

CS FOR HOUSE BILL NO. 78(FIN) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/4/95

Offered: 5/1/95

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to certain licenses and applications for licenses for persons who
2 are not in substantial compliance with orders, judgments, or payment schedules
3 for child support; relating to the duty to support children of minor parents;
4 relating to the program of aid to families with dependent children, including the
5 payment of aid in the case of pregnant minors and minors who are parents;
6 proposing special demonstration projects within the program of aid to families
7 with dependent children and directing the Department of Health and Social
8 Services to seek waivers from the federal government to implement the projects;
9 amending Alaska Rule of Civil Procedure 90.3; and providing for an effective
10 date."

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

12 * **Section 1.** AS 25.27.060 is amended by adding new subsections to read:

1 (e) If the child's parents are both unmarried minors who have not had the
2 disabilities of minority removed under AS 09.55.590, an order of child support issued
3 by a court or agency shall be based on the

4 (1) percentages of physical custody exercised by the child's parents; a
5 minor parent's custody of the child shall be imputed to the parents of the minor parent,
6 regardless of where the minor parent lives, except that

7 (A) if the minor parent and child live with a parent of the
8 noncustodial minor parent, the minor parent's custody of the child shall be
9 imputed to the parent of the noncustodial minor parent; and

10 (B) a minor parent's custody of a child may not be imputed to
11 the parents of the minor parent if the minor parent and child do not live with
12 a parent of the minor parent because

13 (i) neither parent will allow the minor and child to live
14 in the residence of the minor's parent; or

15 (ii) the physical or emotional health or safety of the
16 minor parent or the minor's child would be jeopardized if the minor and
17 the minor's child lived in the same residence with the minor's parent;

18 and

19 (2) incomes of the child's grandparents and parents.

20 (f) To the extent that (e) of this section applies,

21 (1) the child's grandparents are considered to have a duty to support the
22 child and are subject to laws, regulations, and court rules relating to support of the
23 child; and

24 (2) a grandparent who is determined under applicable agency
25 regulations and court rules to be the obligor for purposes of paying child support on
26 behalf of a grandchild is subject to all laws, regulations, and court rules applicable to
27 child support obligors.

28 (g) An order of support against a child's grandparent under (e) of this section
29 and a grandparent's duty to support a child under (f) of this section is terminated,
30 without the need for obtaining a modification of a child support order, when one of
31 the child's parents reaches the age of majority or has the disabilities of minority

1 removed under AS 09.55.590, whichever occurs earlier. However, to the extent that
2 a grandparent may have accrued arrearages, the grandparent remains an obligor subject
3 to this chapter.

4 * **Sec. 2.** AS 25.27 is amended by adding new sections to read:

5 Sec. 25.27.244. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S
6 OCCUPATIONAL LICENSE. (a) The agency shall compile and maintain a list of
7 obligors who are not in substantial compliance with a support order or payment
8 schedule negotiated under (g)(1) of this section. The list must include the names,
9 social security numbers, dates of birth, and last known addresses of the obligors. The
10 list shall be updated by the agency on a monthly basis.

11 (b) The agency shall, on a monthly basis, provide a copy of the list to each
12 licensing entity through a computer-readable magnetic medium. A licensing entity
13 subject to this section shall implement procedures to accept and process the list.
14 Notwithstanding any other law to the contrary, a licensing entity may not issue or
15 renew a license for a person on the list except as provided in this section.

16 (c) Promptly after receiving an application from an applicant and before
17 issuing or renewing a license, a licensing entity shall determine whether the applicant
18 is on the most recent list provided by the agency. If the applicant is on the list, the
19 licensing entity shall immediately serve notice under (e) of this section of the licensing
20 entity's intent to withhold issuance or renewal of the license. The notice shall be
21 considered given when delivered personally to the obligor or deposited in the U.S. mail
22 addressed to the applicant's last known mailing address on file with the licensing
23 entity.

24 (d) A licensing entity shall issue a temporary license valid for a period of 150
25 days to an applicant whose name is on the list if the applicant is otherwise eligible for
26 a license. The temporary license may not be extended. Only one temporary license
27 may be issued during a regular license term and its validity shall coincide with the first
28 150 days of that license term. A license for the full or remainder of the license term
29 may be issued or renewed only upon compliance with this section. If a license or
30 application is denied under this section, funds paid by the applicant or licensee shall
31 be refunded by the licensing entity after retention of the temporary license fee, if any.

