ORIGINAL 1 JUN 2 5 1998 CAROLE SHAUFFER, Bar No. 100226 MARIA RAMIU, Bar No. 146497 2 SHANNAN WILBER, Bar No. 121280 YOUTH LAW CENTER 3 DEPUTY CLERK 114 Sansome Street, Suite 950 4 San Francisco, CA 94104 (415) 543-3379 5 Attorneys for Plaintiffs 6 7 8 UNITED STATES DISTRICT COURT 9 EASTERN DISTRICT OF CALIFORNIA 10 11 MARK A., ZACHARY A., RICK B., KRISTIE B, JOHN B., CHARLES D. Case No. Civ-S-98-0041LKKDAD 13 JIMMY C., BONITA and BARBARA G. through their Guardian Ad Litem, ALICE 14 BUSSIERE, MEGAN F. through her Guardian Ad Litem, JOHN F., and FIRST AMENDED COMPLAINT 15 NATHAN H, through his Guardian Ad 16 Litem, SYLVIA G, 17 Plaintiffs, 18 VS.. 19 PETE WILSON, in his official 20 capacity as the Governor of the State of California; ELOISE ANDERSON, 21 in her official capacity as Director, 22 California Department of Social Services; and the CALIFORNIA 23 DEPARTMENT OF SOCIAL SERVICES, 24 Defendants 25 26

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#### I. INTRODUCTION

- This is a class action challenging Defendants' administration of the federally funded Adoption Assistance Program ("AAP"), 42 U.S.C.§ 673, in violation of the protections of federal law and the United States Constitution By their actions, Defendants have denied Plaintiffs, children who are now, or will be, in foster care in California not only financial support, but in many cases the opportunity to have a permanent home and family.
- AAP was established by Congress in 1980 to encourage the adoption of foster children by providing adoptive families with financial support to meet these children's needs. In the absence of this program, many families could not adopt foster children and continue to provide them with the support and services they need.
- 3. Federal law requires states to encourage the use of the program and to provide information about the program to prospective adoptive families. It prohibits the application of a "means test" to an adoptive family to determine whether a child is eligible for an Adoption Assistance payment. It further requires that the amount of the payment be determined by agreement between the family and the agency and prohibits any changes without the concurrence of the adopting family.
- By imposing a means test based on the income of the family, which requires documentation by tax returns and other documents, and reapplying this means test every two years, Defendants have violated federal law Defendants have also violated federal law by reducing the amount of the Adoption Assistance payment without concurrence of the adopting parents and demanding a refund of "overpayments" when parents cannot document their expenses to Defendants' satisfaction Moreover, because Defendants have failed to issue clear guidelines for determining how the means test is applied, children and families are arbitrarily

denied AAP benefits in violation of the Due Process Clause of the United States Constitution

- The named plaintiffs are foster children and adopted children who are eligible for AAP. The plaintiffs have been harmed by the policies, procedures, acts and omissions of Defendants and their agents in the administration of AAP.
- Plaintiff foster children have had foster parents that want to adopt them, but are unable to do so without financial assistance. These families have been informed that they are now, or may eventually become, ineligible for AAP because their income now, or in the future, may exceed the statewide median income. The alternative for these children is to remain in long term foster care or guardianship, both of which alternatives are disfavored by state and federal law.
- The instability and the onerous and illegal requirements of this program have discouraged many families from adopting foster children in their care because they believe they will be financially unable to meet their needs. As a result, these children are deprived of their opportunity to have a legally permanent home and family. This is harmful to these children and violates the clear intent of federal law, including the recently enacted Adoption and Safe Families Act
- For plaintiff children who have been adopted, the unstable, onerous and illegal requirements in the administration of AAP have denied these children program benefits to which they are entitled to meet their needs.
- 9 Plaintiffs seek declaratory and injunctive relief from Defendants' policies, procedures, acts, and omissions which violate Plaintiffs' federal Constitutional and statutory rights

