

SENATE BILL NO. 111

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/6/95

Referred: HES, FIN

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; authorizing special
3 projects within the program of Aid to Families with Dependent Children to create
4 self-sufficiency and training opportunities; authorizing the Department of Health
5 and Social Services to seek waivers from the federal government necessary to
6 implement the special projects; affecting disbursement of child support payments
7 under certain circumstances for purposes of one of the special projects; and
8 providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * **Section 1.** AS 47.25.360 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 * **Sec. 3.** SHORT TITLE. Sections 3 - 12 of this Act may be known as "The Jobs for
7 Families with Dependent Children (JFDC) Act."

8 * **Sec. 4.** PURPOSE. The purpose of secs. 3 - 12 of this Act is to

9 (1) provide jobs for families with dependent children;

10 (2) strengthen Alaska families by creating opportunities to move from
11 dependency to economic self-sufficiency;

12 (3) adopt innovative strategies to reduce Aid to Families with Dependent
13 Children (AFDC) caseloads, thereby mitigating impacts on state and federal budgets;

14 (4) seek waivers from federal law to establish experimental programs uniquely
15 designed for Alaska that strengthen families and encourage them to move from public
16 assistance to jobs;

17 (5) offer lump-sum diversion grants to get eligible AFDC applicants into the
18 workforce in place of ongoing assistance payments;

19 (6) maintain an emergency safety net for Alaska families in need;

20 (7) involve Alaska Native organizations, employment and training programs,
21 communities, and businesses in helping to reduce AFDC caseloads and to promote self-
22 sufficiency for Alaska families;

23 (8) establish limits on the duration of AFDC benefits and encourage individual
24 responsibility for self-sufficiency, while providing the necessary transitional support to break
25 the bonds of AFDC dependency;

26 (9) establish by contract the responsibilities of public assistance recipients and
27 the state for achieving family self-sufficiency;

28 (10) revise restrictive program requirements that serve as disincentives for
29 families to move from assistance to jobs; and

30 (11) remove barriers that prevent Alaskans from moving from AFDC
31 dependency to gainful self-employment.

1 * **Sec. 5.** FINDINGS. The legislature finds that

2 (1) current public assistance laws and regulations contain many impediments
3 and disincentives to self-sufficiency and jobs;

4 (2) job creation as well as job training and education are key to reducing
5 AFDC caseloads and putting Alaska families in jobs;

6 (3) the primary factor that affects the number of people requiring public
7 assistance is the strength of the economy;

8 (4) most Alaskans currently receiving AFDC would rather work to support
9 their families than receive public assistance benefits;

10 (5) better planning and coordination between the state and Alaska Native
11 organizations are necessary to address the economic needs of families in rural Alaska;

12 (6) it is the responsibility of state public assistance agencies to eliminate abuses
13 of public assistance programs, to focus on helping Alaskans to get jobs, and to help Alaskans
14 who are truly in need;

15 (7) Alaska families receiving public assistance must take greater responsibility
16 in achieving economic self-sufficiency;

17 (8) some Alaska families may always require public assistance, though a large
18 majority need help for less than two years;

19 (9) the State of Alaska shares responsibility with all Alaskans in caring for the
20 more than 23,000 Alaskan children living in poverty; and

21 (10) Alaskans are willing to help families that are truly in need.

22 * **Sec. 6.** WAIVER APPLICATIONS. (a) No later than December 31, 1995, the
23 Department of Health and Social Services shall seek authority from the federal government
24 to implement the AFDC demonstration projects described in secs. 7 - 10 of this Act. To the
25 extent that the federal government approves the demonstration projects and waivers necessary
26 for their operation, the department shall implement the projects. The department shall select
27 the locations for the projects and, if required by the federal government, shall randomly select
28 project participants.

29 (b) Notwithstanding (a) of this section, if waivers are not necessary for a project
30 described in secs. 7 - 10 of this Act because changes in federal statutes or regulations
31 eliminate the need for certain waivers, the department shall

1 (1) implement by regulation the program changes that are consistent with the
2 demonstration projects authorized in secs. 7 - 10 of this Act and under AS 47.25.310 -
3 47.25.429 to the extent that they remain cost-effective projects; and

4 (2) report to the governor and the legislature its recommendations for changes
5 in statutory authority that may be needed in order to implement a cost-effective project in light
6 of changes in federal statutes or regulations.

