

**CS FOR HOUSE BILL NO. 78(HES)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**NINETEENTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**Offered: 4/5/95**  
**Referred: Finance**

**Sponsor(s): REPRESENTATIVES HANLEY, Rokeberg, Porter, Bunde, Toohey, Kohring**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the payment of aid to families with dependent children in  
2 the case of pregnant minors and minors who are parents; relating to the  
3 maximum amount of assistance that may be granted under the program of aid  
4 to families with dependent children; proposing special demonstration projects within  
5 the program of aid to families with dependent children and directing the  
6 Department of Health and Social Services to seek waivers from the federal  
7 government to implement the projects; and providing for an effective date."

8 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 \* **Section 1.** AS 47.25.360 is amended to read:

10           Sec. 47.25.360. GRANTING OF ASSISTANCE. Upon the completion of the  
11 investigation, the department shall decide whether the child is eligible for assistance  
12 under AS 47.25.310 - 47.25.420, the amount of assistance, and the date on which it  
13 starts. The department shall notify the person having custody of the child of its

1 decision. Except as provided in AS 47.25.362(b), the [THE] assistance shall be paid  
2 monthly to the person having custody of the child upon order of the department.

3 \* **Sec. 2.** AS 47.25 is amended by adding a new section to read:

4 Sec. 47.25.362. ASSISTANCE TO MINORS WITH CHILDREN. (a) Except  
5 as provided in (c) of this section, the department shall require, as a condition of  
6 eligibility for assistance, that a minor parent must reside in a

7 (1) place of residence maintained by the minor's parent, legal guardian,  
8 or other adult relative of the minor as the parent's, guardian's, or other relative's own  
9 home; or

10 (2) foster home, maternity home, or other adult-supervised supportive  
11 living arrangement.

12 (b) Notwithstanding AS 47.25.360, the department shall, where possible, pay  
13 assistance on behalf of a minor parent who is subject to the requirements of (a) of this  
14 section to the minor's parent, legal guardian, or other adult relative, or, as applicable,  
15 to the head of the adult-supervised supportive living arrangement where the minor  
16 parent resides.

17 (c) The provisions of (a) and (b) of this section do not apply if

18 (1) the minor parent does not have a parent or legal guardian who is  
19 living and whose whereabouts is known;

20 (2) a living parent or legal guardian of the minor parent will not allow  
21 the minor to live in the home of the parent or guardian;

22 (3) the department determines that the physical or emotional health or  
23 safety of the minor parent or the minor's child would be jeopardized if the minor and  
24 the minor's child lived in the same residence with the minor's parent or guardian;

25 (4) the minor parent lived apart from the minor's parent or legal  
26 guardian for either one year before the birth of the dependent child or one year before  
27 the minor parent submitted the application for assistance; or

28 (5) the department otherwise determines under regulations that are  
29 consistent with corresponding federal regulations that there is good cause for waiving  
30 the requirements of (a) of this section in the case of a particular minor parent.

31 (d) In this section, "minor parent" means a person who is under the age of 18,

1           who has never married, and is either  
2                           (1) the natural parent of a dependent child living in the same  
3           household; or  
4                           (2) eligible for assistance as a pregnant woman.

5   \* **Sec. 3.** AS 47.25.310(c) is repealed.

6   \* **Sec. 4.** WAIVER APPLICATION. (a) The Department of Health and Social Services  
7 shall, by December 31, 1995, seek appropriate waivers from the federal government to  
8 implement the AFDC demonstration projects described in secs. 5 - 9 of this Act. To the  
9 extent that the federal government approves the necessary waivers, the department shall  
10 implement the projects. The purposes of the projects are to promote personal responsibility  
11 and self-sufficiency.

12           (b) At a minimum, the department shall implement secs. 6 - 9 of this Act as four  
13 separate projects in four different areas of the state, with at least one project in a municipality  
14 with a population over 25,000, one in a municipality with a population between 5,000 and  
15 25,000, and one in a municipality or community with a population under 5,000. If the  
16 department determines that more than one project can be efficiently and usefully operated in  
17 the same area at the same time the department may operate more than one project in the same  
18 area as a fifth project, subject to federal approval of the appropriate waivers.

