

**Welfare  
Advocates'  
Guide to  
AFDC  
Lump Sum  
Income  
Issues**

*MAY 1990*

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## ABOUT CCWRO

The Coalition of California Welfare Rights Organizations (CCWRO), located in Sacramento, is a nonpartisan, nonprofit legal services back-up center that provides legal representation, consultation and information to legal services programs and other persons referred to CCWRO by legal services field programs. CCWRO provides information on public policy issues that have an impact on low income persons.

CCWRO's Board of Directors consists of current and former recipients of public assistance as well as concerned professionals.

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## HISTORY OF LUMP SUM INCOME

The lump sum income rule was first proposed by then Governor, Ronald Reagan as part of his infamous welfare reform act. It was enacted into State law as a part of the Reagan Welfare Reform Act of 1971, Chapter 578, § 24.4. Welfare and Institutions Code Section 11157 was added, but never went into effect because it was inconsistent with federal law.

The State law became effective after 1981, when Reagan passed his punitive AFDC cuts through Congress in legislation known as OBRA (the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35.) The OBRA Amendments created numerous horror stories and lawsuits. In response to the lawsuits, Congress amended the federal law in 1985 to provide for the reduction of the lump sum income period in certain limited situations as a part of DEFRA (Deficit Reduction Act of 1985, P.L. 98-369).

## LUMP SUM INCOME

Lump sum income is defined to be any income which is not a recurring, regular income, such as retroactive SSA benefits, real estate commissions, inheritance or personal injury settlements, etc..

When a recipient receives a lump sum income, it is used as income either in the month that the family receives it, provided the client informed the county that a lump sum income would be received, or it would be prior month budgeted. This means that if the lump sum income is received in October and reported on the November CA-7, it will be used commencing in the month of December.

The number of months that a family is ineligible is determined by dividing the total amount of the lump sum income plus any other income received during that month, by the monthly AFDC grant.

Lump sum income ineligibility periods can be shortened when some of the funds have been spent on medical expenses or other expenses which are found to be "beyond the control of the family."

We are attaching copies of the the federal and State laws and regulations governing the lump sum income rule.

### WHAT CAN YOU ADVISE CLIENTS WHO KNOW THEY ARE GOING TO RECEIVE A LUMP SUM INCOME PAYMENT?

Persons who know they will receive a lump sum income can avoid these regulations by closing their AFDC case before they receive the lump sum income. If the family tells the county welfare department they want to stop their aid because they are expecting a lump sum income and the lump sum arrived the next month, the county will consider it as lump sum income even though the case was closed before the recipient received the lump sum.

*Example: If the recipient closes the case on November 10th and informs the worker that the reason is that he will be receiving a lump sum and then receives the lump sum income on December 2nd, it will be counted as lump sum income upon reapplication. Alternatively, if the recipient closes the case on November 10th without telling the welfare department that they expect to receive a lump sum payment then receive a lump sum payment on or after December 2nd, it will not be used as income as long as the recipient does not reapply for AFDC before January 2nd.*

AFDC recipients do not need a reason to close their AFDC case. They can close and reopen their case anytime they want without having to explain why.

### WHAT CONSTITUTES RECEIPT OF A LUMP SUM PAYMENT

Although the lump sum check may be at the lawyer's office, this does not mean that the recipient has received the check. The recipient must actually have the check in his or her possession and must cash it before it is considered available. Of course, the county will consider the check available if the recipient tells his worker, "I could pick up the check". Often, clients have a difficult time getting the money because the lawyer is in trial or out of town, etc. Thus, the client must wait until the lawyer

makes the money available.

### **WHAT DOES THE CLIENT NEED IN ORDER TO REESTABLISH AFDC ELIGIBILITY ?**

In order to be eligible for AFDC when the recipient reapplies, the recipient must keep verification of how the lump sum money was spent. Even though the county only needs to know that the recipient has less than \$1,000 left, most counties often require recipients to verify how the money was spent.

If the client does not have verification, then the county is legally required to accept the statement of the client, signed under penalty of perjury, as to how the money was spent, unless there is evidence to the contrary. See EAS §40-115.22.

### **WHAT HAPPENS TO CLIENTS WHO RECEIVE A LUMP SUM PAYMENT WHILE RECEIVING AFDC ?**

If the lump sum income will make the family ineligible for four months or less and the family does not receive AFDC due to unemployed parent, the family should be eligible for automatic Shaw benefits for three months if they have less than \$1,000 at the beginning of the month. Welfare and Institutions Code Section 11057 provides that before aid is terminated for one type of benefit, the county shall determine if the family is eligible for any other kind of benefit, and, if they are, the county must insure that they receive uninterrupted benefits. This is not being done in California and needs to be challenged in court. In practice the family must reapply although DSS's policy is that such application can be done verbally.

If the lump sum is being prior month budgeted, the family can request an 80% supplemental payment during the "payment month" no matter how many months the period of ineligibility (POI) has been determined to be.