1 (e) Notices for use under (c) of this section shall be developed by each
2 licensing entity under guidelines provided by the agency and are subject to approval
3 by the agency. The notice must include the address and telephone number of the
4 agency and shall emphasize the necessity of obtaining a release from the agency as a
5 condition for the issuance or renewal of a license. The notice must inform an
6 applicant whose license is governed by (d) of this section that the licensing entity shall
7 issue a temporary license for 150 calendar days under (d) of this section if the
8 applicant is otherwise eligible and that, upon expiration of that time period, the license
9 will be denied unless the licensing entity has received a release from the agency. The
10 agency shall also develop a form that the applicant may use to request a review by the
11 agency. A copy of this form shall be included with each notice sent under (c) of this
12 section.

13 (f) The agency shall establish review procedures consistent with this section
14 to allow an applicant to have the underlying arrearage and relevant defenses
15 investigated, to provide an applicant information on the process of obtaining a
16 modification of a support order, or to provide an applicant assistance in the
17 establishment of a payment schedule on arrearages if the circumstances warrant.

18 (g) If the applicant wishes to challenge being included on the list, the applicant
19 shall submit to the agency a written request for review within 30 days after receiving
20 the notice under (c) of this section by using the form developed under (e) of this
21 section. Within 30 days after receiving a written request for review, the agency shall
22 inform the applicant in writing of the agency's findings. The agency shall immediately
23 send a release to the appropriate licensing entity and the applicant if any of the
24 following conditions is met:

25 (1) the applicant is found to be in substantial compliance with each
26 support order applicable to the applicant or has negotiated an agreement with the
27 agency for a payment schedule on arrearages and is in substantial compliance with the
28 negotiated agreement; if the applicant fails to be in substantial compliance with an
29 agreement negotiated under this paragraph, the agency shall send to the appropriate
30 licensing entity a revocation of any release previously sent to the entity for that
31 applicant;

1 (2) the applicant has submitted a timely request for review to the
2 agency, but the agency will be unable to complete the review and send notice of
3 findings to the applicant in sufficient time for the applicant to file a timely request for
4 judicial relief within the 150-day period during which the applicant's temporary license
5 is valid under (d) of this section; this paragraph applies only if the delay in completing
6 the review process is not the result of the applicant's failure to act in a reasonable,
7 timely, and diligent manner upon receiving notice from the licensing entity that the
8 applicant's name is on the list;

9 (3) the applicant has, within 30 days after receiving the agency's
10 findings following a request for review under (2) of this subsection, filed and served
11 a request for judicial relief under this section, but a resolution of that relief will not
12 be made within the 150-day period of the temporary license under (d) of this section;
13 this paragraph applies only if the delay in completing the judicial relief process is not
14 the result of the applicant's failure to act in a reasonable, timely, and diligent manner
15 upon receiving the agency's notice of findings; or

16 (4) the applicant has obtained a judicial finding of substantial
17 compliance.

18 (h) An applicant is required to act with diligence in responding to notices from
19 the licensing entity and the agency with the recognition that the temporary license
20 granted under (d) of this section will lapse after 150 days and that the agency and,
21 where appropriate, the court must have time to act within that 150-day period. An
22 applicant's delay in acting, without good cause, that directly results in the inability of
23 the agency to complete a review of the applicant's request or the court to hear the
24 request for judicial relief within the required period does not constitute the diligence
25 required under this section that would justify the issuance of a release.

26 (i) Except as otherwise provided in this section, the agency may not issue a
27 release if the applicant is not in substantial compliance with the order for support or
28 is not in substantial compliance with an agreement negotiated under (g)(1) of this
29 section. The agency shall notify the applicant in writing that the applicant may request
30 any or all of the following: (1) judicial relief from the agency's decision not to issue
31 a release or the agency's decision to revoke a release under (g)(1) of this section; (2)

1 a judicial determination of substantial compliance; (3) a modification of the support
2 order. The notice must also contain the name and address of the court in which the
3 applicant may file the request for relief and inform the applicant that the applicant's
4 name shall remain on the list if the applicant does not request judicial relief within 30
5 days after receiving the notice. The applicant shall comply with all statutes and rules
6 of court implementing this section. This section does not limit an applicant's authority
7 under other law to request an order to show cause or notice of motion to modify a
8 support order or to fix a payment schedule on arrearages accruing under a support
9 order or to obtain a court finding of substantial compliance with a support order.

10 (j) A request for judicial relief from the agency's decision must state the
11 grounds on which relief is requested and the judicial action shall be limited to those
12 stated grounds. Judicial relief under this subsection is not an appeal, and shall be
13 governed by court rules adopted to implement this section. Unless otherwise provided
14 by court rule, the court shall hold an evidentiary hearing within 20 calendar days of
15 the filing of service on the opposing party. The court's decision shall be limited to a
16 determination of each of the following issues:

17 (1) whether there is a support order or a payment schedule on
18 arrearages;

19 (2) whether the petitioner is the obligor covered by the support order;
20 and

21 (3) whether the obligor is in substantial compliance with the support
22 order or payment schedule.