19           (c) Notwithstanding (a) of this section, if changes in federal statutes or regulations  
20 occur after the effective date of this section and would have a major effect on the design,  
21 implementation, or operation of the project, the department shall

22                           (1) apply for and implement only the waivers that relate to the parts of the  
23 project that are not substantially affected by the changes in federal statutes or regulations; if  
24 the department determines that the parts of the project that are not substantially affected by  
25 the federal changes do not comprise a fiscally responsible project, the department is not  
26 required to apply for or implement waivers under this Act and may discontinue operation of  
27 the project under waivers that were implemented before the federal changes occurred;

28                           (2) report to the legislature its recommendations for changes in its statutory  
29 authority that may be needed in order to implement a fiscally responsible project in light of  
30 conflicting or permissive changes in federal statutes or regulations.

31   \* **Sec. 5.** EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO

1 ALLOWANCE. When determining the AFDC eligibility of a family that is participating in  
2 a project under secs. 6 - 8 of this Act and when determining the amount of assistance to  
3 which the family is entitled, the department shall

4 (1) disregard, for 24 months, \$200 plus one-third of the remainder of the  
5 earned income of each person in the family unless federal regulations require that more earned  
6 income of a person must be disregarded; for a family that applies for AFDC after this  
7 paragraph has been implemented, this 24 months begins with the month for which the family  
8 is first granted AFDC; for a family that is already receiving assistance when this paragraph  
9 is implemented, this 24 months begins with the first month during which this paragraph is  
10 implemented;

11 (2) waive the requirement that, for purposes of assistance for a dependent child  
12 of unemployed parents, the principal wage-earning parent must be employed less than 100  
13 hours a month; and

14 (3) allow the exclusion of \$5,000 of the combined equity of motor vehicles  
15 used by the family for basic family transportation, transportation of a disabled child in the  
16 household, or transportation of a member of the family to or from employment, training, or  
17 participation in an activity required under secs. 6 - 7 of this Act; if the combined equity of  
18 vehicles described in this paragraph exceeds \$5,000, the department shall apply the excess  
19 equity amount toward the asset limit otherwise applicable to the family.

20 \* **Sec. 6. WORKFARE.** (a) The department shall operate a workfare project. Each  
21 member of a family in the workfare project area who is 18 years of age or older shall  
22 participate for 21 hours a week in an uncompensated activity if assigned to the activity by the  
23 department. The department shall assess the availability of activities that satisfy the purposes  
24 of this subsection in the project area and attempt to develop additional activities where  
25 necessary. When assessing the availability of activities that are suitable as uncompensated  
26 activities under this section and in assigning persons to those activities, the department shall  
27 consider activities recommended by governmental representatives of boroughs, cities, and  
28 communities and others in the project area. The activities may include provision of child care  
29 for other project participants, community work experience, work-related training programs,  
30 high school completion, GED programs, or culturally relevant subsistence activities. The  
31 department shall penalize the family for failure of a person to comply with this subsection by

1 disregarding that person as a member of the family for purposes of determining the amount  
2 of AFDC assistance given to the family.

3 (b) If organizations exist in the project area that have had successful experience in  
4 conducting employment placement services, community services, and job training programs,  
5 the department shall offer on a competitive basis contracts to those organizations to administer  
6 (a) of this section. A contract under this subsection must provide that the department shall  
7 make the determinations required under (c) and (d) of this section and the contractor shall  
8 perform the duties assigned to the department under (a) of this section with respect to  
9 uncompensated activities, including assessment of their availability, development of additional  
10 activities, consideration of activities recommended by governmental representatives, and  
11 assignment of persons to specific activities after referral of those persons to the contractor by  
12 the department. The department may authorize a contractor under this subsection to

13 (1) provide AFDC benefits to participant families in amounts and forms the  
14 contractor determines are appropriate to the circumstances of the family and appropriate under  
15 the terms of the contract with the department;

16 (2) use AFDC benefits to subsidize payments or provide services to  
17 participants in community work projects or work training projects; an amount distributed as  
18 a subsidy under this paragraph is not considered to be wages; and

19 (3) deny AFDC benefits to a family that fails to cooperate with services  
20 offered and activities required under the pilot project administered by the contractor; a family  
21 denied benefits under this paragraph may appeal that determination to the department under  
22 AS 47.25.370 for review of whether the denial was appropriate under department regulations  
23 governing administration of the project.

