STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

August 9, 1982

ALL-COUNTY INFORMATION NOTICE I-102-82

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: Turner v. Woods

REFERENCE:

On July 29, 1982, Judge Thelton Henderson of the U.S. District Court in San Francisco issued his opinion and order on one aspect of the Turner v. Woods lawsuit. Judge Henderson found that in the AFDC program, mandatory payroll deductions do not constitute "income" as used in Section 602(a)(7)(A) of Title 42 of the United States Code and are to be excluded from gross income. Under this ruling, both mandatory payroll deductions and the new $75.00 or $50.00 disregard are to be deducted from gross income prior to application of the dependent care and 30 + 1/3 disregards. Mandatory deductions are federal, state and local income taxes, Social Security taxes (FICA) and state disability insurance.

The ruling affects financial eligibility and grant determination computations, including the stepparent and excluded parent computations. It does not affect the 150% income limit or the sponsored alien provisions.

Richard J. Schweiker, Secretary of HHS, is a party to the lawsuit, and the order requires him to continue matching funds to California. The Department of Finance is also a party to the lawsuit. We are discussing the case with HHS attorneys and the Department of Finance in an effort to determine the next step in the litigation. The identical issue in this case is being litigated in other states. Of the cases decided one has preliminarily reached the same decision as Turner, and two have upheld the federal interpretation of ignoring payroll deductions.

The Budget Act requires that All County Letters which add to AFDC program costs be submitted to the Department of Finance for approval. The Department of Finance may not approve such letters until it has given 30 days notice to the Joint Legislative Budget Committee. We have submitted an All County Letter to implement the Turner decision to the Department of Finance and requested that the 30 day period be shortened. If the period is not shortened, the All County Letter implementing the court order will be effective September 6 for applicants and October 1 for current recipients. We will notify you as soon as approval is given.

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

Sincerely,

Kyle S. McKinsey

KYLE S. McKINSEY
Deputy Director