23 (k) If the court finds that the obligor is in substantial compliance with the
24 support order or payment schedule, the agency shall immediately send a release under
25 (g) of this section to the appropriate licensing entity and the applicant.

26 (l) When the obligor is in substantial compliance with a support order or
27 payment schedule, the agency shall mail to the applicant and the appropriate licensing
28 entity a release stating that the applicant is in substantial compliance. The receipt of
29 a release shall serve to notify the applicant and the licensing entity that, for the
30 purposes of this section, the applicant is in substantial compliance with the support
31 order or payment schedule unless the agency, under (a) of this section, certifies

1 subsequent to the issuance of a release that the applicant is once again not in
2 substantial compliance with a support order or payment schedule.

3 (m) The agency may enter into interagency agreements with the state agencies
4 that have responsibility for the administration of licensing entities as necessary to
5 implement this section to the extent that it is cost effective to implement the
6 interagency agreements. The agreements shall provide for the receipt by the other
7 state agencies and licensing entities of federal funds to cover that portion of costs
8 allowable in federal law and regulation and incurred by the state agencies and licensing
9 entities in implementing this section.

10 (n) Notwithstanding any other provision of law, the licensing entities subject
11 to this section shall assess a fee for issuance of a temporary license under this section.
12 The licensing entity shall set the amount of the fee so that the fees collected under this
13 section cover the costs of implementing and administering this section.

14 (o) The process described in (g) of this section is the sole administrative
15 remedy for contesting the issuance to the applicant of a temporary license or the denial
16 of a license under this section. The procedures specified in AS 44.62.330 - 44.62.630
17 (Administrative Procedure Act) do not apply to the denial or failure to issue or renew
18 a license under this section.

19 (p) The agency and licensing entities, as appropriate, shall adopt regulations
20 necessary to implement this section.

21 (q) In this section,

22 (1) "applicant" means a person applying for issuance or renewal of a
23 license;

24 (2) "license"

25 (A) means, except as provided in (B) of this paragraph, a
26 license, certificate, permit, registration, or other authorization that, at the time
27 of issuance, will be valid for more than 150 days that may be acquired from
28 a state agency to perform an occupation, including the following:

29 (i) license relating to boxing or wrestling under
30 AS 05.10;

31 (ii) authorization to perform an occupation regulated

1 under AS 08;

2 (iii) teacher certificate under AS 14.20;

3 (iv) authorization under AS 18.08 to perform emergency

4 medical services;

5 (v) asbestos worker certification under AS 18.31;

6 (vi) boiler operator's license under AS 18.60.395;

7 (vii) certificate of fitness under AS 18.62;

8 (viii) hazardous painting certification under AS 18.63;

9 (ix) security guard license under AS 18.65.400 -

10 18.65.490;

11 (x) license relating to insurance under AS 21.27;

12 (xi) employment agency permit under AS 23.15.330 -

13 23.15.520;

14 (xii) registration as a broker-dealer, agent, or investment

15 adviser under AS 45.55.030;

16 (xiii) certification as a pesticide applicator under

17 AS 46.03.320;

18 (xiv) certification as a storage tank worker or contractor

19 under AS 46.03.375; and

20 (xv) certification as a water and wastewater works

21 operator under AS 46.30;

22 (B) does not include

23 (i) a vessel license issued under AS 16.05.490 or

24 16.05.530;

25 (ii) a commercial fishing license under AS 16.05.480,

26 including a crewmember fishing license;

27 (iii) an entry permit or interim-use permit issued under

28 AS 16.43;

29 (iv) a license issued under AS 47.35;

30 (v) a business license issued under AS 43.70; or

31 (vi) a driver's license issued under AS 28.15;

1 (3) "licensee" means a person holding a license or applying to renew
2 a license;

3 (4) "licensing entity" means the state agency that issues or renews a
4 license; in the case of a license issued or renewed by the Department of Commerce
5 and Economic Development after an applicant's qualifications are determined by
6 another agency, "licensing entity" means the department;

7 (5) "list" means the list of obligors compiled and maintained under (a)
8 of this section;

9 (6) "substantial compliance with a support order or payment schedule"
10 means that, with respect to a support order or a negotiated payment schedule under (g)
11 of this section, whichever is applicable, the obligor has no more than \$2,500 past due
12 and has cumulatively paid an amount equal to or greater than the amount due for eight
13 months during the past 12 months; with respect to a support order or payment schedule
14 that has been in effect for less than one year, "substantial compliance" means that the
15 obligor has no more than \$2,500 past due and has cumulatively paid an amount equal
16 to or greater than 67 percent of the amount due during the period the support order or
17 payment schedule has been in effect.