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#### II. JURISDICTION AND VENUE

- This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1331 which provides for original jurisdiction over all civil suits arising under the laws of the United States

  Jurisdiction is also authorized by 28 U.S.C. § 1334(3) and (4), which provides for original jurisdiction of this Court in all suits authorized by 42 U.S.C. § 1983, to redress the deprivation under color of state law of any rights, privileges and immunities guaranteed by the Constitution of the United States and by Acts of Congress.
- Plaintiffs' action for declaratory and injunctive relief and other appropriate relief is authorized by 28 U.S.C. § 2201 and 2202, and Fed R.Civ.P. 57 and 65
  - 12. Venue in this district is proper under 28 U.S.C. § 1391(b).

#### HI. DEFENDANTS

- Defendant Pete Wilson is the Governor of the State of California. Plaintiffs sue him in his official capacity Under Article 5, Section 1 of the California Constitution, Defendant Wilson is vested with the supreme executive power of the State of California and is responsible for executing the laws of the State.
- Defendant Eloise Anderson is sued in her official capacity as the Director of the California Department of Social Services. Under Welf & Inst. Code § 10553, she is legally responsible for statewide administration of public social services, including the Adoption Assistance Program. It is her duty to formulate, implement and enforce statewide policies for the administration of public social services throughout the state of California. Under Welf & Inst. Code §16115.5, she is responsible for establishing and administering the public adoptions program in the State of California.

Defendant California Department of Social Services ("CDSS") is the single state agency authorized and required to supervise the administration of public social services programs in California, and to administer the Adoption Assistance Program.

#### IV. PLAINTIFFS

- Plaintiffs Mark A and Zachary A are brothers who are in foster care under the supervision of Orange County Social Services Agency, which administers the AAP in Orange County under the supervision of Defendants Anderson and CDSS. Mark is 11 years old and Zachary is four years old. Mark and Zachary sue through their Guardian Ad Litem, Alice Bussiere.
- Plaintiffs Rick B., Kristie B., John B. and Charles D. are children under the supervision of Stanislaus County Department of Social Services which administer a foster care and adoption program under the supervision of Defendants Anderson and CDSS. Rick, Kristie, and John are biological siblings ages 7, 6 and 4. Charles is seven years old. They sue through their Guardian Ad Litem, Alice Bussiere.
- Plaintiff Jimmy C. is a six-year-old child who lives in Mendocino County,

  California and is in foster care under the supervision of Mendocino County Department of Social

  Services The Adoption Assistance Program in Mendocino County is directly administered by

  Defendants Anderson and CDSS. He sues through his Guardian Ad Litem, Alice Bussiere
- Plaintiff Megan F is a seven year old girl who lives with her adoptive parents in Alameda County, California Megan was adopted through the Santa Clara County Human Services Agency which administers AAP in Santa Clara County under the supervision of Defendants Anderson and CDSS.

- Plaintiffs Bonita G. and Barbara G. are foster children under the supervision of the San Diego County Department of Social Services which administers a foster care and adoption program under the supervision of Defendants Anderson and CDSS Bonita and Barbara are biological siblings ages 4 and 3. They sue through their Guardian Ad Litem, Alice Bussiere.
- 21 Plaintiff Nathan H is a seven year old child who lives with his adoptive family in Stanislaus County Nathan was adopted through the Sacramento Department of Social Services which administers AAP in Sacramento County under the supervision of Defendants Anderson and CDSS. He sues through his mother and Guardian Ad Litem, Sylvia H.
- Named plaintiffs seek to represent the class of all foster and adopted children in California who are now or will be eligible for the Adoption Assistance Program.