*Example: Ms. Bush and her child received a lump sum income of \$2,140 on April 15th. This payment will make her ineligible for four (4) months. She reports this on her CA-7 on May 11th. Her grant will be suspended in June as it is the payment month, but she is entitled to an 80% Reduced Income Supplemental Payment (RIPS). She is entitled to her Shaw benefits in July, August and September because George abandoned the family and is not paying child support.*

*Example: Ms. Baker and her child receive \$3,745 in lump sum income. This makes them ineligible for seven (7) months. The county will send her a notice of action stopping the AFDC grant. Ms. Baker can file for a fair hearing. Once she files for a fair hearing, she will receive aid paid pending the hearing. If the aid paid pending can take her to the point when she is eligible for her three month Shaw benefits, then she will most likely have to pay back the aid paid pending benefits by having her aid reduced by 10% a month. This can be viewed as an interest free loan.*

She may also request that her ineligibility period be shortened if she has spent the money on medical expenses not covered by Medi-Cal, or other expenses which were beyond the control of the family. The regulations define "beyond the control of the family" to be expenses that include, but are not limited to, theft or loss of the money, or if the spouse runs off with the money. It does not include expenses for home repairs or repairs of appliances.

If the client has reasons to shorten the period of ineligibility, the best thing to do is to file for a fair hearing just in case the worker does not approve the shortening of the ineligibility period.

## **OTHER STATE DSS RULES FOR LUMP SUM INCOME**

County welfare workers make case-by-case decisions based not only upon the the state regulations, but they also rely on DSS' "policy

interpretations" issued by the DSS Welfare Programs Bureau. CCWRO has about 300 of these policy interpretations. We will receive all new policy interpretations from DSS and will update legal services programs regarding the policy interpretations that affect AFDC families.

The following pages are verbatim excerpts from DSS policy interpretations that may be helpful in understanding how the lump sum income laws and regulations are applied at the county level.

**1. Income from the sale of heroin-  
Santa Clara-6/30/87**

**Situation:** Client has admitted she made \$1,400 selling heroin (she has been arrested).

**Question:** Is this earned lump sum income. or conversion of property?

**Answer:** This is earned lump sum income. The illegal nature of the enterprise is not a factor when applying the regulations.

**2. Lump sum received prior to aid  
being authorized - Orange County  
— 8/7/87**

**Situation:** Orange County states that the application date was June 19, 1987. "No action taken on application as of today [8/7/87] (we are embarrassed!) We are now informed that the applicant received a lump sum on July 28. Aid is approvable effective July 1."

**Question:** Do we count this lump sum income, deny aid and compute a period of ineligibility (POI)?

**Answer:** No. If action has been taken on the application in the same month the lump sum was received it would have been appropriate to deny aid and compute a POI, but the lump sum rule may not be applied in any unaided month. Even though aid would have been retroactively granted to July 1, it is too late to apply a POI because no authorizing action was taken in July.

Assuming the lump sum was sizable, it

will probably be necessary to deny the application for July 1, due to not meeting the 185% or financial eligibility tests, but as of August 1 the applicant may be eligible if the property limits are met.

**3. Lump sum received, family splits  
up--Yuba County- 8/7/87**

**Situation:** All are aided. The family receives a lump sum in June. Father and his kids leave the home on the first of July. She gave father \$700 in July, which she contends was his share of the lump sum.

**Question:** What do we do with this case.

**Answer:** In the father's case, it appears acceptable to shorten his and his kids' POI based on one of the DEFRA provisions (a POI is to be recalculated when a family member leaves with the lump sum; i.e., it is made unavailable). In this case, it would be appropriate to recalculate the POI for the father and his kids, based on the \$700 they retained. There is no "converse" provision to recalculate a POI when the original assistance unit (AU) size shrinks (i.e. lengthen the POI).

**4. Lump sum earned by full-time  
student-- Los Angeles- 9/1/87**

**Situation:** Child in AU who is a full-time student earned \$11,000 by selling a grade champion steer.

**Question:** How should this income be counted?

**Answer:** Income retains the same exempt/nonexempt status whether it is

regular and recurring or lump sum. This income is exempt on a regular, recurring basis and is also treated as such in the lump sum computation (i.e. there will be no lump sum computation using this income). Any income retained does revert to property on the first of the following month.

**5, Lump sum POI imposed by another state--Yuba- 9/4/87**

**Situation:** A client received a lump sum in another state which computed a POI. The client has moved to California.

**Question:** Does California honor and continue to impose the POI?

**Answer:** No, the lump sum is treated as property in California to the extent that it is retained.

**6. Social Security Lump Sum received prior to receipt of SSI--San Joaquin County- 11/30/87**

**Situation:** An AFDC recipient received a lump sum income payment of Social Security (SS). The following month, she received her first SSI/SSP payment.

