STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

December 12, 1985

ALL-COUNTY INFORMATION NOTICE I- 104-85

TO: ALL-COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF LOTTERY WINNINGS FOR THE FOOD STAMP AND AFDC PROGRAMS

This notice is intended to clarify the appropriate treatment of lottery winnings under the Food Stamp and AFDC Programs.

Treatment of Lottery Winnings For Food Stamps

For Food Stamp purposes, lottery winnings must be reported on the CA 7 for the budget month in which the winnings were received. Lottery winnings received in a single payment are nonrecurring lump-sums and should be excluded from income and considered a resource in the month received. Lottery winnings which are received on a recurring basis, such as winnings received in annual installments rather than a lump-sum, should be counted as income in the month received.

In all cases, any portion of the winnings retained by the household in the subsequent month(s) is counted as a nonexcluded liquid resource until such time as the cash is expended and is no longer available to the household.

If, due to a household's receipt of lottery winnings, its total nonexcluded resources (or income, if the payment is recurring) exceeds the appropriate resource (or income) eligibility standard, the CWD shall suspend the household for the issuance month corresponding to the budget month in which the change occurred. If the household's total nonexcluded resources also exceed the appropriate maximum resource eligibility standard in the subsequent month, the CWD shall discontinue the household effective the month following the month of suspension. The household's circumstances existing on the last day of the appropriate budget month shall be used to determine whether or not the household's nonexcluded resources exceed the maximum resource eligibility standard.

Treatment of Lottery Winnings for AFDC

Pursuant to the judgment in the Stephens v McMahon court case, the Department is required to treat lottery winnings as "windfall" for AFDC purposes. Windfall payments are property in the month of receipt and thereafter to the extent they are retained. Refer to All-County Letter 84-125, dated December 4, 1985, for

the prospective implementation instructions that were issued for Stephens.

AFDC recipients are responsible for reporting lottery winnings within five (5) calendar days from the date of receipt (MPP 40-105.14) and also on the CA 7 (MPP 40-181.22).

Please direct any questions regarding the treatment of these payments to the Food Stamp Policy Implementation Bureau at (916) 324-6584 or the AFDC Policy Implementation Bureau at (916) 322-5330.

ROBERT A. HOREL
Deputy Director

cc: CWDA