



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

November 20, 2007

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The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC SOCIAL SERVICES: RECOMMENDATION FOR AN  
ORDINANCE TO AMEND TITLE 2-ADMINISTRATION OF THE LOS ANGELES  
COUNTY CODE, TO ALLOW LUMP SUM PAYMENTS RECEIVED BY GENERAL  
RELIEF (GR) APPLICANTS OR PARTICIPANTS TO BE TREATED AS PROPERTY  
FOR THE PURPOSE OF DETERMINING ELIGIBILITY FOR GR BENEFITS  
(ALL SUPERVISORIAL DISTRICTS) (3-VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve ordinance amending Title 2-Administration of the Los Angeles County Code, relating to the treatment of Lump Sum payments received by General Relief (GR) applicants or participants. This ordinance will treat income as property for the purpose of determining eligibility for GR benefits. The cost associated with this amendment to the County Code is financed with 100 percent County funds, and results in an estimated net County cost (NCC) during the first 12 months of \$202,000, and an annual cost of \$255,000 thereafter.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Pursuant to the provisions of Section 17000, of the California Welfare and Institutions Code, the County Department of Public Social Services (DPSS) provides cash aid and material support to indigents under the County's GR Program. A Lump Sum payment is a one-time-only payment that results from awards of benefits or settlements, gifts, lottery winnings, or irregular earnings.

Under current policy, which is specified in the County Code, the GR Program treats any Lump Sum payment received by GR applicants or participants as income in the month received. This creates a period of GR ineligibility, for a period of time equal to the amount of the Lump Sum, divided by the monthly GR grant. The period of ineligibility may apply, even after the Lump Sum has been exhausted. The current policy is inconsistent with the State's Lump Sum policy governing the California Work Opportunity and Responsibility to Kids (CalWORKs) and Food Stamp Programs, which considers the Lump Sum payment as property/resources in the quarter received, instead of treating it as income. Under these programs, the participant is ineligible only if the remaining Lump Sum payment, combined with other resources, exceeds the resource limit.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The ordinance amending the County Code would bring the GR policy in full alignment with CalWORKs and Food Stamp Programs' policy. The change would eliminate the period of ineligibility and would alleviate hardships on GR applicants or participants who have no remaining resources after the Lump Sum payment has been spent. The Lump Sum payment would only count in determining GR eligibility to the extent that it remained available to the applicant/participant.

The change will also support departmental efforts to prevent and reduce occurrences of homelessness by advancing policies that promote services to individuals who are in danger of becoming homeless.

#### **Implementation of Strategic Plan Goals**

The ordinance change is consistent with the principles of the following Countywide Strategic Plan goals:

- Goal #1: Service Excellence: Provide the public with easy access to quality information and services that are both beneficial and responsive.
- Goal #6: Community Services: Improve the quality of life for the residents of Los Angeles County's unincorporated communities by offering a wide range of department coordinated services responsive to each community's specific needs.

### **FISCAL IMPACT/FINANCING**

DPSS' Financial Management Division prepared a cost estimate for the proposed revision of the GR Lump Sum payment rules. There is an average of 16 individuals per month impacted by the GR Lump Sum policy. The cost associated with this ordinance amendment to the County Code is financed with 100 percent County funds, and results in an estimated NCC during the first 12 months of \$202,000, and an annual cost of \$255,000 thereafter. Funding for the GR Lump Sum will be absorbed in the Fiscal Year (FY) 2007-08 DPSS Assistance Budget. Funding for future FY will be included in the Department's annual budget request.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In March 2006, DPSS received a letter from Legal Aid Foundation of Los Angeles (LAFLA), in which they expressed concern with the way the County applies the Lump Sum rule in GR cases.

LAFLA asserted that the County's Lump Sum policy is an illegal rule that adversely impacts GR participants.

LAFLA has threatened to file suit against the County on behalf of their clients (affected GR participants), if the County fails to cease the alleged illegal implementation of the Lump Sum rule. The lawsuit would primarily seek to discontinue the current Lump Sum policy as it relates to the GR Program. The Western Center on Law and Poverty (WCLP) subsequently joined with LAFLA on this issue, on behalf of their own clients.

County Counsel has concluded that the current GR Lump Sum rule is not illegal; however, the rule, as stated, does not benefit those participants who are in need of vital resources. Therefore, as a matter of policy, DPSS supports the proposed changes in the GR Lump Sum rule as codified in the Los Angeles County Code.

The Ordinance has been approved by County Counsel.

Implementation of the new policy will not result in any retroactive liability for the County, and the County's maximum conceivable retroactive liability as a result of the current Lump Sum rule would be quite limited given: (1) the small number of participants impacted by the current Lump Sum rule; (2) the relatively low amount of the GR grant; (3) the 12-month time limit on potential claims.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of this ordinance change to amend the County Code will allow the Department to continue to alleviate hardships on GR participants who have no remaining resources. This will also support departmental efforts to prevent and reduce occurrences of homelessness by advancing policies that promote services to homeless individuals and individuals who are in danger of becoming homeless.