**Question:** Does the county count the SS lump sum income against the AFDC grant while she is receiving SSI?

**Answer:** The recipient is an AFDC recipient until the month of receipt of the SSI payment. However, if SSA considered the Social Security payment when computing the SSI grant, we may not count it. If SSA did not consider it, it must be counted as lump sum income and a POI computed.

**7. Lump sum earned income from previous month-- ALJ- Ken Numara- 12/10/87**

**Situation:** Husband and wife both work. Between the two of them they received 6 paychecks totaling \$3,400 in December. (\$1,300 of this was for work performed in November, with the remaining \$2,100 for work performed in December.) An ALJ categorized the \$3,400 as lump sum income.

**Question:** Was it correct to classify this as lump sum?

**Answer:** No. It was regular recurring income. February should be suspended if over 185%.

**8. Shortening POI for payment of medical expenses incurred prior to receipt of lump sum income.**

**ALJ-Joe Lain- 2/19/88**

**Situation:** 44-207.442 says the period of ineligibility (POI) is shortened when the family incurs/pays medical expenses.

**Question:** Does this cover the use of lump sum to pay for a medical debt incurred prior to receipt of lump sum income and which has been long standing?

**Answer:** No. The POI can only be shortened if the family incurs medical expenses during the POI. Regulations imply current expenses incurred while the family is ineligible rather than medical costs incurred before recipient received the lump sum.

**9. Anticipated Receipt of Lump Sum ALJ- 3/16/88**

**Situation:** Client knew he was going to receive lump sum so client requested discontinuance via CA 7(client asked for cancellation of mid-month warrant). Client did not report anticipated lump sum. Client reapplied and then told the county about the lump sum.

**Question:** County says lump sum rule applies. Is that correct?

**Answer:** No! If he asked to be discontinued due to anticipated receipt of lump sum, then there's a basis for applying lump sum rule. If no reason was given, then there's no basis for computing POI.

**10. Lump sum income of stepparent San Diego- 3/28/88**

**Situation:** Stepparent received a lump sum disability payment.

**Question:** Is the stepparent's lump sum

income countable income against the assistance unit?

**Answer:** MPP 44-207.411(a) addresses the treatment of lump sum income received by a stepparent. It states that lump sum income received by a stepparent living in the same household but not included in the assistance unit cannot be counted as lump sum income 44-207.4.

**11. Shortening the POI- ALJ- 4/20/88**

**Situation:** The county has established a POI. The client uses \$800 for dental work. The \$800 dental work was not covered by Medi-Cal.

**Question:** Can the POI be shortened per 44-207.442 based upon this medical expense?

**Answer:** Yes. 44-207.442 says any medical expenses. Nothing excludes dental work from this provision.

**12. Retroactive Removal from FBU Sacramento-4/21/88**

**Situation:** AU of 3 (grandpa and 2 grandchildren). Grandpa receives lump sum.

**Question:** Can CWD retroactively remove Grandpa with lump sum (which CWD can do if it were earned income), since Grandpa has no obligation to meet the needs of grandchildren.

**Answer:** Yes. Since Grandpa is an optional AU member as defined in 44-205.5, and we've long had a program interpretation which allows for retroactive removal of optional AU members with no strings attached.

**13. Treatment of lump sum Siskiyou-7/5/88**

**Situation:** Client received \$2,700 on 6/20, reported on 6/23. There is not time to give timely notice to discontinue the end of June. The period ineligibility begins in August.

**Question:** Is July an overpayment month due to excess property?

**Answer:** No, once you have used the lump sum to determine the POI, you don't look at it again for property until after the lump sum POI. At that time if the family has any of the lump sum left, you look at it as property.

**14. Treatment of anticipated lump sum- Ventura-7/5/88**

**Situation:** Applicant applies 6/88. She comes in and says that she expects to receive a lump sum 6/29/88.

**Question:** Can she withdraw her application and not have the lump sum counted?

**Answer:** No. 44-207.431(d) and 44-207.432 requires that the CWD deny the application and determine a period of ineligibility when a lump sum is anticipated.

**15. POI for children when parents leave- Sacramento-1/19/89**

**Situation:** An intact family receives a lump sum. Mom and dad leave the kids with grandma and take off. Grandma comes in to request aid for kids.

**Question:** Can county pay aid for the children who are now living with grandma? Does the POI follow the kids?

**Answer:** Normally, yes. However, 44-207.443(a) provides for a shortening of the lump sum POI when the spouse leaves the home with the money. In this situation both parents left the home with the money. Therefore, the POI would not follow the children.