18 Sec. 25.27.246. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S
19 DRIVER'S LICENSE. (a) The agency shall compile and maintain a list of obligors
20 who have a driver's license and are not in substantial compliance with a support order
21 or payment schedule negotiated under (f)(1) of this section. The list must include the
22 names, social security numbers, dates of birth, and last known addresses of the
23 obligors. The list shall be updated by the agency on a monthly basis.

24 (b) The agency shall serve notice under (d) of this section to each person on
25 the list that the person's driver's license will be suspended in 150 days, and will not
26 be reissued or renewed the next time it is applied for if the person's name is on the list
27 at the time of the subsequent application, unless the licensee receives a release from
28 the agency. The notice shall be considered given when delivered personally to the
29 obligor or deposited in the U.S. mail addressed to the obligor's last known mailing
30 address on file with the agency.

31 (c) If the licensee fails to obtain a release during the 150-day period following

1 notice under (b) and (d) of this section, the agency shall notify the department that the
2 licensee's driver's license should be suspended and further renewals or applications
3 should be denied until the agency sends the department a release for the licensee.
4 Upon receiving the agency's notice under this subsection, the department shall suspend
5 the licensee's driver's license and may not issue or renew a driver's license for the
6 licensee until the department receives a release to do so from the agency. If a license
7 or application is suspended or denied under this section, funds paid by the applicant
8 or licensee may not be refunded by the department.

9 (d) The notice under (b) of this section must include the address and telephone
10 number of the agency and shall emphasize the necessity of obtaining a release from
11 the agency as a condition for avoiding suspension or denial of the person's driver's
12 license. The notice must also inform the licensee that, if a license or application is
13 suspended or denied under this section, funds paid by the licensee will not be refunded
14 by the department. The agency shall also develop a form that the licensee may use
15 to request a review by the agency. A copy of this form shall be included with each
16 notice sent under (b) of this section.

17 (e) The agency shall establish review procedures consistent with this section
18 to allow a licensee to have the underlying arrearage and relevant defenses investigated,
19 to provide a licensee with information on the process of obtaining a modification of
20 a support order, or to provide a licensee with assistance in the establishment of a
21 payment schedule on arrearages if the circumstances warrant.

22 (f) If a licensee wishes to challenge being included on the list, the licensee
23 shall submit to the agency a written request for review within 30 days after the notice
24 under (b) of this section was personally delivered or postmarked by using the form
25 developed under (d) of this section. Within 30 days after receiving a written request
26 for review, the agency shall inform the licensee in writing of the agency's findings.
27 The agency shall immediately send a release to the department and the licensee if any
28 of the following conditions is met:

29 (1) the licensee is found to be in substantial compliance with each
30 support order applicable to the licensee or has negotiated an agreement with the agency
31 for a payment schedule on arrearages and is in substantial compliance with the

1 negotiated agreement; if the licensee fails to be in substantial compliance with an
2 agreement negotiated under this paragraph, the agency shall send to the department a
3 revocation of any release previously sent to the entity for that licensee;

4 (2) the licensee has submitted a timely request for review to the
5 agency, but the agency will be unable to complete the review and send notice of
6 findings to the licensee in sufficient time for the licensee to file a timely request for
7 judicial relief within the 150-day period before the licensee's license will be suspended
8 under (c) of this section; this paragraph applies only if the delay in completing the
9 review process is not the result of the licensee's failure to act in a reasonable, timely,
10 and diligent manner upon receiving notice from the agency that the licensee's driver's
11 license will be suspended in 150 days;

12 (3) the licensee has, within 30 days after receiving the agency's findings
13 following a request for review under (2) of this subsection, filed and served a request
14 for judicial relief under this section, but a resolution of that relief will not be made
15 within the 150-day period before license suspension under (c) of this section; this
16 paragraph applies only if the delay in completing the judicial relief process is not the
17 result of the licensee's failure to act in a reasonable, timely, and diligent manner upon
18 receiving the agency's notice of findings; or

19 (4) the licensee has obtained a judicial finding of substantial
20 compliance.

21 (g) A licensee is required to act with diligence in responding to notices from
22 the agency with the recognition that the person's driver's license will be suspended
23 after 150 days or that a subsequent license will not be issued and that the agency and,
24 where appropriate, the court must have time to act within that 150-day period or before
25 the subsequent license is needed, as applicable. A licensee's delay in acting, without
26 good cause, that directly results in the inability of the agency to complete a review of
27 the licensee's request or the court to hear the request for judicial relief within the
28 required period does not constitute the diligence required under this section that would
29 justify the issuance of a release.

