

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 445-0885



August 25, 1982

ALL-COUNTY LETTER NO. 82-85

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TURNER v. WOODS; Allowance of Mandatory Payroll Deductions
in Determining Gross Income

REFERENCE:

As you were informed in All County Information Notice I-102-82 of August 9, 1982 the U.S. District Court on July 29, 1982, issued an order on one aspect of the Turner v. Woods lawsuit. The court found that in the AFDC program mandatory deductions do not constitute income and must be excluded from gross income prior to the application of other disregards. This order requires that mandatory payroll deductions be subtracted from gross earnings prior to the application of earned income disregards (the \$75/50 standard disregard, dependent care and 30 and 1/3 disregard). Mandatory deductions are federal, state and local taxes, Social Security taxes (FICA) and state disability insurance.

This order applies in determining financial eligibility and in all grant determination computations, including such computations as the stepparent and excluded parent provisions. Currently mandatory payroll deductions are allowed in the stepparent unit neediness computation (EAS § 44-133.62). Revisions to this regulation have been submitted to delete reference to mandatory deductions. However, until further notice counties must continue to allow mandatory payroll deductions for this computation. This order does not apply to the sponsored alien provisions or the 150% income limit.

The Joint Legislative Budget Committee has given the Department of Finance permission to approve issuance of this All County Letter in less than the normally required 30 day notice period. On August 23, the Department of Finance approved the issuance of this letter and the availability of funds necessary to comply with the order.

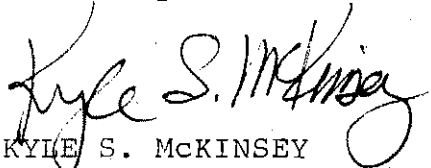
Therefore, implementation of this order will affect applications with a beginning date of aid of August 23, 1982 or later and continuing cases beginning with the September grant. Underpayments will exist to the extent the procedures above are not implemented in the appropriate month. We recognize that most counties will be unable to affect the warrants for the first of September. This will necessitate issuance of supplemental warrants as soon as administratively practical.

The Notices of Action to affected cases must indicate in the revised arithmetical computation(s) the mandatory payroll deductions used in the grant determinations. The notice should also inform recipients that withholding for Social Security, disability insurance and income tax is now deducted from their earned income in determining the amount of their grants.

There is a hearing scheduled in District Court for August 31, 1982. The plaintiffs are asking the court to require implementation of the order effective August 1, 1982. We are opposing that request and petitioning for a stay and reconsideration. We will keep you advised of developments.

If there are questions, please contact your AFDC Management Consultant at (916) 445-4458.

Sincerely,



KYLE S. MCKINSEY
Deputy Director