**16. Application for Shaw verbally is treated as an application--Kings- 5/8/89**

**Situation:** Client discontinued 4/30/89 due to lump sum.

**Question:** Does the client need to fill out a written application for Shaw or is a verbal request sufficient?

**Answer:** A verbal request is sufficient.

**17. Treatment of income received from a recipient who "sold" his child. Yuba- 6/23/89**

**Situation:** An AFDC recipient sold his child to another family for \$4,900.

**Question:** How should the income received by the AFDC recipient be treated?

**Answer:** Treat as unearned lump sum income.

**18. Shortening the POI by paying for medical insurance premiums--8/14/89**

**Situation:** An AFDC recipient used her lump sum income to pay Kaiser Insurance Premiums. The client received the lump sum in March 1989 and used money to pay insurance premiums for the period January, 1986- June 1989. The client's son apparently has an ongoing medical problem which has always been treated by her doctor at Kaiser, and she used the lump sum to reinstate the Kaiser coverage. MPP 44-207.442 allows the POI to be shortened if the client uses the lump sum to pay a "medical expense".

**Question:** Would this also apply to Insurance Premiums?

**Answer:** Only those medical expenses incurred after receipt of the lump sum can be used to shorten the POI. Because the regulations do not define what type of "medical expenses" can be used, the Kaiser premiums incurred after receipt of the lump sum could feasibly be used to reduce the POI.

**19. Shortening the POI because the lump sum was intercepted by IRS and EDD--Placer County- 9/5/89**

**Situation:** AFDC recipient won a law suit and was to receive a settlement of \$14,000. \$12,000 of the settlement was intercepted by IRS for back taxes, and \$2,000 was intercepted by EDD to repay an overpayment.

**Question:** Can the IRS and EDD intercepts be considered to shorten the POI?

**Answer:** No. MPP 44-207.443 states that the POI may be shortened when all or part of the lump sum becomes unavailable to the family for a reason beyond the control of the family. Acceptable situ-

ations include theft or loss of income, spouse leaves the home with the income, or the lump sum is spent on expenses to meet needs due to sudden and unusual circumstances of a life threatening nature. The payment of a past debt is not a situation in which the regulations would allow the POI to be shortened.

**20. Treatment of lump sum received in the month of application--San Mateo-9/12/89**

**Situation:** Client received a large lump sum payment on 8/3 and spent the money. On 8/8/89, the client applied for AFDC. The client did not report this money to the CWD. The CWD authorized an Immediate Need payment on 8/9. As of 9/12/89, the CWD has taken no further action on the application.

**Question:** Should the CWD determine a POI and deny the application due to the lump sum income, or should the CWD ignore the lump sum since it was received and spent prior to the application?

**Answer:** If the CWD had been informed of the lump sum in the month of application, the CWD would have been required to deny aid and determine a POI. However, because the CWD was not informed, and because regular application processing results in authorization in the following month, the lump sum rule is not applied. Lump sum rules are not in an unaided month. The fact the an immediate need payment was authorized in the application month does not constitute authorization of aid and does not impact this determination. However, it will probably be necessary to deny the application for August due to the client not meeting the 185% or financial eligibility tests. Client is potentially eligible effective 9/1 if all other eligibility conditions are met.

**21. POI cannot be shortened for loss of income in a business venture. Fresno-12/28/89**

**Situation:** Client in POI due to receipt of lump sum income. Re-applied stating they lost all money in business loss.

**Question:** CWD action?

**Answer:** Business loss not allowable reason to shorten POI.

**22. Lump Sum-Shaw benefits or Overpayment-Client choice-- Sutter-1/12/90**

**Situation:** Client discontinued in 1988 in another county for lump sum. Reapplied in Sutter county and was put on aid in error while in POI. Aid paid from November to January so far.

**Question:** County action?

**Answer:** Client can choose to have November through January be the SHAW months. If so, re-claim the aid and re-notice the client.

**23. Treatment of lump sum for replacement of property--Lassen- 1/22/90**

**Situation:** Client sued to get insurance company to replace stolen jewelry. Received compensation for jewelry value.

**Question:** Is this considered lump sum income?

**Answer:** No-amount received is replacement for property and is treated in accordance with 44-105.3.

**24. Treatment of Lump sum income to State-only cases-San Diego 1/25/90**

**Situation:** An AU consisting of a pregnant woman only receives aid under state-only AFDC-U as specified in 44-205.64 and 44-209.43. This AU received lump sum income.

**Question:** How is the income treated in AFDC?

**Answer:** The federal lump sum rule is not applied to State-U cases. When a lump sum is received by a State-only AU, the lump sum is applied as income in the month received. Any unexpended portion of the lump sum is treated as property beginning on the first of the following month.

**25. Lump sum settlement conditions. Plumas- 3/23/90**

**Situation:** Client expects lump sum court settlement.

**Question:** Would a condition placed on the client's spending of the lump sum affect the lump sum computation?

**Answer:** Yes. If restrictions are placed on the disposal of the lump sum by the provider of the lump sum so that the money cannot be used to meet the needs of the lump sum family, the lump sum computation is not done.