30 (h) Except as otherwise provided in this section, the agency may not issue a
31 release if the applicant is not in substantial compliance with the order for support or

1 is not in substantial compliance with an agreement negotiated under (f)(1) of this
2 section. The agency shall notify the licensee in writing that the licensee may request
3 any or all of the following: (1) judicial relief from the agency's decision not to issue
4 a release or the agency's decision to revoke a release under (f)(1) of this section; (2)
5 a judicial determination of substantial compliance; (3) a modification of the support
6 order. The notice must also contain the name and address of the court in which the
7 licensee may file the request for relief and inform the licensee that the licensee's name
8 shall remain on the list if the licensee does not request judicial relief within 30 days
9 after receiving the notice. The licensee shall comply with all statutes and rules of
10 court implementing this section. This section does not limit a licensee's authority
11 under other law to request an order to show cause or notice of motion to modify a
12 support order or to fix a payment schedule on arrearages accruing under a support
13 order or to obtain a court finding of substantial compliance with a support order.

14 (i) A request for judicial relief from the agency's decision must state the
15 grounds on which relief is requested and the judicial action shall be limited to those
16 stated grounds. Judicial relief under this subsection is not an appeal, and shall be
17 governed by court rules adopted to implement this section. Unless otherwise provided
18 by court rule, the court shall hold an evidentiary hearing within 20 calendar days of
19 the filing of service on the opposing party. The court's decision shall be limited to a
20 determination of each of the following issues:

21 (1) whether there is a support order or a payment schedule on
22 arrearages;

23 (2) whether the petitioner is the obligor covered by the support order;
24 and

25 (3) whether the obligor is in substantial compliance with the support
26 order or payment schedule.

27 (j) If the court finds that the obligor is in substantial compliance with the
28 support order or payment schedule, the agency shall immediately send a release under
29 (f) of this section to the department and the licensee.

30 (k) When the obligor is in substantial compliance with a support order or
31 payment schedule, the agency shall mail to the applicant and the department a release

1 stating that the licensee is in substantial compliance. The receipt of a release shall
2 serve to notify the licensee and the department that, for the purposes of this section,
3 the applicant is in substantial compliance with the support order or payment schedule
4 unless the agency, under (a) of this section, certifies subsequent to the issuance of a
5 release that the licensee is once again not in substantial compliance with a support
6 order or payment schedule.

7 (l) The process described in (f) of this section is the sole administrative
8 remedy for contesting the suspension or the denial of a driver's license under this
9 section. The procedures specified in AS 28 or AS 44.62.330 - 44.62.630
10 (Administrative Procedure Act) do not apply to the suspension or failure to issue or
11 renew a license under this section.

12 (m) The agency and department, as appropriate, shall adopt regulations
13 necessary to implement this section.

14 (n) In this section,

15 (1) "department" means the Department of Public Safety;

16 (2) "driver's license" or "license" means a driver's license, as defined
17 in AS 28.40.100;

18 (3) "licensee" means a person holding or requesting a driver's license;

19 (4) "list" means the list of obligors compiled and maintained under (a)
20 of this section;

21 (5) "substantial compliance with a support order or payment schedule"
22 means that, with respect to a support order or a negotiated payment schedule under (f)
23 of this section, whichever is applicable, the obligor has no more than \$2,500 past due
24 and has cumulatively paid an amount equal to or greater than the amount due for eight
25 months during the past 12 months; with respect to a support order or payment schedule
26 that has been in effect for less than one year, "substantial compliance" means that the
27 obligor has no more than \$2,500 past due and has cumulatively paid an amount equal
28 to or greater than 67 percent of the amount due during the period the support order or
29 payment schedule has been in effect.

30 * **Sec. 3.** AS 47.25.360 is amended to read:

31 Sec. 47.25.360. GRANTING OF ASSISTANCE. Upon the completion of the

1 investigation, the department shall decide whether the child is eligible for assistance
2 under AS 47.25.310 - 47.25.420, the amount of assistance, and the date on which it
3 starts. The department shall notify the person having custody of the child of its
4 decision. **Except as provided in AS 47.25.362(b), the** [THE] assistance shall be paid
5 monthly to the person having custody of the child upon order of the department.

6 * **Sec. 4.** AS 47.25 is amended by adding a new section to read:

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

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

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

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

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

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

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

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

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

31 (5) the department otherwise determines under regulations that are

1 consistent with corresponding federal regulations that there is good cause for waiving
2 the requirements of (a) of this section in the case of a particular minor parent.