24 (c) The requirement to participate in an uncompensated activity under (a) of this  
25 section does not apply to a person who

26 (1) has paid employment of at least 15 hours a week; a person who has paid  
27 employment of less than 15 hours a week shall participate in an uncompensated activity  
28 assigned under (a) of this section for the number of hours that, when added to the hours of  
29 paid employment, equals 21;

30 (2) is exempt from participating in an activity under AS 47.25.421 - 47.25.429  
31 (JOBS program);

1 (3) is the parent or other relative of a child under six years of age living in the  
2 same household who personally provides care for the child;

3 (4) is determined, according to regulations of the department, to be physically  
4 or mentally unable to perform any reasonable activity that may be assigned under this section;  
5 or

6 (5) is a parent who is providing care for a child with a developmental disability  
7 as defined by AS 47.80.900.

8 (d) Notwithstanding (a) of this section, the department may not require a person to  
9 participate in an uncompensated activity under (a) of this section unless the department agrees  
10 to pay for

11 (1) costs of child care determined by the department to be necessary for the  
12 person's participation; and

13 (2) transportation expenses determined by the department to be necessary for  
14 the person's participation in the activity.

15 (e) In this section, "project area" means the area chosen by the department in which  
16 to operate the workfare project described in this section.

17 \* **Sec. 7.** AFDC UNEMPLOYED PARENT PROJECT. (a) The Department of Health and  
18 Social Services shall operate a transition-to-work project that is designed to assist two-parent  
19 families receiving assistance under the Aid to Families with Dependent Children (AFDC)  
20 program to achieve economic self-sufficiency within three years after the date of entry into  
21 the project. To this end, the department shall develop, with each participating family, an  
22 individual family plan for achieving self-support and shall enter into a contract with that  
23 family that identifies

24 (1) the services that the department will provide to enable the family to achieve  
25 self-support;

26 (2) the activities that the family will participate in to prepare for self-  
27 sufficiency;

28 (3) specific benchmarks to indicate the steps toward successful completion of  
29 the family plan;

30 (4) an agreement that cash assistance benefits under the AFDC program will  
31 be available to the family for no more than 36 months during the period from the effective

1 date of this section to June 30, 2001;

2 (5) an acknowledgment that medical assistance benefits under AS 47.07 may  
3 be available as long as the family is otherwise eligible under the AFDC program; and

4 (6) an acknowledgement that failure to comply with the terms of a family plan  
5 developed under this section or failure to meet a benchmark of the plan may result in a  
6 finding of noncooperation and a modification or denial of AFDC benefits to the family.

7 (b) The services and referrals to be provided by the department and the activities to  
8 be included in a family plan may include

9 (1) child care services;

10 (2) uncompensated community work experience;

11 (3) work-related training programs;

12 (4) high school completion or GED programs;

13 (5) provision of child care for other project participants;

14 (6) culturally relevant subsistence activities;

15 (7) placement in paid employment; and

16 (8) referral to other services and programs that may improve the family's  
17 employability or self-sufficiency.

18 (c) The department shall deny AFDC benefits to a family that is assigned to  
19 participate in the project under this section if the family fails to cooperate in the development  
20 of a family plan or fails to sign a family contract as required by (a) of this section. A family  
21 assigned to participate in the project under this section that is denied AFDC benefits under  
22 this subsection shall be provided the opportunity for a fair hearing under AS 47.25.370 to  
23 determine whether benefits were properly denied under the statutes and regulations governing  
24 the project.

25 (d) To the extent that a provision of this section is inconsistent with a provision of  
26 AS 47.25.310 - 47.25.429, the provision of this section governs.

27 \* **Sec. 8. SELF-EMPLOYMENT PROJECT.** (a) The Department of Health and Social  
28 Services shall operate a self-employment demonstration project for the purpose of allowing  
29 individual recipients of Aid to Families with Dependent Children (AFDC) assistance under  
30 AS 47.25.310 - AS 47.25.429 to reduce their need for public assistance by establishing and  
31 operating a microenterprise. Under the self-employment demonstration project, a recipient

1 may accumulate certain resources needed to acquire business skills or to establish and operate  
2 a microenterprise without becoming ineligible for AFDC assistance.

3 (b) An AFDC recipient who wishes to participate in the self-employment  
4 demonstration project under this section shall request from the department a referral to a  
5 nonprofit business development organization for an assessment of the recipient's capacity for  
6 self-employment and the economic viability of the microenterprise contemplated by the  
7 recipient. After review of the request, the department may provide the referral.

8 (c) An AFDC recipient who wishes to participate in the self-employment  
9 demonstration project and has been referred for an assessment under (b) of this section shall  
10 formulate a business plan for the microenterprise. The recipient shall submit the business plan  
11 to the nonprofit business development organization for review and then submit the reviewed  
12 business plan to the department for approval.