**NOTE: If you need an actual copy of one of these policy interpretations or have a question about treatment of lump sum income, call CCWRO.**

# FEDERAL LAW

## 42 USC§602(a)(17)

"42 USC§ 602(a)(17) provides that if a child or relative applying for or receiving aid to families with dependent children, or any other person whose need the State considers when determining the income of a family, receives in any month an amount of earned or unearned income which, together with all other income for that month not excluded under paragraph (8), exceeds the State's standard of need applicable to the family of which he is a member-

(A) such amount of income shall be considered income to such individual in the month received, and the family of which such person is a member shall be ineligible for aid under the plan for the whole number of months that equals (i) the sum of such amount and all other income received in such month, not excluded under paragraph (8), divided by (ii) the standard of need applicable to such family, and

(B) any income remaining (which amount is less than the applicable monthly standard) shall be treated as income received in the first month following the period of ineligibility specified in subparagraph (A);

except that the State may at its option recalculate the period of ineligibility otherwise determined under subparagraph (A) (but only with respect to the remaining months in such period) in any one or more of the following cases: (i) an event occurs which, had the family been receiving aid under the State plan for the month of the occurrence, would result in a change in the amount of aid payable for such month under the plan, or (ii) the income received has become unavailable to the members of the family for reasons that were beyond the control of such members, or (iii) the family incurs, becomes responsible for, and pays medical expenses (as allowed by the State) in a month of ineligibility determined under subparagraph (A) (which expenses may be considered as an offset against the amount of income received in the first month of such ineligibility)"

# FEDERAL REGULATION

## 45 CFR § 233.20(a)(3)(ii)(F)

(F) When the AFDC assistance unit's income, after applying applicable disregards, exceeds the State need standard for the family because of receipt of nonrecurring earned or unearned lump sum income (including for AFDC, Title II and other retroactive monthly benefits, and payments in the nature of windfall, e.g., inheritances or lottery winnings, personal injury and worker compensation awards, to the extent it is not earmarked and used for the purpose for which it is paid, i.e., monies for back medical bills resulting from accidents or injury, funeral and burial costs, replacement or repair of resources, etc.), the family will be ineligible for aid for the full number of months derived by dividing the sum of the lump sum income and other income by the monthly need standard for a family of that size. Any income remaining from this calculation is income in the first month following the period of ineligibility. The period of ineligibility shall begin with the month of receipt of the nonrecurring income or, at State option, as late as the corresponding payment month. For the purposes of applying the lump sum provision, family includes all persons whose needs are taken into account in determining eligibility and the amount of the assistance payment. A State may shorten the remaining period of ineligibility when: the standard of need increases and the amount the family would have received also changes; the lump sum income or a portion thereof becomes unavailable to the family for a reason beyond the control of the family; or the family incurs and pays medical expenses. If the State chooses to shorten the period of ineligibility, the State plan shall:

- (1) Identify which of the above situations are included;
- (2) In the case of situations involving the increase of the need standard and changes in the amount that have been paid to the family, specify the types of circumstances which will be included;
- (3) In the case of situations involving the unavailability of the lump sum income, include a definition of unavailability, and specify what reasons will be considered beyond the control of the family;
- (4) In the case of situations involving the payment of medical expenses, specify the types of medical expenses the State will allow to be offset against the lump sum income.

# STATE STATUTE

## WELFARE & INSTITUTIONS CODE § 11157

### 11157. Lump-sum income.

Notwithstanding Section 11008, all lump-sum income received by an applicant or recipient shall be regarded as income in the month received except nonrecurring lump-sum social insurance payments, which social insurance payments shall include but are not limited to social security income, railroad retirement benefits, veteran's benefits, veteran's benefits, workman's compensation and disability insurance.

To the extent required, as a condition for receipt of federal funds, lump-sum payments of income, as defined by federal law, received by an applicant for or recipient of aid under Chapter 2 (commencing with Section 11200) shall be considered income in the month received and the family shall be ineligible for aid for the number of months that equals the sum of all income received during such month less all applicable income disregards divided by the standard of need applicable to the family under Section 11452, with any remainder to be considered as income received in the first month following the period of ineligibility, should the family again request aid. The period of ineligibility shall be shortened in all circumstances in which federal financial participation would be available for aid paid to the family during that period.

# STATE REGULATION

## EAS § 44-207.4

### 44-207 INCOME ELIGIBILITY

#### .4 Treatment of Lump Sum Income

This section sets forth the methods used for treating lump sum income. It includes the definition of lump sum income, the computation to determine if the receipt of lump sum income results in a period of ineligibility, and when to apply the period of ineligibility.

#### .41 Definition of Lump Sum Income

.411 Lump sum income is any income as defined in Chapter 44100 received by the family which is not recurring regular income. Lump sum income is usually nonrecurring in regard to amount and/or source. Lump sum income includes but is not limited to the following: retroactive social insurance payments, real estate commissions such as from sales, income from freelance work, net proceeds from sale of a crop and bonuses.

(a) When lump sum income is received by a stepparent living in the same household as the assistance unit but who is not included in the assistance unit as an applicant, recipient or essential person, the lump sum regulations (44-207.4) do not apply to that stepparent's income.

