

DEPARTMENT OF SOCIAL SERVICES

744 P Street
Sacramento, CA 95814
(916) 322-5387



November 6, 1980

ALL-COUNTY LETTER NO. 80-67

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: VAESSEN v. WOODS - INCOME TAX REFUNDS

REFERENCE:

On April 18, 1980, the Los Angeles Superior Court, in the case of Vaessen v. Woods issued a classwide Preliminary Injunction enjoining the Department of Social Services (DSS) and all county welfare departments (CWD) from reducing or denying AFDC benefits of all California recipients or of applicants for Aid to Families with Dependent Children (AFDC) whose benefits otherwise would have been reduced or denied because of DSS policy of treating tax refunds arising from the 1979 tax year as income instead of as property.

In All-County Information Notice I-44-80 (May 5, 1980) you were informed of the progress of this case to that date and that if plaintiffs were successful it might be necessary to identify all AFDC applicants and recipients in your county who reported the receipt or anticipated receipt of a state or federal income tax refund and whose benefits were reduced or denied due to the treatment of tax refunds as income rather than property.

Further proceedings in the Superior Court and the Court of Appeal have involved both DSS and the Department of Finance. On October 28, 1980, the Department of Finance certified the availability of funds to implement the Preliminary Injunction.

Therefore, beginning with April, 1980 grants and eligibility determinations, income tax refunds arising from the 1979 tax year are to be considered property under MPP 42-200 rather than income. Retroactive corrective payments must be made in those cases where applications were denied, grants were reduced or cases were discontinued in April or thereafter because income tax refunds were

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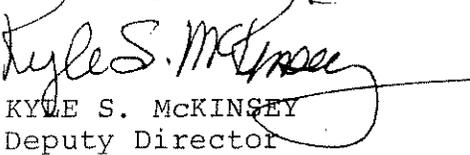
considered income in those months. This should be accomplished as soon as possible. For continuing and closed cases it may be necessary to conduct a case search to identify affected cases.

The Preliminary Injunction is effective until a final determination is made on the merits. DSS is appealing and will notify you of any new developments requiring your action.

You were previously advised in All-County Letter No. 80-41 (July 14, 1980) that payments of Earned Income Tax Credits for the taxable (calendar) year 1979, even if received in 1980, are exempt as income and resources for AFDC and Food Stamps. Pursuant to that All-County Letter, retroactive corrective payments that may have been necessary to accomplish this should have already been made.

If you have any questions, please contact your AFDC Management Consultant at (916) 445-4458.

Sincerely,


KYLE S. MCKINSEY
Deputy Director

cc: CWDA

We hope this information is helpful to you. If you have any question regarding this information, please contact your Food Stamp Program Operations Analyst at (916) 322-5475.

Sincerely,


KYLE S. MCKINSEY
Deputy Director

cc: CWDA
FNS/WRO