

COMMITTEE REPORT
SENATE

FURTHER: None

5/12/81

Date: 7 22 82

Mr. President:

The Committee on FINANCE has had CS HB 174 (FIN)

relating to aid to families with dependent children

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with SCS for CS HB 174 (FIN) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 *House Bill No 174*
SCS FOR ~~SENATE BILL NO. 653~~ (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public employees subject to collec-
7 tive bargaining."

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

9 * Section 1. AS 14.20.550 is amended to read:

10 Sec. 14.20.550. NEGOTIATION WITH CERTIFICATED ADMINISTRATIVE EM-
11 PLOYEES. Each city, borough and regional school board, shall negotiate
12 with its certificated administrative employees in good faith on matters
13 pertaining to their employment and the fulfillment of their professional
14 duties.

15 * Sec. 2. AS 14.20.555(a) is amended to read:

16 (a) Negotiations between the certificated administrative employees
17 of the regional educational attendance areas and the respective regional
18 school boards shall be conducted by one team representing all the cer-
19 tificated administrative employees [, ONE TEAM REPRESENTING ALL THE CER-
20 TIFICATED ADMINISTRATIVE PERSONNEL IF THEY HAVE JOINED TOGETHER TO
21 NEGOTIATE INDEPENDENTLY AS PROVIDED IN SEC. 560(f) OF THIS CHAPTER,) and
22 one team representing all the participating regional school boards.

23 * Sec. 3. AS 14.20.560 is amended to read:

24 Sec. 14.20.560. ADMINISTRATIVE EMPLOYEE [TEACHERS'] BARGAINING
25 GROUPS. (a) When a majority of the certificated administrative em-
26 ployees in a school district have designated an educational organization
27 of their own choosing to bargain for them, the organization shall be
28 recognized by the school board as the bargaining agent for all the cer-
29 tificated administrative staff, except superintendents of schools. [THE

MEMBERSHIP OF ANY SUCH RECOGNIZED EDUCATIONAL ORGANIZATION SHALL BE COMPOSED PRINCIPALLY OF THOSE EMPLOYED IN THE TEACHING PROFESSION IN ALASKA.]

(b) The organization representing a majority of the certificated administrative employees of a school district shall, upon the request of the school board, submit an affidavit verifying that it does represent a majority of the certificated administrative employees. Recognition of the employee bargaining agency by a school board is valid for one year or a term agreed upon by the two parties to an agreement, unless a majority of the certificated administrative employees [CERTIFIED STAFF] votes to request the termination of recognition of the employee bargaining agency. The school board is entitled to an affidavit of membership from the employee bargaining agency once each year.

(c) Upon the request of 25 percent of the certificated administrative employees in a district, the school board shall hold, within 20 days, an election by secret ballot of all the certificated administrative employees in order to determine their choice of a bargaining agency. The results of this election are binding for one year.

(d) A school board shall, upon the written request of the employee bargaining organization, meet with the representative of the organization within 20 days of the request at a time and place to be mutually agreed upon. In the same manner, representatives of an employee bargaining organization are required to meet with a school board or its representatives within 20 days after receiving a written request. The school board and the employee organization may not select more than five representatives each to negotiate for them.

(e) The negotiating meeting may be held in executive session upon mutual agreement of both parties, but all final agreements shall be made at a public meeting of the school board.

[(f) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT CERTIFICATED ADMINISTRATIVE PERSONNEL GROUPS, INCLUDING PRINCIPALS AND ASSISTANT PRINCIPALS, FROM HAVING THE RIGHT TO NEGOTIATE INDEPENDENTLY OF THE OTHER CERTIFICATED PERSONNEL IF THEY CHOOSE TO DO SO AS THE RESULT OF A SECRET BALLOT.]

* Sec. 4. AS 14.20.570(b) is amended to read:

(b) If the mediation meetings are held during the school day, certificated administrative employees [TEACHERS] representing an employee bargaining agency shall be released from their [CLASSROOM OR OTHER] assigned duties without penalty or loss of pay.

* Sec. 5. AS 14.20.590 is amended to read:

Sec. 14.20.590. GRIEVANCE PROCEDURES. Negotiations agreements executed under AS 14.20.550 - 14.20.590 [AFTER THE EFFECTIVE DATE OF THIS ACT] shall define "grievances" and provide for grievance procedures for the certificated staff subject to AS 14.20.550 - 14.20.590. The grievance procedures shall provide that the final step in the procedure shall be binding arbitration. The negotiations agreement shall provide a method for the selection of an arbitrator.

* Sec. 6. AS 14.20.600 is amended to read:

Sec. 14.20.600. INDIVIDUAL CASES. Nothing in AS 14.20.550 - 14.20.590 prohibits a certificated administrative [AN] employee from addressing a school board, as an individual, through the regular procedures of the school board for hearing individual cases.

* Sec. 7. AS 14.20.610 is amended to read:

Sec. 14.20.610. LEGAL RESPONSIBILITIES OF BOARDS. Nothing in AS 14.20.550 - 14.20.600 or in AS 23.40.070 - 23.40.260 may be construed as an abrogation or delegation of the legal responsibilities, powers, and duties of the school board including its right to make final decisions on policies.

1 * Sec 8. AS 23.40.200(b) is amended to read:

2 (b) The class in (a)(1) of this section is composed of police and
3 fire protection employees, jail, prison and other correctional institu-
4 tion employees, [AND] hospital employees, and emergency services em-
5 ployees of the Department of Military Affairs. Employees in this class
6 may not engage in strikes. Upon a showing by a public employer, [OR]
7 the labor relations agency, or a school board for teachers included in
8 the class under this subsection, that employees in this class are
9 engaging or about to engage in a strike, an injunction, restraining
10 order, or other order which may be appropriate shall be granted by the
11 superior court in the judicial district in which the strike is occurring
12 or is about to occur. If an impasse or deadlock is reached in collective
13 bargaining between the public employer and employees in this class, and
14 mediation has been utilized without resolving the deadlock, the parties
15 shall submit to arbitration to be carried out under AS 23.40.205 [AS 09.
16 43.030].