(1) Income of a stepparent who is not included in the assistance unit shall be considered available to the assistance unit after applying the stepparent computation in accordance with Section 44-133.6. If the countable income, including the lump sum, exceeds the assistance unit's needs for the month, the family would be ineligible for that month (see Section 44-315.6).

(2) Any portion of the lump sum income retained by the stepparent subsequent to the month of receipt represents property (see Sections 42-203.5, 42-205.3, and 42-

205.4).

(b) When lump sum income is earned, apply the appropriate work-related disregards in accordance with Section 44-113.2. The resulting net nonexempt income is subject to the lump sum computation.

(c) When lump sum income is not earned, the appropriate deductions described in Section 44-113.3 through .12 shall apply.

#### .42 Lump Sum Income Computation

The following computation applies to lump sum income which was received but not reported to the county, to reported lump sum income received in the budget month, and to lump sum income expected to be received in the payment month.

.421 Divide the total of lump sum income, plus any other net nonexempt income received in the budget month or expected to be received in the payment month, by the total of the MBSAC plus any special needs. For this computation, when the lump sum is received by an individual not included in the FBU, the MBSAC shall be increased by one (1) for each such individual.

.422 The resulting whole number is the number of months of ineligibility for the FBU.

.423 If there is a remainder from this division, the remainder shall be counted as income in the month following the end of the period of ineligibility in Section 44-207.422. (See Section 44-102(d).) This remainder shall not be counted as income in any other month.

.424 When the total of the lump sum income plus other net nonexempt income does not exceed the total of MBSAC plus special needs, apply the 150 percent income limit. (See Section 44-207.2)

#### .43 Applying the Lump Sum Income period of Ineligibility

##### .431 Lump Sum Income Received

When the family has received lump sum income which results in a period of ineligibility, the period of ineligibil-

ity begins as follows:

(a) When the period of ineligibility is less than two months, the period of ineligibility shall begin in the payment month and aid shall be suspended. (See Section 44-315.6.)

(b) When the period of ineligibility is two months or more, aid shall be discontinued and the period of ineligibility shall begin in:

1. The month following receipt of the lump sum income when the county has taken appropriate action to avoid or minimize an overpayment for that month. Any aid received by the family unit during that month is an overpayment, or:

2. The payment month.

(c) When the lump sum income is discovered too late to suspend or discontinue for the corresponding payment month, the period of ineligibility shall begin in the payment month and any aid payments received during the period of ineligibility are overpayments.

(d) When the lump sum income is received in the first or second month of aid, any resulting period of ineligibility begins in the month the lump sum income is received. Any aid received during the period of ineligibility is an overpayment.

#### 432 Lump Sum Income Anticipated

(a) The period of ineligibility shall begin in the month the lump sum income is expected to be received and aid shall be discontinued even when the period of ineligibility is less than two months.

(b) When the case is discontinued because of anticipated lump sum income and the lump sum is not actually received, the county shall rescind the discontinuance and issue the correct aid payment.

44 The period of ineligibility may be shortened when the ineligible family reapplies and one or more of the following situations occurs:

.441 The standard of need increases and the amount the family would have received also changes. This includes any general increase in the MBSAC (COLA increases), or a determination that the ineligible family would be eligible for a special need item pursuant to MPP 44-211.2 or .3.

.442 The family incurs and pays for medical expenses. This includes any medical expenses that are not covered by Medi-Cal or private medical insurance.

.443 All or part of the lump sum income becomes unavailable to the family for a reason beyond the control of the family. Lump sum income shall be considered unavailable when it has been spent for items which a family on aid would not be expected to meet from its grant or when it is no longer available to the family due to loss, theft, or similar occurrence.

(a) Acceptable situations where the lump sum becomes unavailable shall include but are not limited to: theft or loss of the lump sum income; spouse leaves the home with lump sum income; or the lump sum is spent on expenses to meet needs due to sudden and unusual circumstances of a life threatening nature.

(b) Unacceptable situations when the lump sum becomes unavailable shall include but are not limited to: the lump sum is spent on the repair of the home or replacement or repair of major appliances due to normal wear and tear; the lump sum is spent on an increase in utility costs or rent; or the lump sum is spent on the purchase of additional property (real and personal).

(c) In situations where the ineligible family would be eligible for a special need item pursuant to 44-211.3, the period of ineligibility is shortened first according to the provision in .441 above and if the expense of the need item is more than the specified amount, then provision .443 is followed.