### V. CLASS ACTION ALLEGATIONS

- Plaintiffs bring this action on behalf of themselves and all others similarly situated under Federal Rules of Civil Procedure 23(a) and (b)(2). Plaintiffs seek to represent a class consisting of all children in California who are, or will be, eligible for AAP.
- 24. The proposed class is so numerous that joinder of all parties is impracticable. Based on information and belief, Plaintiffs estimate that there are over 10,000 foster children who are eligible for adoption and potentially eligible for AAP in California and thousands of additional children will be eligible in the future. Joinder of the proposed class members is inherently impracticable because the class includes unknown future class members and because the proposed class members do not have the economic means to pursue their remedies on an individual basis. There are questions of law and fact common to the class, that is, whether the Defendants have unlawfully deterred putative class members from, and failed to provide them

with, the benefits to which they are entitled under AAP.

- The named plaintiffs' claims are typical of the claims of the class. Plaintiffs challenge the Defendants' policies and practices on the same legal ground, that is, that the Defendants' policies and practices of using a means test, failing to establish Adoption Assistance payments by agreement, unilaterally reducing or terminating payments because of parents' failure to provide "adequate" documentation or based on changes in parental income, and failing to actively promote the Adoption Assistance Program, violate federal law.
- The named plaintiffs and their attorneys will fairly and adequately protect the interests of the class. The named plaintiffs and all proposed class members share a common interest in obtaining the appropriate application of the federal Adoption Assistance Program and the named plaintiffs do not have any interests which are antagonistic to the class. No conflict of interest exists which would hinder the named plaintiffs' ability to pursue this litigation vigorously on behalf of the class. The Guardian Ad Litem for the named plaintiffs who are foster children is an experienced advocate on adoption issues and has extensive expertise on adoption and child welfare. The Guardians Ad Litem for the plaintiffs who are adopted children are the plaintiffs' parents who have no interests adverse to their children. Counsel for the Plaintiffs are well qualified to represent the class. Counsel include attorneys with substantial experience in federal class action litigation, child welfare program issues, and children's rights.
- Defendants have acted on grounds generally applicable to the class making final injunctive and declaratory-relief appropriate. Defendants' use of a means test in determining eligibility for and the amount of payments under the AAP has equal application to all members of the class as current or future children who are eligible for assistance under AAP

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#### VI. STATEMENT OF FACTS

#### A. Named Plaintiffs

- Plaintiffs Mark and Zachary A lived with long-term foster parents and their four children for two and a half years. These long-term foster parents want to adopt them. Orange County Social Services Agency informed their foster parents that, under State law and regulation, they could not receive Adoption Assistance if their income exceeded the statewide median for a family of six, \$60,000. Even if they were currently eligible, their payments would terminate when their income exceeded the statewide median income
- This family would not be able to provide Mark and Zachary with the services they need, including psychological counseling, speech therapy, special tutoring, transportation and participation in sports and other activities, without financial support. They are unwilling to deprive Mark and Zachary of these services.
- 30. Mark and Zachary would benefit from the legal practical and emotional stability of a legally permanent home and family
- Rick B, Kristie B, John B and Charles D have lived with their foster parents in Stanislaus County since 1996 All four are eligible for adoption
- Their foster parents want to adopt all four children. Their social worker informed them that they probably would not qualify for adoption assistance, but would continue to receive a payment if they kept the children in long-term foster care.
- The foster parents are pursuing the option of adoption in the hopes that they will be able to qualify for assistance in caring for these children Stanislaus County, acting on the authority of state regulations, refuses to guarantee them any assistance or to discuss the matter further with them until the adoption process has proceeded further.