17 * Sec. 9. AS 23.40.200(c) is amended to read:

18 (c) The class in (a)(2) of this section is composed of public
19 utility, snow removal, and sanitation employees and public school and
20 other educational institution employees, including teachers except
21 teachers included in the class in (b) of this section by a majority of
22 voters under AS 23.40.202. Employees in this class may engage in a
23 strike after mediation, subject to the voting requirement of (d) of this
24 section, for a limited time. The limit is determined by the interests
25 of the health, safety or welfare of the public. The public employer,
26 [OR] the labor relations agency, or, if teachers are engaging in a
27 strike, the school board may apply to the superior court in the judicial
28 district in which the strike is occurring for an order enjoining the
29 strike. A strike may not be enjoined unless it can be shown that it has

1 begun to threaten the health, safety or welfare of the public. A court,
2 in deciding whether or not to enjoin the strike, shall consider the
3 total equities in the particular class. "Total equities" includes not
4 only the impact of a strike on the public but also the extent to which
5 employee organizations and public employers have met their statutory
6 obligations. If an impasse or deadlock still exists after the issuance
7 of an injunction, the parties shall submit to arbitration to be carried
8 out under AS 23.40.205 [AS 09.43.030].

9 * Sec. 10. AS 23.40.200(e) is amended to read:

10 (e) Notwithstanding the provisions of (b), (c) and (d) of this
11 section, the employees with the concurrence of the employer may agree in
12 writing to submit a dispute arising from interpretation or application
13 of a collective bargaining agreement to arbitration under AS 23.40.205.

14 * Sec. 11. AS 23.40 is amended by adding new sections to read:

15 Sec. 23.40.202. LOCAL OPTION FOR DETERMINING THE CLASSIFICATION OF
16 TEACHERS. (a) The following question, if approved by a majority of the
17 members of a school board, shall be placed before the voters of the
18 school district in accordance with (b) of this section: "Shall teachers
19 employed by the (name of school district) be subject to
20 AS 23.40.200(b), prohibiting certain public employees from engaging in a
21 strike? Yes [] No []"

22 (b) If a school board approves the question under (a) of this
23 section, the local governing body of the municipality, or the director
24 of elections if the board is a regional school board, shall place the
25 question set out in (a) of this section on a separate ballot at the next
26 regular election held in the municipality or regional educational atten-
27 dance area. The local governing body shall conduct the election in
28 accordance with the election ordinance of the municipality. The director
29 of elections shall conduct the election in the general manner prescribed

1 by AS 14.08.071 and the Alaska Election Code (AS 15).

2 (c) If a majority of voters voting on the question vote "yes" on
3 the question set out in (a) of this section, teachers in that school
4 district shall be included in the class under AS 23.40.200(b) and
5 removed from the class under AS 23.40.200(c).

6 Sec. 23.40.205. ARBITRATION. (a) When an organization and a
7 public employer are unable to reach an agreement through negotiations
8 and an impasse exists, arbitration shall be conducted before an arbitra-
9 tion board of five persons consisting of one professional arbitrator
10 with substantial experience in the field of labor relations, selected by
11 the labor relations agency, who shall serve as chairperson, and four
12 public members selected from the panel described in (c) of this section,
13 or, if the impasse involves teachers, selected in accordance with (d) of
14 this section. If a controversy involves state employees, the arbitra-
15 tion board shall include residents of at least three of the four state
16 judicial districts. If a controversy involves teachers, the four public
17 members shall be residents of the ^{affected} school district.

18 (b) Each party shall submit to the arbitration board its final
19 offer on the impasse. The board shall select either the final offer of
20 the organization or the final offer of the public employer. The selec-
21 tion of the board shall be considered to be the collective bargaining
22 agreement between the parties. The determination of the board on the
23 final offer shall be final and binding on the parties as if the arbitra-
24 tion had been conducted under the Uniform Arbitration Act (AS 09.43).

25 (c) ^{For} ~~if~~ an impasse ^{involves} ~~involves~~ ¹⁷⁹ public employees other than teachers,
26 the labor relations agency shall select a standing panel to provide
27 public members for an arbitration board from among persons who (1) have
28 broad and varied experience in the conduct of human affairs, (2) have
29 resided in the state for a substantial period of time, and (3) are not

1 at the time of selection employed in a position that requires direct
2 participation in labor-management relations. The number of members of
3 the standing panel shall be a number that the labor relations agency
4 determines to be adequate to ensure the availability of four persons
5 when needed. The standing panel shall include at least one resident of
6 each state judicial district. A person who resides for a period of more
7 than three months at a place outside the state, or who becomes employed
8 in a position that requires direct participation in labor-management
9 relations shall be removed from the panel.

10 (d) If an impasse involves teachers, the arbitrator selected by
11 the labor relations agency shall request the organization and the school
12 board to submit to the other party by a date certain the names of public
13 members to serve on the board described in (a) of this section. The
14 organization and the school board shall each select for this purpose two
15 persons who (1) have broad and varied experience in the conduct of human
16 affairs, (2) reside in the ^{affected} school district, and (3) are not at the time
17 of selection employed in a position that requires direct participation
18 in labor-management relations. Within one week of the date designated
19 for submission of names under this subsection the organization and the
20 board shall each notify the arbitrator if it accepts the persons
21 selected by the other party. If the parties agree, the persons selected
22 shall serve on the board described in (a) of this section. If the
23 organization and the board do not agree on the members selected, the
24 arbitrator shall request each party to submit to the labor relations
25 agency a list consisting of not less than five nor more than seven
26 persons who meet the criteria set out in (1), (2), and (3) of this
27 subsection. From each list submitted to the labor relations agency, the
28 agency shall choose two persons who shall serve on the board described
29 in (a) of this section.