*For example: An ineligible family's house is destroyed by a fire in May. They must pay first and last month's rent (a total of \$600) for housing and utility deposit of \$100. The family received a lump sum of \$2000 in February, the standard of need is \$400. The family is ineligible for five months, April through August. They apply to shorten their period of ineligibility in May. The family's total expenses in May are \$700; they are eligible for a nonrecurring special need of \$600 and \$100 of their lump sum income was unavailable to the family for a reason beyond their control. The period of ineligibility is recalculated as follows:  $\$2000 - \$700 = \$1300$ .  $\$1300$  is divided by  $\$400 = 3$  months plus \$100 remainder. The family's period of ineligibility is from April through June; \$100 would be counted as income in July.*

(d) Once it is determined that the lump sum income becomes unavailable to a family for reasons beyond its control, the county must substantiate such a finding in the case record.

.45 Verification of expenditures for items or services shall be provided by the ineligible family unit at the county's request. The principles and methods of gathering evidence as set forth in 40-157.2 and 40-157.3 shall be observed.

.46 When one of the situations described in Section 44-307.44 is applicable, the county shall apply the following computation to reduce the period of ineligibility:

.461 When the standard of need increases (COLA or eligibility for recurring special need):

(a) Identify the original total lump sum income amount

(b) Calculate the original total MBSAC plus any special needs allocated to the ineligible family unit for the ineligible months prior to the increase. Subtract the total from the total income amount in (a) above.

(c) Divide the difference calculated in (b) above by

the increases standard of need. The revised period of ineligibility is the resulting number of months calculated plus the number of ineligible months prior to the increase. The revised period of ineligibility shall begin in the same month as the originally calculated period of ineligibility.

(d) When the remainder is less than the MBSAC for the family (including any excluded person) plus special needs for the assistance unit, the amount shall be counted as income in the month following the period of ineligibility.

*Example: The assistance unit receives a lump sum of \$10,000 in August 1986. The standard of need is \$500. The family is ineligible for 20 months, October 1986 through May 1988. In July the standard of need increases to \$600. The family applies to shorten the period of ineligibility in July 1987. The recalculation done in July, would be done with the assumption that \$5,500 (\$10,000 - \$4,500) of the lump sum income was still available since the family should have budgeted \$500 for October 1986 through June 1987 (9 months x \$500 = \$4500). The \$5,500 is divided by \$600. The family is ineligible nine more months, July 1987 through March 1988; \$100 would be counted as income in April. The period of ineligibility has been shortened by two months.*



# PUBLIC ASSISTANCE TABLES

FOOD STAMPS				
PERSONS	MAX. GROSS INCOME Eld./Dis.	MAX. GROSS INCOME	NET INCOME	MAXIMUM BENEFIT LEVEL
1	823	648	499	99
2	1103	869	669	182
3	1384	1090	839	260
4	1664	1311	1009	331
5	1945	1532	1179	393
6	2225	1753	1349	472
7	2506	1974	1519	521
8	2786	2195	1689	596
9	3067	2416	1859	671
10	3348	2637	2029	746
Each add. Person	+281	+221	+170	+75

AFDC			
PERSON	MAXIMUM AID PAYMENT (MAP)	GROSS INCOME LIMIT (185%)	80% OF AFDC MAP
1	341	631	273
2	560	1036	448
3	694	1284	555
4	824	1524	659
5	940	1739	752
6	1057	1955	846
7	1160	2146	928
8	1265	2340	1012
9	1366	2536	1093
10	1468	2755	1174

MEDI-CAL		
PERSONS	MAINTENANCE OF NEED	PROPERTY LIMITS
1	600	2000
2	750	3000
2 adults	934	3000
3	934	3150
4	1100	3300
5	1259	3450
6	1417	3600
7	1550	3750
8	1692	3900
9	1825	4050
10	1959	4200
	+ \$12 Each Add. Person	

<b>STANDARD DEDUCTION</b>	<b>STANDARD UTILITY DEDUCTION</b>
<b>\$112.00</b>	<b>\$121.00</b> (maximum)

<b>DEPENDENT CARE DEDUCTION</b>	<b>SHELTER DEDUCTION</b>
<b>\$160.00</b> (maximum)	<b>\$177</b> (maximum)

SUPPLEMENTAL SECURITY INCOME (SSI)			
	BLIND	AGED OR DISABLED	DISABLED MINOR
INDIVIDUAL	\$704	\$630	\$499
COUPLE	\$1,372	\$1,167	

PROPERTY LIMITS	AFDC	FOOD STAMPS
	<ul style="list-style-type: none"> <li>Liquid Resources \$1,000</li> <li>Motor Vehicle \$1,500</li> </ul>	<ul style="list-style-type: none"> <li>\$3,000 for households with a member over the age of 60</li> <li>\$2,000 all other households</li> </ul>

Effective 1/90

NEED ANY INFORMATION ABOUT AFDC, FOOD STAMPS OR MEDI-CAL? CALL US FOR IMMEDIATE RESPONSE

**916-736-0616**

\*Published by the Coalition of California Welfare Rights Organizations, Inc. 1901 Alhambra Blvd., • Sacramento, • CA 95816

# plan drawing mixed reaction

By Jeff Cohen  
Staff writer

Greater Avenues for Independent Welfare program debated in Yolo County today amid uncertainty that it will work.