7 (c) If federal authority cannot be obtained for a project as proposed in its entirety in
8 secs. 7 - 10 of this Act, but federal authority is granted for part of the project and the project
9 remains cost effective, the department shall implement the project to the extent it is approved
10 by the federal government.

11 (d) The department shall request approval for project designs that will provide for the
12 maximum federal contribution to the cost of design, operation, and evaluation of the projects
13 authorized in secs. 7 - 10 of this Act.

14 * **Sec. 7. DIVERSION PROJECT.** (a) The Department of Health and Social Services
15 shall operate, for up to five years, in at least two locations in the state, a diversion project that
16 is designed to increase family income through employment and child support payments by
17 offering lump-sum diversion payments in place of ongoing financial assistance under the Aid
18 to Families with Dependent Children (AFDC) program. A diversion payment may be offered
19 to an applicant for AFDC who is job-ready and who needs short-term financial assistance to
20 meet critical needs in order to secure employment and support for the applicant's family.

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

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

26 or

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

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

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

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

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

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

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

17 (e) A family that receives a diversion payment may not receive another diversion
18 payment before the twelfth month following the month in which it last received a diversion
19 payment.

20 (f) To the extent that a provision of this section is inconsistent with AS 25.27.120 or
21 25.27.130, or with a provision of AS 47.25.310 - 47.25.429, the provision of this section
22 governs.

23 * **Sec. 8. COMMUNITY WORK PILOT PROJECTS.** (a) The Department of Health and
24 Social Services shall operate, for up to five years, at least two community work experience
25 pilot projects in at least two areas of the state. Each project shall be designed to assure that
26 the maximum number of recipients of Aid to Families with Dependent Children (AFDC) in
27 the project area is engaged in education, ongoing work experience, or community service. As
28 part of a pilot project under this section, the department may use AFDC benefits under
29 AS 47.25.310 - 47.25.429 in place of wages for participants in community work projects or
30 work training projects and deny AFDC benefits under AS 47.25.310 - 47.25.429 to a family
31 that fails to cooperate with the project. A pilot project under this section shall provide for the

1 participation of community organizations in the development of the self-sufficiency of their
2 community members through assisting AFDC families to acquire work skills while the
3 families contribute to the quality of life in the community in which they live. At least one
4 pilot project under this section shall operate in a municipality with a population of more than
5 25,000 persons. At least one pilot project under this section shall operate in a geographic area
6 that is not connected by road to a municipality with a population of more than 25,000 persons.

7 (b) The department may offer a grant to a public or private agency to act as an agent
8 of the department in operating a community work experience pilot project under this section.

9 A grant offered under this subsection shall specify the approximate number of families to be
10 served under the particular community work experience pilot project. The department may
11 authorize a grantee under this subsection

12 (1) to provide AFDC benefits to participant families in amounts and forms the
13 grantee determines are appropriate to the circumstances of the family and appropriate under
14 the terms of the grant agreement with the department;

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

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

23 (c) The department shall authorize a grantee under (b) of this section to design the
24 pilot project to deliver an array of employment training and self-sufficiency related services
25 and to require community work activities that may include

26 (1) child care services;

27 (2) uncompensated or compensated community work experience;

28 (3) work-related training programs;

29 (4) high school completion or GED programs;

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

31 (6) culturally relevant subsistence activities; and

1 (7) placement in paid employment.

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

4 * **Sec. 9.** AFDC UNEMPLOYED PARENT PROJECT. (a) The Department of Health and
5 Social Services shall operate, for up to five years, a transition-to-work project that is designed
6 to assist two-parent families receiving assistance under the Aid to Families with Dependent
7 Children (AFDC) program to achieve economic self-sufficiency within three years after the
8 date of entry into the project. To this end, the department shall develop, with each
9 participating family, an individual family plan for achieving self-support and shall enter into
10 a contract with that family that identifies

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

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

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

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

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

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

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

27 (1) child care services;

28 (2) uncompensated community work experience;

29 (3) work-related training programs;

30 (4) high school completion or GED programs;

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

- 1 (6) culturally relevant subsistence activities;
2 (7) placement in paid employment; and
3 (8) referral to other services and programs that may improve the family's
4 employability or self-sufficiency.