3 (d) When determining eligibility for, and the amount of, assistance in the case
4 of a minor parent who is required to live in a household or living arrangement with
5 an adult under (a) of this section, the department shall, to the extent allowed under
6 federal law or under a waiver of federal law, disregard the income and resources of
7 the adults in the household or living arrangement if the total income of the adults is
8 less than 133 percent of the federal poverty line for this state, as defined by the federal
9 office of management and budget and revised annually under 42 U.S.C. 9902(2). If
10 the department determines that a waiver of federal law is necessary before this
11 subsection may be implemented, the department shall promptly seek a waiver.

12 (e) In this section, "minor parent" means a person who is under the age of 18,
13 who has never married, and is either

14 (1) the natural parent of a dependent child living in the same
15 household; or

16 (2) eligible for assistance as a pregnant woman.

17 * **Sec. 5.** AS 47.25.310(c) is repealed.

18 * **Sec. 6.** COURT RULE CHANGE. (a) AS 25.27.060 (e) - (g), added by sec. 1 of this
19 Act, have the effect of amending Alaska Rule of Civil Procedure 90.3 by requiring
20 consideration of the income of the grandparents of a child when determining a child support
21 obligation under certain circumstances and by providing that a child's grandparents are
22 obligated to support the child under certain circumstances.

23 (b) Under art. IV, sec. 15, Constitution of the State of Alaska, AS 25.27.060(e) - (g),
24 added by sec. 1 of this Act, and this section may become law with the affirmative vote of a
25 majority of the membership of each house because the court rule being amended is not a rule
26 governing practice or procedure.

27 * **Sec. 7.** REPORT. (a) In furtherance of the public policy of increasing child support
28 enforcement and collections, on or before January 1, 1998, the child support enforcement
29 agency shall make a report to the legislature and the governor based on data collected by the
30 licensing entities and the agency in a format prescribed by the agency. The report must
31 contain

1 (1) the number of delinquent obligors on the lists maintained by the agency
2 under AS 25.27.244 - 25.27.246, enacted by sec. 2 of this Act;

3 (2) the number of delinquent obligors who also were applicants or licensees
4 subject to AS 25.27.244 - 25.27.246, enacted by sec. 2 of this Act;

5 (3) the number of new licenses and renewals that were delayed or denied and
6 temporary licenses issued subject to AS 25.27.244 and the number of new licenses and
7 renewals granted following receipt by licensing entities of releases under AS 25.27.244 by
8 July 1, 1997;

9 (4) the number of licenses under AS 28.15 that were suspended under
10 AS 25.27.246 and the number of licenses under AS 28.15 that were reinstated following
11 receipt by the Department of Public Safety of releases under AS 25.27.246 by July 1, 1997;
12 and

13 (5) the costs incurred in the implementation and enforcement of AS 25.27.244
14 - 25.27.246, enacted by sec. 2 of this Act.

15 (b) A licensing entity receiving an inquiry from the agency under (a) of this section
16 shall cooperate with the agency. When queried as to the licensed status of an applicant who
17 has had a license denied or suspended under AS 25.27.244 or 25.27.246 or has been granted
18 a temporary license under AS 25.27.244, the licensing entity shall respond only that the
19 license was denied or suspended or that the temporary license was issued.

20 * **Sec. 8. WAIVER APPLICATION.** (a) The Department of Health and Social Services
21 shall, by February 15, 1996, seek appropriate waivers from the federal government to
22 implement the AFDC demonstration projects described in secs. 9 - 13 of this Act. To the
23 extent that the federal government approves the necessary waivers, the department shall
24 implement the projects. The purposes of the projects are to promote personal responsibility
25 and self-sufficiency.

26 (b) At a minimum, the department shall implement secs. 10 - 13 of this Act as four
27 separate projects in four different areas of the state, with at least one project in a municipality
28 with a population over 25,000, one in a municipality with a population between 5,000 and
29 25,000, and one in a municipality or community with a population under 5,000. If the
30 department determines that more than one project can be efficiently and usefully operated in
31 the same area at the same time the department may operate more than one project in the same

1 area as a fifth project, subject to federal approval of the appropriate waivers.

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

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

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

14 * **Sec. 9.** EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO
15 ALLOWANCE. When determining the AFDC eligibility of a family that is participating in
16 a project under secs. 10 - 12 of this Act and when determining the amount of assistance to
17 which the family is entitled, the department shall

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

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

28 (3) allow the exclusion of \$5,000 of the combined equity of motor vehicles
29 used by the family for basic family transportation, transportation of a disabled child in the
30 household, or transportation of a member of the family to or from employment, training, or
31 participation in an activity required under secs. 10 - 11 of this Act; if the combined equity of

1 vehicles described in this paragraph exceeds \$5,000, the department shall apply the excess
2 equity amount toward the asset limit otherwise applicable to the family.