13 (d) For purposes of determining a recipient's eligibility for AFDC assistance, for the  
14 first 36 months after the initial approval by the department of the recipient's business plan for  
15 a microenterprise, the department shall

16 (1) disregard up to \$10,000 in microenterprise assets set aside for the  
17 development or operation of the microenterprise in accordance with the approved plan;

18 (2) disregard up to \$500 each month in nonbusiness income set aside for the  
19 development or operation of the microenterprise; and

20 (3) determine the recipient's income based on the net business income received  
21 from the recipient's microenterprise.

22 (e) At 12-month intervals, a recipient whose business plan for a microenterprise has  
23 been approved shall submit to the department a review of the financial records of the  
24 microenterprise, signed by an accountant or bookkeeper, and verified by the nonprofit business  
25 development organization that conducted the recipient's assessment under (b) of this section.  
26 The cost of record review shall be considered a business expense of the recipient's  
27 microenterprise.

28 (f) To the extent that a provision of this section is inconsistent with a provision of  
29 AS 47.25.310 - 47.25.429, the provision of this section governs.

30 (g) In this section,

31 (1) "business income" means all income derived from the use of

- 1 microenterprise assets in a microenterprise;
- 2 (2) "employees" means the operator of a microenterprise and any persons  
3 employed in the operation of the business;
- 4 (3) "microenterprise" means a business enterprise that has fewer than five  
5 employees;
- 6 (4) "microenterprise assets" means all of the following:
- 7 (A) business loans;
- 8 (B) capital equipment;
- 9 (C) inventory; and
- 10 (D) all other assets required for the operation of the microenterprise;
- 11 (5) "net business income" means all business income minus all of the  
12 following:
- 13 (A) business loan payments;
- 14 (B) business taxes;
- 15 (C) expenditures for vehicles vital to the business operations;
- 16 (D) cash retained in the microenterprise;
- 17 (E) insurance expenditures;
- 18 (F) inventory raw material expense;
- 19 (G) transportation expenditures;
- 20 (H) office supplies;
- 21 (I) professional services, including accounting, legal, or other consulting  
22 services;
- 23 (J) delivery charges and supplies;
- 24 (K) commissions, salaries, wages, and other employment benefits,  
25 including dental and vision care;
- 26 (L) postage;
- 27 (M) rent;
- 28 (N) utilities;
- 29 (O) telephone expenses;
- 30 (P) advertising and other marketing and promotional costs; and
- 31 (Q) training and professional development expenses.

1     \* **Sec. 9.** DIVERSION PROJECT. (a) The Department of Health and Social Services  
2 shall operate a diversion project that is designed to increase family income through  
3 employment and child support payments by offering lump-sum diversion payments in place  
4 of ongoing financial assistance under the Aid to Families with Dependent Children (AFDC)  
5 program. A diversion payment may be offered to an applicant for AFDC who is job-ready  
6 and who needs short-term financial assistance to meet critical needs in order to secure  
7 employment and support for the applicant's family.

8           (b) Diversion project benefits may be paid only to an applicant's family that appears,  
9 based on the information provided to the department on an AFDC application, to be eligible  
10 for AFDC benefits and to include a job-ready individual. The department may offer, to an  
11 AFDC applicant with the potential to participate in the diversion project, a choice between

12                   (1) having the AFDC application processed under AS 47.25.310 - 47.25.429;  
13 or

14                   (2) having the AFDC application denied and applying for diversion project  
15 benefits under this section.

16           (c) The amount of the diversion payment must be sufficient to meet the family's  
17 immediate needs as determined by the department and the participant. A diversion payment  
18 may not exceed

- 19                   (1) \$1,000 for a family that includes one AFDC-eligible individual;  
20                   (2) \$1,500 for a family that includes two AFDC-eligible individuals;  
21                   (3) \$2,000 for a family that includes three AFDC-eligible individuals;  
22                   (4) \$2,500 for a family that includes four or more AFDC-eligible individuals.

23           (d) As a condition of a family receiving a diversion payment under this section, the  
24 participant must sign a binding contract between the participant and the department that

25                   (1) specifies the amount of the diversion payment and the needs it is intended  
26 to cover;

27                   (2) provides that, during the three-month period beginning with the month in  
28 which the diversion payment was received, child support collected on behalf of a child whose  
29 needs were considered in determining the diversion payment shall be paid to the family; and

30                   (3) provides that if the family reapplies for AFDC assistance under  
31 AS 47.25.310 - 47.25.429 during the three months beginning with the month in which the

1 family received a diversion payment the diversion payment shall be treated as unearned  
2 income, prorated over the three-month period, and deducted from any AFDC benefit the  
3 family may be eligible for under the new application.