5 (c) When determining the AFDC eligibility of a family participating in the project
6 under this section and when determining the amount of assistance for which a family in the
7 project is eligible, the department shall

8 (1) waive the requirement that, for purposes of assistance for a dependent child
9 of unemployed parents, the principal wage-earning parent must be employed less than 100
10 hours a month; and

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

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

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

26 * **Sec. 10. SELF-EMPLOYMENT PROJECT.** (a) The Department of Health and Social
27 Services shall operate, for up to five years, a self-employment demonstration project for the
28 purpose of allowing individual recipients of Aid to Families with Dependent Children (AFDC)
29 assistance under AS 47.25.310 - AS 47.25.429 to reduce their need for public assistance by
30 establishing and operating a microenterprise. Under the self-employment demonstration
31 project, a recipient may accumulate certain resources needed to acquire business skills or to

1 establish and operate a microenterprise without becoming ineligible for AFDC assistance.

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

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

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

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

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

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

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

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

29 (g) In this section,

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

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

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

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

6 (A) business loans;

7 (B) capital equipment;

8 (C) inventory; and

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

10 (5) "net business income" means all business income minus all of the
11 following:

12 (A) business loan payments;

13 (B) business taxes;

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

15 (D) cash retained in the microenterprise;

16 (E) insurance expenditures;

17 (F) inventory raw material expense;

18 (G) transportation expenditures;

19 (H) office supplies;

20 (I) professional services, including accounting, legal, or other consulting
21 services;

22 (J) delivery charges and supplies;

23 (K) commissions, salaries, wages, and other employment benefits,
24 including dental and vision care;

25 (L) postage;

26 (M) rent;

27 (N) utilities;

28 (O) telephone expenses;

29 (P) advertising and other marketing and promotional costs; and

30 (Q) training and professional development expenses.

31 * **Sec. 11. IMMUNITY FROM LIABILITY.** (a) The Department of Health and Social

1 Services, and its employees, agents, and grantees, are not liable for civil damages as a result
2 of an act or omission in the implementation, operation, or administration of an authorized
3 project.

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

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

8 (d) For purposes of this section, "authorized project" means a project authorized by
9 this Act and includes any operation or activity approved by the state under this Act, including
10 the imposition of a participation requirement.

11 * **Sec. 12.** REGULATIONS. (a) The Department of Health and Social Services shall
12 adopt regulations necessary to implement secs. 3 - 12 of this Act. The regulations adopted by
13 the department may include

14 (1) eligibility criteria for the projects described in secs. 7 - 10 of this Act that
15 differ from eligibility requirements in AS 47.25.310 - AS 47.25.429 and the regulations
16 adopted under those statutes;

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

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

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

23 (b) The Department of Revenue, child support enforcement agency, may adopt
24 regulations necessary to implement a provision of sec. 7 of this Act.

25 * **Sec. 13.** AS 47.25.310(c) is repealed.

26 * **Sec. 14.** TRANSITION. The Department of Health and Social Services and the
27 Department of Revenue, child support enforcement agency, may proceed to adopt regulations
28 necessary to implement this Act. The regulations to implement a section of this Act take
29 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
30 relevant section of this Act.

31 * **Sec. 15.** Sections 1 - 6 and 11 - 14 of this Act take effect immediately under

1 AS 01.10.070(c).

2 * **Sec. 16.** Sections 7 - 10 of this Act take effect on the effective date of the federal
3 government's approval of the relevant waiver application made under sec. 6 of this Act. If
4 the Department of Health and Social Services determines that federal statute changes do not
5 require waivers for one or more of the projects outlined in secs. 7 - 10 of this Act, the
6 effective date of the relevant section is January 1, 1996 or the date of the federal law change,
7 whichever is later. The commissioner of health and social services shall notify the revisor of
8 statutes and the lieutenant governor of the effective date of each of secs. 7 - 10 of this Act
9 and of whether the effective date was determined by a waiver approval or a determination that
10 a waiver is not necessary.

11 * **Sec. 17.** Sections 3 - 12 and 14 - 16 of this Act are repealed July 1, 2001.