1 (e) An arbitration board is entitled to compensation by the par-
2 ties for its services as follows:

3 (1) public members shall receive per diem and travel allow-
4 ances as provided by law for members of state boards and commissions;

5 (2) the professional arbitrator serving as chairperson shall
6 be compensated on terms that the parties determine to represent fair
7 value for such professional services.

8 * Sec. 12. AS 23.40.250(1) is amended to read:

9 (1) "collective bargaining" means the performance of the
10 mutual obligation of the public employer or his designated representa-
11 tives and the representative of the employees to meet at reasonable
12 times, including meetings in advance of the budget making process and
13 negotiate in good faith with respect to wages, hours and other terms and
14 conditions of employment, or, for employees who are teachers, to negoti-
15 ate in good faith with respect to matters pertaining to the employment
16 and the fulfillment of the professional duties of teachers, or the
17 negotiation of an agreement, or negotiation of a question arising under
18 an agreement and the execution of a written contract incorporating an
19 agreement reached if requested by either party, but these obligations do
20 not compel either party to agree to a proposal or require the making of
21 a concession;

22 * Sec. 13. AS 23.40.250(5) is amended to read:

23 (5) "public employee" means any employee of a public employer,
24 whether or not in the classified service of the public employer, except
25 elected or appointed officials or administrative employees of school
26 boards [TEACHERS] or noncertificated employees of school districts;

27 * Sec. 14. AS 23.40.250(6) is amended to read:

28 (6) "public employer" means the state or a political sub-
29 division of the state, including without limitation, a [TOWN,] city,

1 borough, district, board of regents, city, borough, or regional school
2 board, public and quasi-public corporation, housing authority or other
3 authority established by law, and a person designated by the public
4 employer to act in its interest in dealing with public employees;

5 * Sec. 15. AS 23.40.250 is amended by adding new paragraphs to read:

6 (8) "district" means a district as defined by AS 14.12.010;

7 (9) "teacher" means a person employed by a school board who
8 serves in a teaching or counseling capacity and is required to be certi-
9 ficated in order to hold the position.

10 * Sec. 16. AS 23.40.040 is repealed.

11 * Sec. 17. (a) A school board, including a regional educational atten-
12 dance area school board, may not reject having the provisions of the Public
13 Employment Relations Act apply to its relations with its teachers.

14 (b) The provisions of sec. 4, ch. 113, SLA 1972 do not apply to allow
15 organized boroughs and other political subdivisions of the state, home rule
16 or otherwise, to reject having the provisions of the Public Employment Rela-
17 tions Act apply to its relation with those school employees of the municipal-
18 ity included under the provisions of that Act.

19 * Sec. 18. Nothing in this Act terminates or modifies a collective bar-
20 gaining unit, recognition of exclusive bargaining representative, or col-
21 lective bargaining agreement if the unit, recognition, or agreement is in
22 effect on the effective date of this Act.

F.N. Received after bill passed from committee

THE LEGISLATURE OF THE STATE OF ALASKA
 TWELFTH LEGISLATURE
FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate CS for CS for House Bill No. 174 (Finance)
 Title "An Act relating to public employees subject to collective bargaining."
 Requested by Senate Finance Committee Date 4/23/82

II. FISCAL DETAIL
 Agency Affected Labor
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Labor Standards and Safety
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars) *Wage & Hour Admin.*

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		87.0	95.7	105.3	115.8	127.4
200 TRAVEL		22.9	25.2	27.7	30.5	33.5
300 CONTRACTUAL		43.0	47.3	52.0	57.2	63.0
400 COMMODITIES		3.5	3.9	4.2	4.7	5.2
500 EQUIPMENT		2.6	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	159.0	172.1	189.2	208.2	229.1

FUNDING (Thousands of Dollars)

GENERAL FUND	0	159.0	172.1	189.2	208.2	229.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 Other states which have enacted PERA type laws that cover teachers have advised us that during the first few years the laws were in effect, management or employee representatives of 50% of the affected school districts filed unfair labor practice charges each year which resulted in hearings before the labor relations agency. The average hearing lasted six hours (or one day).
 Assuming that the contracts of approximately 26 of Alaska's 52 school districts come up for renegotiation each year and that our experience would be comparable to that of other states, we can expect that 13 of the school districts will generate unfair labor practice charges requiring hearing before the labor relations agency.
 Assumes the Department of Labor is not responsible for conducting elections provided in Section II (AS 23.40.202).

IV. DATE April 23, 1982 PREPARED BY *Nico Bus*
 AGENCY Labor
 PHONE 465-2720
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska
Twelfth Legislature
Fiscal Note
Bill/Resolution No. CS SB 653 (Finance)

III. Analysis (Continuation)

In addition to the charges associated with the two Wage and Hour Investigators are costs to contract for a hearing officer on 13 occasions (\$9,750) and court reporting services including transcripts (\$5,325), plus printing (\$1,600) and legal costs (\$6,000). A total of \$5,600 has been included in travel for the hearing officer's transportation and per diem (10 trips of 2 days each = $(400 + 80 [2]) 10 = 5,600$).

Assumes an inflation rate of 10% per annum.

Assumes an effective date of July 1, 1982.

1	POSITION TITLE Wage and Hour Investigator II			RANGE/STEP 18A	BARG. UNIT. G	LOCATION Anchorage	APPROV. GOV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. CS SB 653	PCN No. Not assigned	PRIORITY	FORM 12 PAGE/LINE	LEG.	

3 TYPE OF EXPENDITURE			AMOUNT
1	2	3	
PERSONAL SERVICES:			
4	SALARY 2838/month		34,056
5	BENEFITS 1592		5,422
6	SBS		2,088
7	FIXED BENEFITS		1,920
8	TOTAL PERSONAL SERVICES	01	43,486
9	TRAVEL	02	8,640
10	CONTRACTUAL	03	10,150
11	COMMODITIES	04	1,750
12	EQUIPMENT	05	1,300
13	OTHER		
14	TOTAL COST		65,326

JUSTIFICATION:

This position will conduct investigations and informal hearings of unfair labor practices complaints filed with this agency. The Investigator will travel extensively throughout the state performing these investigations and hearings.

