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Welfare Agency Held in Contempt of Court

May 30 Deadline Set for Restoration of Benefit Cuts Prompted by Tax Refunds

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Times Staff Writer

The state Department of Social Services and its director, Marion Woods, were held in contempt Wednesday by a Los Angeles County Superior Court judge for cutting back payments to welfare recipients who get income-tax refunds.

Judge Jerry Pacht gave the department until May 30 to purge itself of the contempt by restoring the deducted payments, or face sentencing. Civil contempt is punishable by a maximum five days in jail and $500 fine.

Pacht last April 18 ordered the department to change its current practice of deducting the amount of an income-tax refund from forthcoming monthly Aid to Families with Dependent Children (AFDC) stipends. The department had previously treated the refunds as income, but Pacht said it must henceforth consider the tax refunds as assets which cannot be deducted from monthly payments.

Welfare recipients attorney Marilyn Katz sought the contempt order after the department refused to heed Pacht's order.

Deputy Atty. Gen. G.R. Overton said the state welfare officials believed the order was automatically stayed pending appeals, but Pacht said that was not so.

The state Court of Appeal already has upheld Pacht's April 18 decision.

Pacht said the department's refusal even to begin complying with his order was "outrageous."

Kyle S. McKinsey, who supervises the AFDC program for the state, estimated in a written declaration that the order would cost $2.5 million in welfare payments and another $500,000 in administrative costs. He said about 14,500 AFDC recipients throughout the state could be getting income-tax refunds.

Any such expenditure, McKinsey claimed, would have to be approved by the state Department of Finance, which had earlier indicated it would not condone a proposed change of regulations eliminating the offset of income-tax refunds from AFDC stipends.

A hand search of individual cases by the 58 county welfare departments to determine who should have cuts restored would be extremely difficult, Kinsey added.

"Why an order is going to be difficult to carry out has nothing to do with whether it is carried out," Pacht said.

"I made this order because there are people out there on welfare who are having their income-tax refunds deducted," he said. "The department is violating the principle of the welfare laws with its abject refusal to even start to implement this order."

Pacht made it clear that Woods and the welfare department, not Overton as their lawyer, were the target of his anger.

"You have got a client who is behaving irresponsibly," Pacht told the deputy attorney general.

Overton had indicated on April 18 that the department would comply with Pacht's order, but department officials subsequently decided to initiate appeals.

Katz said compliance of the state department, despite its protests, would be relatively simple. All Woods had to do, she said, was to issue a letter to welfare officials in the 58 counties telling them to search case records and make sure nobody's April or future payments were cut because they received income-tax refunds.

Pacht had agreed with her on April

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18 that the order must be implemented immediately, despite any inconvenience to the welfare officials, because tax refunds were in the mail or already received at that time.

Welfare officials last year restored payments to eight individually named plaintiffs in the class-action lawsuit. They said because of the limited amount of money and limited search of records involved, that was easy enough to do, but that complying with Pacht's comprehensive order would be far more difficult.

The recipients' income-tax refunds have ranged from $70 to about $500. An AFDC recipient can have at least $1,800 in personal property with $600 of it in liquid assets and still maintain eligibility.