3 * **Sec. 10. WORKFARE.** (a) The department shall operate a workfare project. Each
4 member of a family in the workfare project area who is 18 years of age or older shall
5 participate for 21 hours a week in an uncompensated activity if assigned to the activity by the
6 department. The department shall assess the availability of activities that satisfy the purposes
7 of this subsection in the project area and attempt to develop additional activities where
8 necessary. When assessing the availability of activities that are suitable as uncompensated
9 activities under this section and in assigning persons to those activities, the department shall
10 consider activities recommended by governmental representatives of boroughs, cities, and
11 communities and others in the project area. The activities may include provision of child care
12 for other project participants, community work experience, work-related training programs,
13 high school completion, GED programs, or culturally relevant subsistence activities. The
14 department shall penalize the family for failure of a person to comply with this subsection by
15 disregarding that person as a member of the family for purposes of determining the amount
16 of AFDC assistance given to the family.

17 (b) If organizations exist in the project area that have had successful experience in
18 conducting employment placement services, community services, and job training programs,
19 the department shall offer on a competitive basis contracts to those organizations to administer
20 (a) of this section. A contract under this subsection must provide that the department shall
21 make the determinations required under (c) and (d) of this section and the contractor shall
22 perform the duties assigned to the department under (a) of this section with respect to
23 uncompensated activities, including assessment of their availability, development of additional
24 activities, consideration of activities recommended by governmental representatives, and
25 assignment of persons to specific activities after referral of those persons to the contractor by
26 the department. The department may, after consultation with the appropriate contractor under
27 this subsection, if any,

28 (1) provide AFDC benefits to participant families in amounts and forms the
29 department determines are appropriate to the circumstances of the family;

30 (2) use AFDC benefits to subsidize payments or provide services to
31 participants in community work projects or work training projects; an amount distributed as

1 a subsidy under this paragraph is not considered to be wages; and

2 (3) deny AFDC benefits to a family that fails to cooperate with services
3 offered and activities required under the pilot project; a family denied benefits under this
4 paragraph may appeal that determination to the department under AS 47.25.370 for review of
5 whether the denial was appropriate under department regulations governing administration of
6 the project.

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

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

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

15 (3) is enrolled as a full-time student in good standing in a career education
16 program, college, or university, as defined in regulations adopted under AS 14.43;

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

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

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

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

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

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

31 (e) In this section, "project area" means the area chosen by the department in which

1 to operate the workfare project described in this section.

2 * **Sec. 11. AFDC UNEMPLOYED PARENT PROJECT.** (a) The Department of Health
3 and Social Services shall operate a transition-to-work project that is designed to assist two-
4 parent families receiving assistance under the Aid to Families with Dependent Children
5 (AFDC) program to achieve economic self-sufficiency within three years after the date of
6 entry into the project. To this end, the department shall develop, with each participating
7 family, an individual family plan for achieving self-support and shall enter into a contract with
8 that family that identifies

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

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

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

15 (4) an agreement that cash assistance benefits under the AFDC program will
16 be available to the family for no more than 36 months during the period from the effective
17 date of this section to June 30, 2001;

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

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

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

25 (1) child care services;

26 (2) uncompensated community work experience;

27 (3) work-related training programs;

28 (4) high school completion or GED programs;

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

30 (6) culturally relevant subsistence activities;

31 (7) placement in paid employment; and

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

3 (c) The department shall deny AFDC benefits to a family that is assigned to
4 participate in the project under this section if the family fails to cooperate in the development
5 of a family plan or fails to sign a family contract as required by (a) of this section. A family
6 assigned to participate in the project under this section that is denied AFDC benefits under
7 this subsection shall be provided the opportunity for a fair hearing under AS 47.25.370 to
8 determine whether benefits were properly denied under the statutes and regulations governing
9 the project.

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

12 * **Sec. 12. SELF-EMPLOYMENT PROJECT.** (a) The Department of Health and Social
13 Services shall operate a self-employment demonstration project for the purpose of allowing
14 individual recipients of Aid to Families with Dependent Children (AFDC) assistance under
15 AS 47.25.310 - AS 47.25.429 to reduce their need for public assistance by establishing and
16 operating a microenterprise. Under the self-employment demonstration project, a recipient
17 may accumulate certain resources needed to acquire business skills or to establish and operate
18 a microenterprise without becoming ineligible for AFDC assistance.