Personal Services calculations are based on the salary schedule effective 3/16/82.

Travel funds allow for 12 - 4 day trips costing an average of \$400 @ for transportation and per diem of \$320 (4 days X \$80)

Contractual services costs are comprised of telephone charges, equipment rent, word processing costs, management services support of \$3,900, and \$3,200 for space rent.

The equipment costs for a desk, file, recorder, transcriber, partitions, and bookcase are one-time charges.

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17	100	GEN. FUND 1004	65,326
18		I-A RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION		

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Wage and Hour Administration

COMPONENT Wage and Hour Administration

13 REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE Wage and Hour Investigator II			RANGE/STEP 18A	BARG. UNIT. G	LOCATION Anchorage	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. CS SB 653	PCN No.	PRIORITY	FORM 12 PAGE/LINE	LEG.		

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	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1007	
17	100	GEN. FUND 1001	65,326
18		I-A RCPTS 1005	
19		PGM RCPTS 1028	
20		OTHER	

21	CONTINUATION		FOR B&M USE ONLY
22	ADDITION		

4A. KEY NUMBER _____ COLUMN NO. _____

AGENCY Labor PROGRAM Worker Protection

BRU Wage and Hour Administration

COMPONENT Wage and Hour Administration

13 REQUEST FOR NEW POSITION.

FY 83



STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LABOR

APR 19 1982

LABOR STANDARDS AND SAFETY DIVISION

P.O. BOX 630
JUNEAU, ALASKA 99811
PHONE:

465-4870

April 19, 1982

The Honorable Don Bennett
Chairman
Senate Finance
Pouch V
Juneau, Alaska 99811

RE: CS for SB 653 (Finance)

Dear Chairman Bennett:

At the conclusion of my testimony today, I agreed to discuss the new language in Section 12 with the Attorney General's office to ascertain whether or not that language in any way changed the fiscal note presented to the committee today. I have just discussed the bill with Deputy Attorney General, Ron Lorensen, and it is still my opinion and that of Mr. Lorensen that the language of Section 12 does not appreciably change the amount of work or the costs to the department. Therefore, the fiscal note presented and dated April 19, 1982 is the department's position on this bill.

If I may be of further service to you in this matter, please advise.

Very truly yours,

Dale Cheek

Dale Cheek
Director
Labor Standards and Safety

cc: Commissioner Orbeck

Rec'd 5/12/81
after bill
was reported
out of HFC

POSITION PAPER

ON

CS FOR HOUSE BILL NO. 174 (Finance)

"An Act relating to aid to families with dependent children; and providing for an effective date."

CSHB No. 174 is intended to increase payments to families receiving Aid to Families with Dependent Children (AFDC) monthly cash assistance, and to add AFDC coverage for pregnant women with no other qualified children. The bill, as amended in both the House Committees of Referral, has been informally reviewed by Federal AFDC program authorities and appears to them to comply with regulations and case law. However, the amended current wording of Sec. 3, offered before House Finance by the sponsor, may not clearly authorize the payment levels intended by the sponsor. We have asked for a legal interpretation of Sec. 3; pending receipt of that interpretation, we are assuming that the following chart does accurately present the increases intended by the bill. (This chart was presented to the House Finance Committee as part of our position paper on CSHB 174 (HESS). In testimony, the sponsor concurred that the chart accurately presented his intent.)

	Current Payment	Payment after 7/1/81 w/out CSHB 174	Payment if CSHB 174 enacted
First child, with non-needy relative	\$200	\$222	\$247 (+25%)
Second child	\$200	\$223	\$248 (+25%)
Each additional child	\$ 57	\$ 63	\$ 78 (+15%)
One child and needy relative	\$457	\$508	\$551 (+43%)
Second child	\$ 57	\$ 63	\$ 78 (+15%)
Each additional child	\$ 57	\$ 63	\$ 78 (+15%)

This position paper and attached fiscal note assume that CSHB 174, as amended, calls for the increases described above. (We are being particularly careful to state all increases precisely, for AS 47.25.320 is a very complicated statute, and the legislative amendment made to it last year was in fact subject to differing interpretations.)

The current maximum payment levels for children in the home of non-needy relatives (such as living with grandparents or aunts and uncles) are half, or less than half, the payment levels determined by the Department to be necessary to provide for the direct costs of maintaining foster children in licensed private foster homes. Even after the July 1, 1981 cost of living increase, the maximum AFDC payment made to a mother and one child will be

approximately \$83.00 less per month than the federal CSA poverty guideline for an Alaskan non-farm family of two. Maximum payments to a two person family in AFDC are currently \$16 a month less than is paid to a single needy blind, disabled, or elderly adult. By those simple measurements, an AFDC maximum payment increase would seem justified.

Coverage for a needy pregnant woman is optional under federal AFDC regulations; 34 states currently offer this coverage. Until the option was deleted in 1976 as a cost-containment legislative action, Alaska's AFDC program included pregnant eligible women. The 7/1/81 single person AFDC maximum payment, set administratively will be \$286. With the \$20 special needs allowance established by Sec. 2 of CSHB 174, a pregnant woman with no other income would receive a \$306 AFDC payment each month. In addition to these regular monthly payments, each AFDC-eligible woman would be automatically entitled to Medicaid coverage. Mandating this optional coverage would accomplish by a different method the expansion of pregnancy-related health care proposed by Sec. 1 of House Bill No. 330 and by HB 41.

Almost all of the 34 states offering this AFDC coverage pay a pregnant woman a special needs allowance for such items as clothing, diet and vitamins, and/or layette items. The arguments used most often by these states to support offering both this coverage and a special needs allowance tend to be supported by our own experience when Alaska's AFDC program had this coverage: pregnant single women tend to be young and without income. Without financial assistance, this group of women tend to be especially liable to abuse-producing living situations and dependency. Obviously, lack of adequate income can also create health problems caused by stress, poor living conditions and inadequate diet.

