1986;
2. Failing and refusing to redetermine the lump sum period of ineligibility for former AFDC recipients who are currently ineligible due to the receipt of lump sum income who:
  - a. did not receive a written explanation of the lump sum rule prior to the receipt of the lump sum income, and
  - b, spent all or part of the lump sum income prior to receiving any written notice (i.e., a notice of action).
3. Recouping overpayments resulting from the application of the lump sum regulations.

The purpose of this letter is to provide you with specific interim instructions to begin the implementation of this order.

Counties are instructed immediately to:

1. Cease applying MPP Section 44-207,4 for new applications as of August 25, 1986, and for ongoing cases as of September 1, 1986.

If an ongoing case is to be discontinued effective September 1, 1986 due to the receipt of lump sum income, that action must be rescinded and the benefits must be restored. The income received must be treated as regular income and budgeted accordingly.

In all cases, property values should be verified for the first of the month following suspension, prior to resuming aid.

2. Cease all recoupment activity for overpayments caused by the receipt of lump sum income as of August 20, 1986 (for recoupments being made by grant adjustment, this would apply beginning with the September grant).

Exhibit A of the court order is the written notice explaining the lump sum rule that must be given to all applicants and sent to all recipients within 45 days of the order. Counties are required to give all applicants this notice. Attached is a reproducible copy of the Notice for your use, However, counties may develop their own notice by using the language provided in Exhibit A. The only variations counties may make is the size of the paper, the use of upper and lower case letters for the text, and the option of providing the address and telephone numbers of the local legal aid office. Counties should begin to take the necessary action for the mass mailing,

Further instructions regarding this order will be forthcoming in the near future. If you have any questions please contact Cindy Wong Lan at (916) 324-2158.



ROBERT A. HOREL  
Deputy Director

Attachment