4 (e) A family that receives a diversion payment may not receive another diversion  
5 payment before the 12th month following the month in which it last received a diversion  
6 payment.

7 (f) To the extent that a provision of this section is inconsistent with AS 25.27.120 or  
8 25.27.130, or with a provision of AS 47.25.310 - 47.25.429, the provision of this section  
9 governs.

10 \* **Sec. 10. COOPERATION.** State agencies shall cooperate with the department to the  
11 extent necessary to implement secs. 4 - 11 of this Act.

12 \* **Sec. 11. DEFINITIONS.** In secs. 4 - 11 of this Act,

13 (1) "AFDC" means the program of aid to families with dependent children  
14 under AS 47.25.310 - 47.25.420;

15 (2) "department" means the Department of Health and Social Services.

16 \* **Sec. 12. IMMUNITY FROM LIABILITY.** (a) The Department of Health and Social  
17 Services, and its employees, agents, and grantees, are not liable for civil damages as a result  
18 of an act or omission in the implementation, operation, or administration of an authorized  
19 project under secs. 4 - 11 of this Act.

20 (b) The provisions of (a) of this section do not preclude liability for civil damages as  
21 a result of recklessness or intentional misconduct.

22 (c) The provisions of (b) of this section do not constitute a waiver or limitation of  
23 sovereign or other immunity.

24 \* **Sec. 13. AFDC PAYMENT LEVELS.** Notwithstanding AS 47.25.320(a)(1) - (3), the  
25 maximum amounts of assistance under AS 47.25.320(a) may not exceed the following, subject  
26 to adjustments under other laws:

27 (1) dependent child living with nonneedy relative: \$451 a month, plus \$100  
28 a month for each additional child;

29 (2) dependent child living with parent:

30 (A) for a parent and one dependent child, a maximum of \$806 a month;

31 (B) for each additional child, or for a second parent, \$100 a month per

1 individual;

2 (3) pregnant woman who is otherwise eligible for assistance under  
3 AS 47.25.320: \$505 a month.

4 \* **Sec. 14.** REGULATIONS. (a) The Department of Health and Social Services shall  
5 adopt regulations necessary to implement secs. 4 - 13 of this Act. The regulations adopted by  
6 the department may include

7 (1) eligibility criteria for the projects described in secs. 5 - 9 of this Act that  
8 differ from eligibility requirements in AS 47.25.310 - AS 47.25.429 and the regulations  
9 adopted under those statutes;

10 (2) a maximum number of participants to be included in each project, if  
11 necessary;

12 (3) exemptions from requiring participation in the projects because of  
13 exceptional circumstances; and

14 (4) provisions for financial or non-financial sanctions for applicants who fail  
15 to cooperate with project requirements or a provision of a plan.

16 (b) The Department of Revenue, child support enforcement agency, may adopt  
17 regulations necessary to implement sec. 9 of this Act.

18 \* **Sec. 15.** TRANSITION. The Department of Health and Social Services and the  
19 Department of Revenue, child support enforcement agency, may proceed to adopt regulations  
20 necessary to implement this Act. The regulations to implement a section of this Act take  
21 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the  
22 relevant section of this Act.

23 \* **Sec. 16.** Sections 1 - 4 and 10 - 15 of this Act take effect immediately under  
24 AS 01.10.070(c).

25 \* **Sec. 17.** (a) Sections 5 - 9 of this Act take effect on the effective date of the federal  
26 government's approval of the relevant waiver application made under sec. 4 of this Act.

27 (b) If the Department of Health and Social Services determines that federal statutes  
28 do not require waivers for one or more of the projects outlined in secs. 5 - 9 of this Act, the  
29 effective date of the relevant section is January 1, 1996, or the effective date of the federal  
30 law, whichever is later.

31 (c) The commissioner of health and social services shall notify the revisor of statutes

1 and the lieutenant governor of the effective date of each of secs. 5 - 9 of this Act and of  
2 whether the effective date was determined by a waiver approval or a determination that a  
3 waiver is not necessary.

4 \* **Sec. 18.** Sections 4 - 17 of this Act are repealed July 1, 2001.