The Department does support the concept of increasing AFDC benefit levels, and it does support the concept of improving the availability of pregnancy-related health care to needy Alaskans.

Recommended by Rod Betit
Rod Betit, Director
Division of Public
Assistance

Date: May 18, 1981

Approved by: Helen D. Beirne
Helen D. Beirne, Commissioner
Dept. of Health and
Social Services

Date: 5/18/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill No. 174 (Finance)
 Title An Act relating to aid to families with dependent children
 Requested by Clocksie Date 5/18/81

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Soc. and Econ. Assistance for the General Pop. etc.
 BRU, Program, or Subprogram(s) Affected See analysis: 4 BRUs affected
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		29.3				
200 TRAVEL		2.0				
300 CONTRACTUAL		10.0				
400 COMMODITIES		1.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6119.9				
TOTAL		6162.7				

FUNDING (Thousands of Dollars)

GENERAL FUND		3014.5				
FEDERAL FUNDS		3148.2				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(1) Existing Cases

(a) The FY 82 budget request calls for 7078 families to receive an average payment of \$521.22. 25% of these families consist of an average of 1.60 children living with a non-needy relative. Each of these families would experience a \$40 per month payment increase (\$25 for the first child, + .60 x \$25 = \$40). The total FY 82 cost of these families would be 849.6 (\$40 per month per family x 1770 families x 12 months).

IV. DATE 6/18/81 PREPARED BY *Sandra A. [Signature]*
 AGENCY HS&S DPA
 PHONE 465-3747
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) *D. Mason Cookman* 5/18/81

(b) 75% of the anticipated families, or 5308 families, consist of a needy relative and children, an average 2.80 persons per family. Each of these families would experience \$70 per month payment increase (\$43 for the first person + \$15 for the second + .80 x \$15 = \$70). The total FY 82 cost of these families would be 4,458.7 (\$70 per month per family x 5308 families x 12 months).

(c) The total AFDC BRU cost for payment increases for existing cases would be 5308.2 (2654.1 state, 2654.2 federal).

(2) New cases: Payment Increases

(a) In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. CSHB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC payment is currently \$514. (This also would be the recipient's AFDC payment if he or she had no other countable income.) The effect of CSHB 174 and of the existing cost-of-living provision in statute would establish a new qualifying limit of \$629 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were almost the same size as those proposed in CSHB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if CSHB 174 were to be enacted.

(3) New Cases: Pregnant Women

Addition of pregnant women to the AFDC program would add new cases. No data exists to provide anything but an "informed guess" estimate of 286 new cases in FY 82. (See fiscal note, HB 330) This new case-load would impact 4 BRUs as follows:

(a) AFDC BRU:

286 new cases per year x \$306 average payment per month x 6 months per case = 525.1 in FY 82 costs (50% federal, 50% state funds). The \$306 payment consists of the \$286 maximum individual payment plus a \$20 special needs allowance for dietary needs. (See Position Paper). We assume the maximum payment to each recipient based on our pre-1976 pregnant woman caseload, in which most recipients had no earned or unearned non-AFDC income.

(b) MEDICAID BRU:

Each of the 286 new cases would receive Medicaid coverage at an average cost per case of \$1500, increasing Medicaid expenditures by 429.0 (214.5 State, 214.5 federal).

(c) General Relief BRU:

Approximately 95 of the 286 cases added to Medicaid would have been covered under the existing General Relief Medical program, which is totally state-funded. Therefore, GRM BRU FY 82 expenditures would decrease by 142.5 (95 x \$1500 = 142.5).

This shift in program coverage would therefore increase federal fund expenditures by 214.5 but state expenditures would increase by only 72.0 (214.5 Medicaid-142.5 GRM = 72.0)

(d) Eligibility Determination BRU"

In addition to adding 286 new AFDC cases, additional work would be involved in providing medical coverage and, for a majority, Food Stamp benefits. This workload would require the addition of one Eligibility Technician II, with related costs to the Eligibility Determination BRU. Total cost will be 42.8 (25.9 state funds, 16.9 federal funds).

4. Summary

Item	State Funds	Federal Funds	Total
(a) AFDC Payment Increase Adult Not Included	424.8	424.8	849.6
(b) AFDC Payment Increase Adult Included	2229.3	2229.4	4458.7
(c) AFDC New cases, Pregnant Women	262.5	1262.6	525.1
(d) Medicaid New cases	214.5	214.5	429.0
(e) General-Relief Medical caseload decrease	(142.5)	0	(142.5)
(f) Eligibility Determination, new Worker	25.9	16.9	42.8
Total	<u>3014.5</u>	<u>3148.2</u>	<u>6162.7</u>

Position Paper

House Bill No. 174

HB 174

"An Act relating to Aid to Families with Dependent Children, and providing for an effective date."

This act would provide for a \$100 per month increase in the maximum payment paid to some families found eligible for Aid to Families with Dependent Children (AFDC). This increase would apply only to families which consist of a needy caretaker relative and children; it would not apply to families consisting of children who live with a non-needy relative. (The payment maximums specified in AS 47.25.320(a) are also the maximum countable income limits which are used to determine if an applying family is eligible for AFDC assistance.)

However, under sec. (d) of AS 47.25.320, the cost of living increase already applied to the \$400 maximum payment stated in sec. (a) of the statute means that a parent and one child with no other income can now receive a maximum payment of \$457 per month. Under the automatic cost-of-living increase provision added last year, the anticipated maximum AFDC payment for a two-person family will increase July 1, 1981, to \$522. The federal CSA poverty guideline for Alaska for 1981 for a two-person non-farm family is \$582.50 per month. Even this simple measurement would indicate that, at best, AFDC maximum payment levels are barely adequate to fulfill the statutory purposes of the AFDC program.

