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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SACRAMENTO

DAVID PAOLI, RUBY SLOVER,  
FERGIE OWENS, ALICIA PRADO,

Petitioners,

vs.

ELOISE ANDERSON, Director, Department  
of Social Services; CALIFORNIA  
DEPARTMENT OF SOCIAL SERVICES;  
CRAIG BROWN, Director, California  
Department of Finance; DOES I-XX,

Respondents.

Case No. 97CS02566

CLASS ACTION

STIPULATED JUDGMENT

ENDORSE

JUL 21 1998

S WILSON

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7 Attorneys for Petitioners  
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**CLASS CERTIFICATION**

1. A class defined as “all persons who have been subject to a period of ineligibility for Aid to Families with Dependent Children (“AFDC”) benefits for any month(s) after October 31, 1996 under the AFDC lump sum rule (Welf. & Inst. Code § 11157)” may be certified.

## PROSPECTIVE RELIEF

2. Respondents Eloise Anderson, California Department of Social Services (“CDSS”) and Craig Brown and their respective employees and agents, including but not limited to the county welfare departments (“CWDs”), are enjoined and prohibited from enforcing CDSS’s Manual of Policies and Procedures (“MPP”) Sections 44-207.4 through 44-207.462 to the extent that such enforcement results in a period of ineligibility in any month after October 1996 for AFDC/CalWORKs applicants and/or recipients based upon the receipt of nonrecurring lump sum income (“the lump sum rule”).

**RETROACTIVE RELIEF**

4. Respondents shall provide retroactive AFDC benefits to any class member who is determined eligible for such benefits in accordance with the procedures set forth in this stipulated judgment.

provide retroactive AFDC benefits to any class member who is  
entitled to AFDC benefits in accordance with the procedures set forth in this stipulated  
agreement. The amount of any corrective underpayment shall equal the amount of AFDC  
benefits that the member would have been entitled had the lump sum rule not been  
applied. This shall include members who were otherwise eligible for AFDC, but who exceeded the AFDC

resource limitations because of the receipt of a lump sum, shall have their resource eligibility determined under the terms in paragraph 6 below.

6. For lump sums equal to or less than four months' aid, there shall be a presumption that the lump sum was spent down below the resource limit within one month of receipt. This presumption shall not be rebuttable. For lump sums greater than four months' aid, the presumption shall be that the lump sum was spent down below the resource limit within four months of receipt. This presumption shall only be rebuttable by the claimant and only by documentation. Documentation may include bank records showing a balance below the resource limit, but may not include declarations under penalty of perjury.

7. Where documentation relating to eligibility issues other than when the lump sum was spent down has been lost or is no longer in the claimant's or the county's possession, a declaration under penalty of perjury shall suffice to establish facts related to eligibility, unless the CWD has contrary evidence.

8. Respondents shall pay prejudgment interest of 7% per annum on corrective underpayments made to each class member who is not receiving cash aid under CalWORKs at the time the corrective underpayment is made.

9. Corrective underpayments, not including any interest paid, shall not be considered income in the month received or resources in the month of receipt or the following month.

10. Class members who are recipients of aid under CalWORKs shall be entitled to place the retroactive benefits, up to the statutory amount, in a restricted account under Welfare and Institutions Code § 11155.2.

#### CLAIMS PROCESS

11. As soon as possible, but no later than 30 days after the filing of this stipulated judgment, CDSS shall send to each CWD an All-County Letter ("ACL") regarding the process for providing retroactive benefits under the terms of this stipulated judgment.

12. Any person may request retroactive benefits under this stipulated judgment by submitting a claim form to a CWD within the claims period designated below.

1           13.     The claims period shall begin on the date notice is mailed in accordance with  
2 paragraph 15 below (currently anticipated to be August 15, 1998) and shall end on the last day of  
3 the month which includes the date 90 days after the date notice is mailed (currently anticipated to  
4 be November 30, 1998).

5           14.     Respondent CDSS shall provide petitioners' counsel by fax with copies of any of  
6 the following documents drafted by CDSS: the notice, claim form, poster, and public service  
7 announcement specified below, in addition to each All-County Letter, All-County Information  
8 Notice, or other instruction to the counties pertaining to this case. Each document shall be faxed  
9 to Western Center on Law and Poverty, the National Center for Youth Law, Northern California  
10 Lawyers for Civil Justice and the East Palo Alto Community Law Project. CDSS shall consider  
11 petitioners' counsels' comments in good faith provided that counsel respond as soon as possible,  
12 but no later than four working days after the receipt of each draft.

13           15.     Notice, as specified in paragraph 16, shall be sent no later than 60 days after the  
14 ACL is sent to the counties. The notice shall be mailed as follows:

                  A). To all assistance units receiving CalWORKs cash aid at the time of the  
16 mailing; and

17                   B). To the last known address of all families who received notice pursuant to  
18 the preliminary injunction in this case; and

19                   C). For counties using the ISAWS computer system, to the last known address  
20 of assistance units capable of being identified by automated means as having had a lump sum  
21 period of ineligibility that included any month after October 1996; and

22                   D). To the last known address of families who received an adverse  
23 administrative hearing decision issue coded #136 and/or # 144 after October 1995, regarding a  
24 lump sum period of ineligibility, and involving a county not using the ISAWS computer system.