- Without assistance, the foster parents will be unable to adequately care for and meet the needs of these children. If no adoption assistance is provided, they may be unable to adopt.
- 35. Jimmy C has lived with his foster parents since he was three weeks old. Jimmy has special medical needs. His foster parents receive a specialized foster care payment to meet Jimmy's needs. Defendant CDSS's adoptability assessment noted that Jimmy had severe medical problems and may not become an independently functioning adult.
- In 1993, Jimmy's foster parents filed a petition to adopt him. His social worker told them that his special needs would continue to be met through the Adoption Assistance Program after the adoption was finalized Accordingly, they applied for AAP aid to meet Jimmy's special needs but were denied because their income exceeded the statewide median. They appealed the denial of AAP aid through the administrative fair hearing process, but the denial was upheld on the basis of the Defendants' regulation.
- 37 The foster parents could not continue to meet Jimmy's special needs, without the special needs payment, so they withdrew their petition for adoption, and asked the court to appoint them as Jimmy's legal guardians.
- 38 Because of Defendants' illegal policies and practices, Jimmy has been denied the opportunity to be adopted and to have a family for life.
- 39. Prior to her adoption, Megan F. lived with her adoptive parents as a foster child under the supervision of the Santa Clara County Social Services Agency. At the time of the adoption, Megan's adoptive parents' income was below the statewide median income. Her adoptive parents applied for, and were granted, AAP payments for Megan at the basic needs rate.

- Two years later, Megan's adoptive parents were required to undergo the AAP recertification process. They submitted to Santa Clara County the required income and other recertification information and were subsequently notified by the county that the AAP payments would be discontinued because the family's income of \$58,045 exceeded the California median income level
- AP payments through the administrative fair hearing process, but the County's decision was upheld. The administrative law judge found that Megan was not entitled to continue to receive the basic needs AAP payment because her adoptive parents' income exceeded the statewide median. The judge also held that Megan was not entitled to a special needs AAP payment because the expenses documented for education and educational supports her parents contended were necessary to meet Megan's special needs resulting from perinatal drug and alcohol exposure were basic needs any child would have and thus did not qualify as a special need. Without the AAP payments, Megan's adoptive parents cannot continue to appropriately meet Megan's needs.
- Bonita G. and Barbara G. live with foster parents and their adopted son in San Diego County. Bonita and Barbara are eligible for adoption. They have had potential adoptive families, including their foster parents, whose income exceeds the statewide median. San Diego County informed their foster parents that pursuant to Defendants' policies they would not be eligible to receive AAP aid because their income exceeds the statewide income. San Diego County routinely informs prospective adoptive parents that AAP eligibility is determined by whether the family's income exceeds the statewide median. Bonita and Barbara would benefit from the legal, practical and emotional stability of a legally permanent home and family. Defendants' means testing policy is a significant barrier to the adoption of Barbara and Bonita as

a sibling group, particularly in light of the severity of Barbara's special needs. Prospective adoptive parents, like their foster parents, whose income exceeds the statewide median will not be able to adopt Bonita and Barbara without financial assistance.

Nathan H. was placed in foster care with his adoptive family when he was two years old. Prior to adopting Nathan, his adoptive parents were informed that Nathan would receive AAP because he was a "special needs child" However, when his adoptive parents applied for AAP for Nathan, they were denied because their income exceeded the statewide median *mimimum*. Nathan's parents do not have the resources to appropriately meet his special needs resulting from his perinatal drug exposure to ensure that Nathan has the opportunity to meet his full developmental potential.

#### b. Statutory scheme

- Titles IV-B and IV-E of the Social Security Act. 42 U.S.C.A. §§ 621 et seq. and 671 et seq.

  While State participation in these programs is not mandatory, states which choose to participate must comply with federal requirements. The federal government provides substantial funding to the states to provide child welfare services. In order to receive these funds, the states must operate their child welfare services programs in compliance with enumerated federal requirements under a detailed state plan. One of these requirements is that the State operate an Adoption Assistance Program and enter into Adoption Assistance agreements with the adoptive parents of children with special needs.
- The State of California receives federal financial participation for cash adoption assistance benefits paid on behalf of children who qualify for Adoption Assistance under 42 U.S.C. § 673 et seq. The Adoptions Assistance Program (AAP) is a program of incentives and

supports that facilitate the adoption of children in foster care who, because of a variety of specific factors or conditions, would not be adopted without assistance. As a condition of federal funding, CDSS must administer the AAP in a manner consistent with the requirements of Title IV-E and the regulations and policies promulgated by the United States Department of Health and Human Services

- California's Adoption Assistance Program, codified in Welfare and Institutions
  Code §§ 16115 et seq., provides payments on behalf of eligible children with special needs to
  parents who adopt these children. The purpose of AAP is to provide the stability and security of
  permanent homes for children though adoption and to reduce the need for foster home care.