DPSS and County Counsel have reached a consensus with LAFLA and WCLP on the details of the agreement and have executed a Letter of Understanding (LOU), which includes an agreement by LAFLA and WCLP not to pursue retroactive benefits for any of their current clients. Additionally, LAFLA and WCLP have sent a letter to the County stating that they are not inclined to pursue retroactive benefits for any other individuals who may have been adversely impacted in the past by the current GR Lump Sum policy.

**CONCLUSION**

The Executive Officer, Board of Supervisors, is requested to return one Adopted stamped Board Letter to the Director of DPSS.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

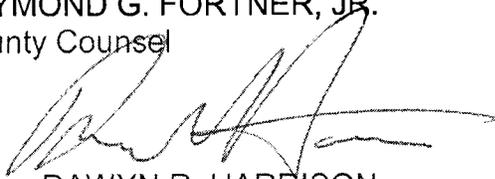
WTF:SRH:SS  
GP:JB:lbn

c: County Counsel  
Department of Public Social Services

## ANALYSIS

This ordinance amends Title 2 - Administration of the Los Angeles County Code, specifically Section 2.102.100 General Relief - Eligibility - Income Limitations. The ordinance eliminates the existing lump sum policy's period of ineligibility and bases General Relief eligibility on the amount of money that an individual actually has available during a particular month.

RAYMOND G. FORTNER, JR.  
County Counsel

By: 

DAWYN R. HARRISON  
Principal Deputy County Counsel  
Social Services Division

DH:gm

10/2/07 (requested)

10/15/07 (revised)

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Title 2 - Administration of the Los Angeles County Code, relating to the treatment of any lump-sum amount received by a General Relief applicant and/or participant.

The Board of Supervisors of the County of Los Angeles ordains as follows:

**SECTION 1.** Section 2.102.100 is hereby amended to read as follows:

**2.102.100 General relief -- Eligibility -- Income limitations.**

A. Except as otherwise provided in this section, any income of a general relief applicant or recipient, whether cash, in-kind benefits or any other resources, shall be deducted from the monthly general relief basic budget for such person, and if such income equals or exceeds such basic budget, then such person shall be ineligible for general relief. No person shall be eligible for general relief who fails or refuses to apply for and take advantage of all potential income, including, but not limited to, social security benefits, veterans' benefits, pensions, workers' compensation, and unemployment insurance benefits.

B. (1) ~~If an applicant or recipient receives~~ has received any lump-sum ~~income amount~~, including, but not limited to, litigation awards, insurance settlements, and social security benefits, such person shall be ineligible for general relief ~~for the number of months determined by dividing such lump-sum income by monthly general relief basic budget for such person~~ if the lump-sum amount on the day of the application, combined with the value of the individual's other resources, exceeds the applicable general relief resource limit.

(2) If a recipient receives any lump-sum amount, including but not limited to, litigation awards, insurance settlements, and social security benefits, such person shall be ineligible for general relief if the lump-sum amount, as reported by the recipient in the applicable report month, combined with the value of the recipient's other resources, exceeds the applicable general relief resource limit.

C. If an applicant receives earnings from part-time employment, the following deductions, whenever appropriate, shall be made from such earnings in computing such person's income: federal and state income taxes, social security, mandatory retirement contributions, mandatory union dues, transportation costs if required by employment, cost of maintenance of trade tools if required by employment, and other necessary deductions approved by the department. As used in this subsection, the term "part-time employment" means employment for less than 100 hours per month.

D. In-kind transportation provided to an applicant or recipient for attending family emergencies involving critical illness or death shall be exempt from consideration as income.

E. The portion of an educational grant, scholarship or other education stipend provided to an applicant or recipient which is used solely for tuition, books or educational fees shall be exempt from consideration as income, provided that the educational program is funded by the State Department of Rehabilitation, the Federal Comprehensive Employment and Training Act, or other programs approved by the director.

F. The portion of any loan which is used solely to meet the food, housing, or

personal-care needs of an applicant and which is received by such applicant during the 30-day period immediately preceding the date of application for general relief, or during the period when the application is pending, shall be exempt from consideration as income to such applicant, provided that such portion of such loan shall be exempt only up to the general relief basic budget amount for the particular need item for which it is used.

G. Mortgage loans and rent subsidies, up to a reasonable amount to be determined by the director, which are received by an applicant or recipient from any governmental or nonprofit agency shall be exempt from consideration as income.

H. The director may exempt from consideration as income any funds or in-kind benefits provided to, or on behalf of, an applicant or recipient or any member of such person's family residing with such person, from any utility assistance program approved by the director.

I. The director shall exempt from consideration as income the monthly gross earned income of a recipient as follows:

1. 100 percent of the first \$200.00;
2. 80 percent of the amount between \$201.00 and \$300.00;
3. 60 percent of the amount between \$301.00 and \$400.00;
4. 40 percent of the amount between \$401.00 and \$500.00;
5. 20 percent of the amount between \$501.00 and \$600.00.

The term "earned income" means wages, earnings or income, received by the recipient as payment for the recipient's labor.

J. The director may exempt from consideration as income any funds or in-kind benefits provided to a recipient or any member of such person's family residing with such person, for participation in an educational or employment-related program which has been approved by the board of supervisors.

K. Earned income tax credits received by an applicant or recipient shall be exempt from consideration as income.

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