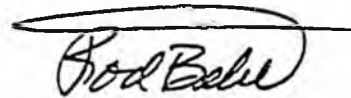
The Department knows of no measurements of AFDC payment adequacy which would indicate that it would be inappropriate to propose payment increases additional to those passed last year. However, HB 174 appears to present two significant problems:

- (1) Actual Increase Amount. As drafted, we do not clearly understand if the intent of the bill is to grant a simple \$100 per month increase to all adult-included cases, effective July 1, 1981, or to grant these cases a \$43 increase, or to apply the provisions of sec. (d) to either of these two amounts (making them either approximately \$114 or \$54). The fiscal note assumes the bill intends a \$100 increase.
- (2) Compliance with Federal Requirements. In last session's work on versions of HB 968, which passed as SCSCSHB 968, 14 ch133 SLA 1980, one version was introduced which proposed the exact amount and type of increase as proposed by HB 167. This version was modified when federal AFDC program authorities presented a written objection, in which they demonstrated to the Department's and to the Legislature's satisfaction that federal law, federal regulations, and case law precedence would not allow them to approve raising only the adult-included families' maximum payments. A copy of that letter is attached.

Thus it is clear to us that passage of HB 174, as it is currently written, would seriously jeopardize all of the 50% federal matching funds in the AFDC program by placing the program out of compliance with federal requirements. This could cost the State over \$22,000,000 in federal matching funds. Apparently, the only way to avoid this very real financial threat would be to increase both the adult-included and adult-not-included statutory maximums by the same dollar amount.

Because HB 174 would not comply with federal AFDC program requirements, and because of its fiscal impact, the Department cannot support passage of this bill. However, the Department does support the concept of increasing AFDC benefits levels.

Recommended by:

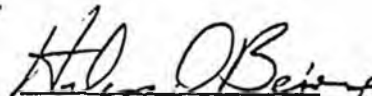


Rod Betit, Director

Date:

March 10, 1981

Approved By:



Helen D. Beirne
Commissioner

Date:

3-11-81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 174

Title An Act relating to aid to families with dependent children

Requested by CLOCKSIN

Date 2/27/81

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Social and Economic Assistance for the General Public

BRU, Program, or Subprogram(s) Affected Assistance Payments, (AFDC)

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6370.8	7007.9	7708.7	8479.6	9327.6
TOTAL		6370.8	7007.9	7708.7	8479.6	9327.6

FUNDING (Thousands of Dollars)

GENERAL FUND		3185.4	3504.0	3854.3	4239.8	4663.8
FEDERAL FUNDS		3185.4	3503.9	3854.4	4239.8	4663.8
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(1) Existing Cases

The FY82 budget request for the AFDC program calls for 7078 families to receive an average monthly payment of \$521.22. Seventy five percent of these families, or 5309 families, consist of both a needy adults and children. HB No. 174 would require an increase of \$100.00 in the average monthly payment for each of these families. Thus the cost of this measure would be 6,370.8 (5309 families x \$100 monthly payment increase, x 12 months). Fifty percent, 3185.4, would be federal matching funds, and 3185.4 would be state matching funds.

IV. DATE 3/10/81

PREPARED BY [Signature]

AGENCY HESS PPA

PHONE 585-1347

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) & B Approval [Signature]

Date 3/17/81


(2) New Cases

In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. HB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$514. (This would also be the recipient's AFDC payment if he or she had no other countable income.) The provision of HB 174 would establish a new qualifying limit of \$614 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were approximately the same size as those proposed in HB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if HB 174 were to be enacted. (Note that even the smallest addition of new AFDC cases results in significant new expenditures in 3 BRUs. For example, only 400 additional AFDC cases would add approximately 2,981.9 to AFDC expenditures, 443.5 to Medicaid BRU expenditures, and 90.0 to the Eligibility Determination BRU.)

- (3) Assumptions: (a) FY82 projected costs assume that the annual cost of living increase provided under existing statutes would not apply to the \$100 increase in payment maximums. (b) FY83 and later years' costs assume a 10% annual inflation increase.
- (4) Non Compliance: As noted in the Position Paper on HB 174, federal program authorities will not approve this payment increase. FY82 funding request for AFDC includes 22,135.1 in federal matching funds. This amount would probably be withheld if HB 174 were passed, making the total fiscal impact of this bill 22,320.5. (We cannot predict if the withholding would occur during FY82 or would occur in FY83.)


3/12/81



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

MAY 16 1980

SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE REGIONAL
COMMISSIONER

SFDX11-2

RECEIVED
MAY 20 1980
CENTRAL OFFICE BUREAU

Dr. Helen D. Beirne
Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811

Dear Dr. Beirne:

We have analyzed Alaska House Bill 968, dated May 1, 1980 and wish to comment on certain of its provisions which, if enacted, would raise compliance issues with respect to Federal regulations.

Alaska House Bill 968 provides an Aid for Dependent Children (AFDC) benefit payment increase of \$100 for a family household consisting of a caretaker parent and one child under age eighteen. If enacted, this legislation would increase the current payment provided under AS 47.25.320(a)(2)(A) from \$350 to \$450. The Bill would also provide a benefit payment increase of \$25 for each additional child in the home (after the second child) under the age of eighteen. This would increase the current payment provided to those children, under AS 47.25.320(a)(2)(C) from \$50 to \$75.

The increases provided under House Bill 968 do not appear to apply to the category of children living with non-needy, non-legally responsible relatives. This category is described under AS 47.25.320(a)(1). The omission of provision of these benefit increases to the category of recipient children living with non-needy relatives, while provided for the category of recipient children living with needy parents, appears to be based on the assumptions that:

- (1) children who live with non-needy, non-legally responsible relatives are less needy than children who live with needy relatives; and,
- (2) non-legally responsible, non-needy relatives automatically provide some support for the child's(ren) needs; and,
- (3) such child's(ren) needs are reduced by shared costs.