  Welf & Inst. Code § 16115.5. CDSS is responsible for establishing and administering the
  Adoption Assistance Program, including adopting regulations necessary to carry out the
  program. CDSS may also license counties to administer the adoption program functions in their
  county, including the administration of AAP. Welf. & Inst. Code § 16100. Counties must
  administer AAP under the supervision of, and in accordance with, the policies and procedures
  established by CDSS. Welf. & Inst. Code § 16118. CDSS, or the county responsible for
  providing financial aid to the child, must determine the child's eligibility. Welf. & Inst. Code
  § 16118(e).
- The use of an income eligibility requirement or means test to determine eligibility for Adoption Assistance is specifically prohibited by federal regulation. The United States Department of Health and Human Services (HHS), Administration for Children, Youth and Families (ACYF) has advised states that an eligible child's adoptive parents may not be rejected for Adoption Assistance or have payments reduced without their agreement because of the level of their income or other resources. The ACYF has specifically advised states that the purpose of

the Adoption Assistance Program is to provide incentives for families of any economic stratum and to remove barriers to the adoption of special needs children

- Federal law permits a change in the amount of the Adoption Assistance payment only with the concurrence of the parents unless the parents are no longer legally responsible for the support of the child, the parents are no longer providing support to the child, the child is ineligible because of age, or the AAP payment exceeds the foster care maintenance payment to which the child would have been eligible had he or she remained in a foster family home.
- Despite these explicit provisions of federal law, Defendants have imposed an income eligibility requirement (or means test) on prospective adoptive parents. Defendants' regulation states that families whose income is below the statewide median are entitled to the full amount that would be paid to a foster family. Families with incomes above the statewide median are eligible only for a special needs increment (a supplement to the basic foster care rate) and then only if they can document exceptional expenses. CDSS Adoptions Manual §35333(a)(3)
- The procedures Defendants use to implement this requirement are cumbersome. Families must submit tax returns and evidence of all other non-taxable income. Families must submit receipts for all exceptional expenses, including such things as parking receipts for doctor's appointments. The process takes a substantial amount of the family's time and it is difficult for families to comply.
- Other than the basic median income requirement, Defendants provide social workers and adoption agencies with no guidance on how to use the information that is collected. There is no way to determine what is an extraordinary expense or how these expenses should be counted. Some counties use extraordinary expenses as a way of reducing income while others compensate families for all or part of these expenses. In large part, the decision is up to the

individual social worker

- Defendants' policies do not require agencies to reach an agreement with the family on the amount of assistance. Instead, they permit the agency to determine whether the family is eligible or not, based on family income.
- Defendants also have imposed a recertification requirement on AAP recipients.

  Every two years, families must resubmit documentation of income and expenses. If the agency determines that this documentation is insufficient, it may reduce the AAP payment without the concurrence of the family. Families are required to reimburse the agency for alleged "overpayments" if they miss a therapy session or cannot provide adequate receipts. Defendants include in the form adoption assistance agreement a requirement that families authorize this periodic reduction in benefits. They do not inform families that they have the legal right not to agree to this waiver.
- Because they are aware of these requirements, many families choose not to adopt foster children. Foster parents, in particular, are deterred both by the financial disincentive and the difficulty of the procedure from adoption and applying for adoption assistance.
- Defendants have created barriers to the adoption of special needs children in California by failing to actively promote AAP, failing to negotiate assistance agreements, refusing to provide AAP benefits or reducing AAP benefits to children solely on the basis of their prospective or adoptive parents' income or their failure to provide documentation of the receipt of services, in violation of federal law
- Proper and legal administration of the AAP will prevent children like Plaintiffs from being denied the security and stability of an adoptive home which can meet their special needs, prevent uncertainty and instability of long-term foster care and prevent adopted children

from being deprived of benefits necessary to meet their needs.