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

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

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

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

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

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

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

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

15 (g) In this section,

16 (1) "business income" means all income derived from the use of
17 microenterprise assets in a microenterprise;

18 (2) "employees" means the operator of a microenterprise and any persons
19 employed in the operation of the business;

20 (3) "microenterprise" means a business enterprise that has fewer than five
21 employees;

22 (4) "microenterprise assets" means all of the following:

23 (A) business loans;

24 (B) capital equipment;

25 (C) inventory; and

26 (D) all other assets required for the operation of the microenterprise;

27 (5) "net business income" means all business income minus all of the
28 following:

29 (A) business loan payments;

30 (B) business taxes;

31 (C) expenditures for vehicles vital to the business operations;

- 1 (D) cash retained in the microenterprise;
- 2 (E) insurance expenditures;
- 3 (F) inventory raw material expense;
- 4 (G) transportation expenditures;
- 5 (H) office supplies;
- 6 (I) professional services, including accounting, legal, or other consulting
- 7 services;
- 8 (J) delivery charges and supplies;
- 9 (K) commissions, salaries, wages, and other employment benefits,
- 10 including dental and vision care;
- 11 (L) postage;
- 12 (M) rent;
- 13 (N) utilities;
- 14 (O) telephone expenses;
- 15 (P) advertising and other marketing and promotional costs; and
- 16 (Q) training and professional development expenses.

17 * **Sec. 13. DIVERSION PROJECT.** (a) The Department of Health and Social Services
18 shall operate a diversion project that is designed to increase family income through
19 employment and child support payments by offering lump-sum diversion payments in place
20 of ongoing financial assistance under the Aid to Families with Dependent Children (AFDC)
21 program. A diversion payment may be offered to an applicant for AFDC who is job-ready
22 and who needs short-term financial assistance to meet critical needs in order to secure
23 employment and support for the applicant's family.

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

28 (1) having the AFDC application processed under AS 47.25.310 - 47.25.429;

29 or

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

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

- 4 (1) \$1,000 for a family that includes one AFDC-eligible individual;
- 5 (2) \$1,500 for a family that includes two AFDC-eligible individuals;
- 6 (3) \$2,000 for a family that includes three AFDC-eligible individuals;
- 7 (4) \$2,500 for a family that includes four or more AFDC-eligible individuals.

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

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

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

15 (3) provides that if the family reapplies for AFDC assistance under
16 AS 47.25.310 - 47.25.429 during the three months beginning with the month in which the
17 family received a diversion payment the diversion payment shall be treated as unearned
18 income, prorated over the three-month period, and deducted from any AFDC benefit the
19 family may be eligible for under the new application.

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

23 (f) To the extent that a provision of this section is inconsistent with AS 25.27.120 or
24 25.27.130, or with a provision of AS 47.25.310 - 47.25.429, the provision of this section
25 governs.

26 * **Sec. 14. COOPERATION.** State agencies shall cooperate with the department to the
27 extent necessary to implement secs. 8 - 15 of this Act.

28 * **Sec. 15. DEFINITIONS.** In secs. 8 - 15 of this Act,

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

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

1 * **Sec. 16.** IMMUNITY FROM LIABILITY. (a) The Department of Health and Social
2 Services, and its employees, agents, and grantees, are not liable for civil damages as a result
3 of an act or omission in the implementation, operation, or administration of an authorized
4 project under secs. 8 - 15 of this Act.

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

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

9 * **Sec. 17.** REGULATIONS. (a) The Department of Health and Social Services shall
10 adopt regulations necessary to implement secs. 8 - 16 of this Act. The regulations adopted
11 by the department may include

12 (1) eligibility criteria for the projects described in secs. 9 - 13 of this Act that
13 differ from eligibility requirements in AS 47.25.310 - AS 47.25.429 and the regulations
14 adopted under those statutes;

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

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

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

21 (b) The Department of Revenue, child support enforcement agency, may adopt
22 regulations necessary to implement sec. 13 of this Act.

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

28 * **Sec. 19.** Sections 3 - 5, 8, and 14 - 19 of this Act take effect immediately under
29 AS 01.10.070(c).

30 * **Sec. 20.** (a) Sections 9 - 13 of this Act take effect on the effective date of the federal
31 government's approval of the relevant waiver application made under sec. 8 of this Act.

1 (b) If the Department of Health and Social Services determines that federal statutes
2 do not require waivers for one or more of the projects outlined in secs. 9 - 13 of this Act, the
3 effective date of the relevant section is January 1, 1996, or the effective date of the federal
4 law, whichever is later.

5 (c) The commissioner of health and social services shall notify the revisor of statutes
6 and the lieutenant governor of the effective date of each of secs. 9 - 13 of this Act and of
7 whether the effective date was determined by a waiver approval or a determination that a
8 waiver is not necessary.

9 * **Sec. 21.** Section 2 of this Act takes effect January 1, 1996.

10 * **Sec. 22.** Sections 8 - 21 of this Act are repealed July 1, 2001.