These assumptions are in direct conflict with Federal Regulations:

- (a) To treat groups of children differently because of living arrangement based on legal responsibility or not of non-needy caretaker relatives distinguishes the groups on an arbitrary basis thereby creating an unreasonable classification which is expressly prohibited at 45 CFR 233.10(a)(1) which states:

(a) State plan requirements. A State plan under title I, IV-A, X, XIV, or XVI, of the Social Security Act must:

(1) Specify the groups of individuals based on reasonable classifications, that will be included in the program, and all the conditions of eligibility that must be met by the individuals in the groups. The groups selected for inclusion in the plan and the eligibility conditions imposed must not exclude individuals or groups on an arbitrary or unreasonable basis, and must not result in inequitable treatment of individuals or groups in the light of the provisions and purposes of the public assistance titles of the Social Security Act.

- (b) The assumption that non-legally responsible caretaker relatives automatically provide some support for the dependent child(ren) and a grant reduction based on that assumption (in this instance, a different and reduced standard as compared to needy children in other circumstances) is expressly prohibited at 45 CFR 233.20(a)(2)(viii) which states:

". . . Provided that the money amount of any need item included in the standard will not be prorated or otherwise reduced solely because of the presence in the household of a non-legally responsible individual; and the agency will not assume any contribution from such individual for the support of the assistance unit."

- (c) The assumption that a child's(ren) needs are reduced by shared costs and a grant reduction based on that assumption clearly constitutes proration which is expressly prohibited at 45 CFR 233.90(a) which states in part:

" . . . nor may the State agency prorate or otherwise reduce the money amount for any need item included in the standard on the basis of assumed contributions from non-legally responsible individuals living in the household."

Further, the Supreme Court case of Van Lare v. Hurley (1975) prohibits assumption of income for AFDC children in a household with non-needy individuals. A State may not have a separate and reduced standard of living for a child with non-needy, non-legally liable caretaker relatives than with needy caretakers. A State is required to have a single statewide standard, expressed in money amounts, to be used in determining on an objective and equitable basis the needs of applicants and recipients and the amount of the assistance payment (45 CFR 233.20(a)(1) and (2)). To assign two different values to the same item or items of need (such items collectively constitute the standard) for a child based solely on whether or not the child lives with a non-needy, non-legally liable caretaker relative is arbitrary, bearing no relationship to the needs of the child who is receiving the lesser payment.

A State standard may have different dollar amounts for food or clothing for different reasonably defined age groups since older individuals may generally have more costly needs than younger individuals. Differing shelter amounts may result from a State's election to have shelter differentials but this is permitted only when there is objective evidence that there are actual differences in shelter costs between geographic areas and such differences are appreciable. However, such differences appear reasonably based. But this bears no relation to an assumption of income on the unsubstantiated basis that a non-needy, non-legally liable caretaker relative is contributing income towards the support of the needy child in his care and custody.

These rules prohibiting the assumption of income apply to non-legally liable relatives, and to legally liable relatives

other than spouse for spouse or parent for minor child as specified above. Thus, except for spouse for spouse or parent for minor child, a State may not assume that the income of other legally responsible relatives under State law is available to the child.

Notwithstanding, a grant reduction (not a standard reduction), is permitted in these instances where a documented voluntary contribution is made by the non-needy, non-legally responsible caretaker relative.

The following table illustrates the effect of H.B. 968 without the cost-of-living adjustment on State AFDC standards:

Family Size	Children with Needy Relatives		Children with Non-Needy, Non-Legally Responsible Relatives	
	Current Standard	Proposed Standard Under H.B. 968	Current Standard	Proposed Standard Under H.B. 968
1			\$150	\$150
2	\$350	\$450	\$300	\$300
3	\$400	\$525	\$350	\$350
4	\$450	\$600	\$400	\$400
	Plus \$50/month for each additional child under 18	Plus \$75/month for each additional child under 18	Plus \$50/month for each additional child under 18	Plus \$50/month for each additional child under 18

Note that for the category of children living with needy relatives, there is no identification of the amount of the standard that is attributable to the adult caretaker relative. It merely says that for family size of two, a grant of \$350 is made. For two children living with non-needy, non-legally responsible relatives, a grant of \$300 is made. It may be reckoned that the additional \$50 (\$350-50) provided to the needy relative situation is reasonable due to increased costs of shared standard items for adults (this would not hold true for shelter). This was the rationale for Federal approval of the current standard.

Under the proposed H.B. 968 standard, no standard increment is provided to the category of children with non-needy, non-legally responsible caretaker relatives. A difference of \$150 between the two categories

Dr. Helen D. Beirne - page 5

of recipients is too great to account for an addition based on shared costs that would require an amount of that magnitude for the adult. The Bill did not even address the non-needy, non-legally responsible caretaker relative category. It would appear clear that legislative intent was to increase the needy caretaker relative group, per se.

It must, therefore, be concluded that the new standard results in pro-ration and assumes the availability of income for the non-needy, non-legally responsible caretaker relative category. In no event may income be assumed or shelter costs be prorated.

In summary, should Alaska House Bill 968 be enacted, the State agency, upon implementation, would be out of compliance with Federal regulations as cited herein. In addition, a new or revised State plan submitted to implement such legislation would be unapprovable.

We would be pleased to offer technical assistance including testifying before the legislature on this Bill if so desired.

Sincerely,



Donald C. Sutcliffe
Regional Commissioner

Enclosures

cc:
Rod Betit

Original sponsor: Rules/Governor

Offered: 5/1/80
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 968

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to maximum benefits paid as aid to
7 families with dependent children; and providing for an
8 effective date."

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

10 * Section 1. AS 47.25.320(a)(2)(A) is amended to read:

11 (A) for a parent and one child under 18, a maximum of
12 \$450 [\$350];

13 * Sec. 2. AS 47.25.320(a)(2)(C) is amended to read:

14 (C) for each additional child under age 18, \$75 [\$50] a
15 month per child.

16 * Sec. 3. AS 47.25.320 is amended by adding a new subsection to read:

17 (d) If benefits under Title XVI of the Social Security Act (42
18 U.S.C. 1381 - 1385) are increased because of an increase in the cost of
19 living, the department shall increase the monetary maximums in (a) of
20 this section by a percentage equal to the percentage increase in bene-
21 fits under Title XVI.