#### VII. CLAIMS

- Defendants' use of a means test in determining eligibility and level of payment in the AAP program, their failure to negotiate AAP agreements, their recertification procedures, including their unilateral reduction of payments or claims for refunding of overpayments because of a failure to document expenses, and their failure to actively promote AAP, violate 42 U.S.C. § 671 et seq. and the regulations promulgated thereunder.
- 58. CDSS's administration of the Adoption Assistance Program, specifically the failure to promulgate clear standards for administration of initial eligibility determinations and recertification, violates rights guaranteed to Plaintiffs under the Due Process Clause of the U.S. Constitution.
- As a result of Defendants' action, Plaintiffs will suffer irreparable harm in that they will be denied the safety and security of an adoptive home or will be denied the services necessary to their health and well being. Plaintiffs have no plain adequate remedy at law.

#### VIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs on behalf of themselves and all others similarly situated request that this Court:

- Determine that this action be maintained as a class action pursuant to Fed R. Civ P. 23(a) and (b)(2)
- Enter a declaratory judgment determining that the Defendants' policies, practices, acts and omissions in the Adoption Assistance Program complained of herein:
  - a subject plaintiffs to denial of due process of law guaranteed by the Fourteenth Amendment to the United States Constitution; and

- b violate Plaintiffs' federal statutory rights under the Adoption Assistance and Child Welfare Act, 42 U.S.C. § 671, et seq. and regulations promulgated thereunder.
- Enter preliminary and permanent injunctions prohibiting Defendants, their successors-in-office, agents, employees, and all other persons acting in concert therewith from:
  - a. using a means test, including requiring families to produce evidence of income and expenses, as a condition of eligibility for AAP or as part of the recertification process;
  - b arbitrarily and unilaterally reducing AAP payments based on adoptive parents' income or failure to adequately document expenses or for any reason other than: the child's ineligibility because of age; evidence that the parents are no longer legally responsible for providing support to the child, or are no longer providing such support; or the amount of the payment exceeds that amount which would have been paid for the child in a foster family home;
  - c informing prospective adoptive families that eligibility for adoption assistance is based on a means test; and
  - b failing to promulgate regulations that comply with federal law and the orders of this Court.
- To issue notice to all class members of this Court's judgment and their rights under the judgments including the right to receive AAP regardless of the income of their prospective or adoptive parents provided all other eligibility requirements are met

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- 64. Grant Plaintiffs their costs and attorneys' fees; and
- 65. Grant such other relief as this Court deems just and proper.

Dated: June 24, 1998

Respectfully submitted,

CAROLE SHAUFFER MARIA RAMIU SHANNAN WILBER YOUTH LAW CENTER

Ву:

Maria Ramiu

Attorney for Plaintiffs

#### PROOF OF SERVICE BY MAIL

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Case Name: Mark A et al. v. Wilson
Case No.: CIV-S 98-0041LKKDAD

I am employed in the County of San Francisco, State of California. I am over the age of 18 and not a party to this action. My business address is 114 Sansome Street, Suite 950, San Francisco, California 94104.

On the date indicated below, I sent the enclosed:

#### FIRST AMENDED COMPLAINT

to the parties hereinafter listed by placing a true and correct copy of such document in an envelope and placing such envelope in a United States post office box, postage prepaid:

Susan P Underwood Kelly E Le Bel Deputy Attorneys General for the State of California 1300 I Street, Suite 1101 P.O. Box 944255 Sacramento, California 94244-2550

Carole A Jeandheur United States Department of Justice Civil Division P. O. Box 883 Washington, D. C. 20044

I, Robin Bishop, declare under penalty of perjury that the foregoing is true and correct Served and executed on this 24th day of June, 1998.