25           16. The notice shall inform families that: (1) the lump sum rule has ended; (2) families  
26 who experienced a period of ineligibility in any month after October 1996 because they received a  
27 lump sum may apply for retroactive AFDC benefits; and (3) to apply for retroactive AFDC

benefits, the family must request a claim form. The notice shall specify that families may request claim forms in person at a CWD office, in writing to a CWD by completing and returning the notice itself, or by calling the listed toll-free number and providing their name and address. An in-person or telephone request need not be accompanied by anything in writing. The notice shall also include the deadline by which the claim must be submitted. Respondents shall establish a toll-free number which claimants can call to request claim forms. The notice shall be printed in English and Spanish, with short notices in Cambodian, Chinese, Vietnamese and Russian, indicating how readers can obtain further information.

17. Respondents shall prepare a poster which states that: 1) the lump sum rule has ended; 2) families who experienced a period of ineligibility in any month after October 1996 because of receipt of a lump sum may apply for retroactive AFDC benefits; and 3) to apply for retroactive AFDC benefits the family must request and submit a claim form. Each poster shall be no smaller than 8 1/2" by 17." Respondents shall ensure that the posters are publicly displayed in each CWD throughout the claims period. Respondents shall also send posters to a list of agencies within five (5) days of the date petitioners' counsel provides the list of agencies on mailing labels. The poster shall be printed in English and Spanish, with short notices in Cambodian, Chinese, Vietnamese and Russian, indicating how readers can obtain further information.

18. Respondents shall develop and place a public service announcement about the claims process on the news service wire.

19. Respondents shall create a claim form to be used by class members to apply for retroactive benefits. CDSS shall make the claim form available in English, Spanish, Cambodian, Chinese, Vietnamese and Russian. The claim form shall inform claimants that prejudgment interest will be paid only to successful claimants who are no longer receiving aid at the time the corrective underpayment is issued.

20. Each CWD shall immediately provide a claim form when requested in person or send a claim form in response to a written request. CDSS shall immediately send a claim form to anyone who requests a form through the toll-free number established pursuant to paragraph 16.

21. The CWD shall have 30 days from the initial receipt of a claim form to request any necessary additional information and 30 days after receipt of a completed claim form to approve or deny a claim. If additional information is requested, the claimant shall have 30 days or until the end of the claims period (whichever date is later) to provide the information.

22. Class members whose claims for retroactive benefits are denied in whole or in part shall be entitled to a state administrative hearing upon request.

## REPORTS TO PETITIONERS' COUNSEL

23. Respondents shall make two reports to petitioners' counsel. Not later than 90 days after the close of the claims process, respondents shall inform petitioners' counsel, in writing, of the number of claims for retroactive benefits, the number of claims which were granted, the number denied for failure to submit necessary additional information, and the number denied for other reasons. At the same time, respondents shall also inform petitioners' counsel of the dollar amount of corrective underpayments made and the dollar amount of interest paid. CDSS's State Hearings Division shall establish a temporary issue code for hearings regarding retroactive benefits under this stipulated judgment. Not later than 6 months after the close of the claims period, respondents shall inform petitioners' counsel of the number of administrative hearing decisions with this issue code and the number of claims granted, denied or granted in part.

## GENERAL PROVISIONS

24. Petitioners abandon all claims raised in their Petition for Writ of Mandate and Complaint for Declaratory and Injunctive Relief (the “Petition”) which are not specifically addressed in this stipulated judgment.

25. The Petition is hereby dismissed with prejudice.

26. Petitioners' counsel shall be entitled to an award of reasonable attorneys' fees and costs from respondents. The parties shall attempt to reach a separate agreement as to the amount of such fees and costs. However, if good faith negotiation fails to result in an agreement, petitioners shall have until December 1, 1998 to file a motion for fees in this Court.

27. This stipulated judgment has been drafted by all the parties. In the event a court is

1 required to interpret this stipulated judgment, no party shall have the right to argue that the other  
2 is responsible for any ambiguity in the language of the stipulated judgment, and any uncertainty or  
3 ambiguity shall not be interpreted against any one party.

4 28. The court shall retain jurisdiction to enforce the terms of this stipulated judgment  
5 for two years from the date this stipulated judgment is signed by the court.

6  
7 IT IS SO STIPULATED AND AGREED.

8 Dated: July 17, 1998

Northern California Lawyers for Civil Justice  
Western Center on Law and Poverty  
Advocates for Equal Justice  
East Palo Alto Community Law Project  
National Center for Youth Law  
Center on Poverty Law and Economic Opportunity

11 By: Clare Pastore  
12 Clare Pastore  
13 Attorneys for Petitioners

14 Dated: July 20, 1998

Daniel Lungren, Attorney General  
Frank S. Furtek, Supervising Deputy Attorney General  
Margarita Altamirano, Deputy Attorney General

16 By: Margarita Altamirano  
17  
18 Attorneys for Respondents Eloise Anderson,  
19 California Department of Social Services,  
and Craig Brown

20 ORDER

21 The provisions of the above Stipulated Judgment are hereby approved and incorporated,  
22 and the Petition is dismissed with prejudice.

23  
24 Date: July \_\_, 1998

JUDGE JAMES T FORD

25 JUL 21 1998

JUDGE OF THE SUPERIOR COURT