

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
SACRAMENTO, CA 95814

December 14, 1983

To: All County Welfare Directors

Letter No. 83-80

IBARRA V. RANK LAWSUIT

Reference: All County Welfare Directors Letters 83-30 and 83-64

This letter is to clarify the instructions, previously provided to counties, regarding the treatment of mandatory deductions as a result of the court order in the Ibarra v. Rank lawsuit.

The court ordered that in computing the share of cost for an AFDC-MN person, an MI child or an MI pregnant woman, any earned income (including earned income of an ABD-MN used in computing the share of cost for AFDC-MN or MI persons) must first be reduced by the amount of the mandatory deductions. Mandatory deductions are limited to: federal, state, and local taxes, social security (FICA), and state disability insurance.

After the mandatory deductions, the other deductions must be taken in the following order: 1) \$75 (full-time employee) or \$50 (part-time employee) work-related expense, 2) \$65 + 1/2 for ABD-MNs or \$30 + 1/3 for AFDC-MNs and MIs, 3) any other applicable deductions to which the beneficiary is entitled, such as: dependent care, health insurance premiums, court ordered alimony or child support.

We apologize for the confusion caused by the conflicting information in previous All County Welfare Directors Letters.

If you have any questions regarding this lawsuit, please contact Kristi Banion at (916) 324-4955.

Sincerely,

ORIGINAL SIGNED BY

Caroline Cabias, Chief  
Eligibility Branchcc: Quality Control and  
Evaluation Branch  
800 H Street, Suite 101  
Sacramento, CA 95814