STATE OF CALIFORNIA - HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES

744 P Street
Sacramento, California 95814
Telephone: (916) 445-0633

March 4, 1981

ALL-COUNTY LETTER NO. 81-21

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: VAESSEN v. WOODS - INCOME TAX REFUNDS

REFERENCE:

On April 18, 1980, the Los Angeles County 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 of or 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 as income instead of as property.

In All-County Letter No. 80-67, you were notified as to the treatment of income tax refunds arising from the 1979 tax year.

DSS is appealing the Preliminary Injunction. In the meantime, the Preliminary Injunction is effective as to income tax refunds arising from the 1980 tax year.

Therefore, for grant and eligibility determinations, income tax refunds arising from the 1980 tax year are to be considered property under MPP 42-200 rather than income.

On March 1, 1981, the Department of Finance certified the availability of funds to implement the Preliminary Injunction for the treatment of income tax refunds arising from the 1980 tax year.

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

Sincerely,

for KYLE S. McKINSEY
Deputy Director

cc: CWDA