STATE OF CALIFORNIA - HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814
(916) 322-5330

August 27, 1984

ALL-COUNTY LETTER NO. 84-92

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: DISCONTINUANCE OF MANDATORY PAYROLL DEDUCTIONS (TURNER v. McMAHON) IN AFDC AND RCA/ECA
REFERENCE: ACIN I-102-82 and ACL 82-85

On July 18, 1984 the President signed into law the Deficit Reduction Act (DEFRA) of 1984 (P.L. 98-369). As part of the Act, earned income has been clearly defined as the gross amount of earnings prior to any deductions for taxes or for any other purposes.

As you know, because of a court order (Turner v. McMahon) the Department has been prohibited from counting mandatory payroll deductions (Income Taxes, Social Security and Disability Insurance) as income. As a result of the clarified definition of earned income under DEFRA, the Department of Health and Human Services requested the U.S. Supreme Court to stay that order. On August 10, 1984, Justice Rehnquist granted the stay. The case itself will be argued before the Supreme Court this fall.

Effective September 1, 1984 for new applicant/recipients and for continuing cases effective no later than the October, 1984 grants, counties shall no longer deduct mandatory payroll deductions for Income Taxes, Social Security and Disability Insurance from gross earned income. This applies for both financial eligibility and grant determination.

Attached is a reproducible copy of the Notice of Action which contains language that counties must use to notify recipients of a change in grant amounts. This language must be used in order to comply with the Turner v. McMahon Consent Decree (ALL COUNTY WELFARE DIRECTORS LETTER of July 20, 1983). The language in this notice is designed for this specific action. You do not have to display both the grant change options, but may print the applicable one, if desired. You may photocopy this form or transfer the language to any other appropriate Notice of Action form. If there are other reasons for a grant change in addition to the court order (e.g., increase in income), please assure that the Notice provided is adequate (see ACIN I-151-82).

On any Notice of Action form that contains the budget computation line item for mandatory deductions, counties may strike out the line or delete it.

Any forms that contain the budget computation using the mandatory deduction line item should have a similar modification as well. The appropriate State forms will be revised as soon as possible.

Copies of English and Spanish translated notices are attached. Other translations will follow.

If you have any questions concerning the translated versions of the notice, please contact the Language Services Unit at (916) 323-9562. If you have any questions regarding AFDC, please contact Barbara Cox of the AFDC Policy Implementation Bureau at (916) 322-5330. For any questions regarding the Refugee Program, please contact your Refugee Consultant at (916) 322-3141.

Kyle S. McKinsey

KYLE S. McKINSEY
Deputy Director

Attachments

cc: CWDA