

*Welfare*

# Judge Orders New Welfare Pay Formula

A federal judge in San Francisco ordered the federal and California governments yesterday to calculate the income of welfare recipients in the Aid to Families with Dependent Children program on take-home, not gross pay. The ruling may cost the governments \$2.7 million a month.

The ruling, by U.S. District Judge Thelton E. Henderson, came in a suit by the California Coalition of Welfare Rights Organizations challenging the method of figuring total income for an AFDC parent who is working at a low-paying job.

Henderson ruled that a person's take-home pay is his total income, not the gross income that includes money withheld from a check for federal, state and Social Security taxes and state disability insurance.

The effect, Judge Henderson said, is that the average AFDC working family in California will benefit by more than \$80 a month. There are 34,500 such families.

Winning attorney Mark Aaronson termed the 22-page decision "very good and incisive. It restores a rational reason for people to work," he said.

A spokesman for the state

Department of Social Services said officials have to study the decision before commenting.

But Christopher Stoll, an assistant U.S. attorney, said the ruling "is clearly wrong and we definitely will appeal."

Judge Henderson said it is the intention of Congress to encourage AFDC families to work.

But if the federal and state plan, implemented in January, is used, the judge said families would be better off not working.

By the judge's calculation, the ruling said, "The average working AFDC family in California would have a very strong

incentive not to work, since each family would be, on average, \$83 per month worse off than if it had declined to work.

"Such a result would clearly be inconsistent with the congressional purpose of encouraging work, as well as fundamentally wrong."

Henderson enjoined the state from including payroll deductions in the definition of income and also enjoined the federal Department of Health and Human Services from cutting off 80 percent matching funds to California for the AFDC program.

## Welfare recipients win income ruling

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SAN FRANCISCO (AP) — About 34,500 working welfare recipients in California will receive an extra \$83 a month under a ruling by a federal judge, but a government attorney said the decision would be appealed.

U.S. District Judge Thelton Henderson ordered the state Friday to subtract mandatory payroll deductions in calculating job income for recipients of Aid to Families with Dependent Children. The decision rejected federal guidelines for determining eligibility for the program.

The new regulations, which took effect in January, include payroll deductions — such as income taxes, Social Security and disability insurance — as income. Such deductions, averaging about \$83 a month, are considered job expenses under the rules. Only \$75 in job expenses can be deducted from income in calculating AFDC eligibility.

In his ruling, Henderson issued a permanent injunction barring the state from following the new federal guidelines for calculating the income of AFDC recipients and he told the federal government not to withhold AFDC matching funds from the state when it follows his order.

Assistant U.S. Attorney Christopher Stoll said, "I believe the decision is wrong, and we definitely will appeal."

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