Known as GAIN, the system combines job training, counseling and placement with remedial education and child care in a program designed to get people off the welfare rolls.

According to county GAIN Coordinator Kim Thomas, 40 Aid to Families with Dependent Children recipients will undergo an orientation and basic math and English classes.

"Everybody here is just really excited about getting started on the program and seeing how well it works," she said.

Thomas expects 1700 Yoloans to participate in GAIN during the first eight months of its operation. Whether the program can help mostly help these people find jobs that will get them off welfare is debated.

Yolo County lawyer Casey McKeever, the directing attorney in the Sacramento office of the Center on Law and Poverty, believes there are simply not enough good jobs available.

"GAIN deals with the supply of labor and not the demand," he said. "GAIN attempts to deal with part of the equation and doesn't help with the other."

The job market has to be addressed.

"He is right. We're only dealing with half the equation," Thomas said when informed of McKeever's comments. The coordinator thought GAIN's job training component offers a means to close the gap between employers' needs and welfare recipients' skills.

"It's where the skills are for those going to try

# Welfare

Continued from Page 1  
Thomas, though, feels Asian concerns are exaggerated. "What we did is vastly improve the federally mandated sanction process," she said. "What we're trying to do is make the process

# BUDGET ANALYSIS OF THE STATE OF CALIFORNIA

- GAIN PROGRAM
- CHILDREN
- AFD

Workfare bill to be unveiled  
Lawmakers give plan good chance

Workfare Proposal Would Cost Millions Before Paying Off

Welfare rights again

Governor signs workfare Program will train, put to work able-bodied



COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS, Inc.

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COUNTY OF SACRAMENTO

COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS, AVA ALLEN, ESA MOHAPP, RANDY WALKER, S BROWN, EDITZA GIARDINA, and SLAUS COUNTY WELFARE RIGHTS ORGANIZATION,

Plaintiffs/Petitioners,

McMAHON Director, Department of Services and the STATE DEPARTMENT OF SOCIAL SERVICES

Respondents.

CASE NO. 512491

CLASS ACTION

COMPLAINT FOR INJUNCTIVE AND DECLARATORY RELIEF

# Workfare facing growing pains

The state's new workfare program has spawned an automatic moving thousands of welfare recipients to jobs but also generating intense controversy.

State administration officials say the program can be expected to produce significant results in the next few months. But critics say the program is a costly over-reaction to a problem that has long existed in California's welfare system.

Yolo County's welfare director Kim Thomas said the program is a "good idea" but that it will take time to see if it really works.

He said the program is a "good idea" but that it will take time to see if it really works.

As he estimated 40 percent of the state's welfare population live in California, the other legislators here have been able to get their bills passed. The California Welfare Rights Organization (CWRO) has been active in the state legislature. The CWRO has been active in the state legislature. The CWRO has been active in the state legislature.

# California Reporter

FAMILY ASSISTANCE ACT OF 1988 PASSES CONGRESS

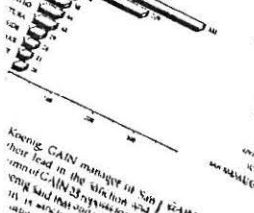
During the last days of the 100th Congress, American poor families took a hearing on the Reform legislation, which mandates the age of 18 and allows Spire to parents of two-parent small children welfare benefits.

"I use in strong opposition to this conference report," said California Congressman Augustus Hawkins, chairman of the Education and Labor Committee. "It is false labeling and unacceptable deviation from traditional principles of fairness and democracy. The baggage that this bill carries by far outweighs the modest improvements by others, such as Congressman Owens."

Major Owens of New York has been generous, but not to justify the 100th Congress. We pledge a new tradition. Yet, the last three words, "justice for all" There is no justice for the people who have no power," said Mr. Owens.

The bill would have never happened had major labor, church, (Continued on page 2)

# THE TOP 10 COUNTIES BEGINNING THE MONEY MANAGEMENT PROCESS



# THE TOP 10 CALIFORNIA COUNTIES IMPOSING FINANCIAL SANCTIONS



Knowing GAIN managers are their lead in the situation and the CWRO's support. The CWRO is working so many things are not working.

GAIN participants who should be supported. He also said that when you work at San Diego's support, the numbers of sanctions imposed are not working. The CWRO is working so many things are not working.

# Workfare? only part story

Participation rates uneven in 8 counties, consultant says

By David C. Casera

By RANDY - A study published last week by the state's welfare rights organization says that participation rates in the new workfare program are uneven across the state.

The report, which was prepared by a consultant to the state's welfare department, says that participation rates in the program are highest in Yuba County and lowest in Butte County.

The report also says that participation rates in the program are highest in Yuba County and lowest in Butte County.

# HOW TO START A WELFARE RIGHTS ORGANIZATION IN CALIFORNIA

1989 Edition



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