22 * Sec. 4. AS 47.25.320(c) is repealed.

23 * Sec. 5. This Act takes effect July 1, 1980.
24
25
26
27
28
29

Article 3. Aid to Families with Dependent Children Act.

Section	Section
310. Eligibility for assistance	380. Reconsideration and alteration of assistance
320. Amount of assistance	390. [Repealed]
330. Duties of department	395. Alienation and attachment
340. Application for assistance	400. Purpose
350. Investigation of application	403. Reporting change of status
360. Granting of assistance	405. Obtaining assistance by fraud
365. Retraining of parent or family member	410. Definitions
375. Appeal	420. Short title

Sec. 47.25.310. Eligibility for assistance. The department shall grant assistance to the family of each dependent child it determines is eligible for assistance under AS 47.25.310 — 47.25.320, or to employers under a work incentive program established by AS 23.15.650, and by § 433(c) (1) of the Federal Social Security Act (42 USC 601 et seq.), as amended. (§ 51-2-32 ACLA 1949; am § 2 ch 57 SLA 1949; am § 1 ch 73 SLA 1963; am § 2 ch 134 SLA 1968)

Editor's note. — The federal provision referred to in this section was added by § 204 of the Social Security Amendments of 1967 (PL 90-248; 81 Stat. 821).

A statutory prohibition of welfare benefits to residents of less than a year creates a classification which constitutes an invidious discrimination denying such

residents equal protection of the laws. *Shapiro v. Thompson*, 394 U.S. 618, 89 S. Ct. 1322, 22 L. Ed. 2d 609 (1969).

Cited in *Public Defender Agency v. Superior Court*, Third Judicial Dist., Sup. Ct. Op. No. 1140 (File No. 2071), 534 P.2d 947 (1975).

Sec. 47.25.320. Amount of assistance. (a) The department shall determine the amount of assistance for a dependent child and the relative with whom the dependent child is living, with regard to the resources and necessary expenditures of the family and the condition existing in each case. Assistance is sufficient if, when added to all other income and support available to the child, the child and relative have reasonable subsistence compatible with decency and health. However, the amount of assistance may not exceed the following:

(1) dependent child living with nonneedy relative: for a child under age 18 who is living in the home of a nonneedy relative, \$150, plus an additional \$150 for the second child, and \$50 a child for the third and each additional child;

(2) dependent child living with parent:

(A) for a parent and one child under 18, a maximum of \$350;

(B) (repealed)

(C) for each additional child under age 18, \$50 a month per child.

(b) The monetary maximums in (a) of this section do not apply to payments made under this program for the care of a dependent child in a foster family home. The payment shall conform to foster care rates as provided by the department.

POSITION PAPER

ON

CS House Bill No 174 (HESS)

"An Act relating to aid to families with dependent children; and providing for an effective date."

CSHB No. 174 is intended to increase payments to families receiving Aid to Families with Dependent Children (AFDC) monthly cash assistance, and to add AFDC coverage to pregnant women with no other qualified children. Unfortunately, an error seems to have been made in drafting Sec. 3 of the bill: The current wording of this section would suspend the July 1 cost of living increases required by AS 47.25.320(d) and impose lower payment maximums than recipients would otherwise be entitled to receive, in effect lowering payments made to each family by between \$22 and \$58.

We understand that the sponsor will offer an amendment to the current bill which will clarify that the intent of CSHB No. 174 is to increase payments as shown in this chart:

	Current Payment	Payment after 7/1/81 w/out CSHB 174	Payment if CSHB 174 corrected	
First child, with non-needy relative	\$200	\$229	\$254	(+25)
Second child	\$200	\$229	\$254	(+25)
Each additional child	\$ 57	\$ 65	\$ 80	(+15)
One child and needy relative	\$457	\$522	\$565	(+43)
Second child	\$ 57	\$ 65	\$ 80	(+15)
Each additional child	\$ 57	\$ 65	\$ 80	(+15)

This position paper and attached fiscal note assume that CSHB 174 will be amended to call for the increases described above.

The current maximum payment levels for children in the home of non-needy relatives (such as living with grandparents or aunts and uncles) are half, or less than half, the payment levels determined by the Department to be necessary to provide for the direct costs of maintaining foster children in licensed private foster homes. Even after the July 1, 1981 cost of living increase, the maximum AFDC payment made to a mother and

one child will be \$60.50 less per month than the federal CSA poverty guideline for an Alaskan non-farm family of two. Minimum payments to a two person family in AFDC are currently \$16 a month less than is paid to a single needy blind, disabled, or elderly adult. By those simple measurements, an AFDC maximum payment increase would seem justified.

Coverage for a needy pregnant woman is optional under federal AFDC regulations; 34 states currently offer this coverage. Until the option deleted in 1976 as a cost-containment legislative action, Alaska's AFDC program included pregnant eligible women. The 7/1/81 single person maximum payment level, set administratively, is expected to be \$294. In addition to these regular monthly payments, each AFDC-eligible person is automatically entitled to Medicaid coverage. Mandating this optional coverage would accomplish by a different method the expansion of pregnancy-related health care proposed by Sec. 1 of House Bill No. 330.

However, CSHB 174 Sec. 2(a)3 as currently worded may not comply with federal program requirements. This opinion was informally conveyed by Region X Office of Family Assistance program experts who briefly studied a copy of the current bill. Though their preliminary opinion is open to argument, the Department basically agrees that changing the bill would avoid a major non-compliance question that could actually threaten the entire 50% federal matching funds of the AFDC program.

The issue involves the "reasonable assessment of needs" of eligible persons in the AFDC program. Federal statutes require us to provide AFDC coverage to a single adult whose only child is disabled and receives federal Supplemental Security Income disability assistance payments. The 6 to 10 Alaskan parents in this category receive \$257 per month maximum AFDC payments. This amount is set by the Department; it is derived by subtracting the one child maximum (\$200) from the parent and one child maximum (\$457).

Almost all of the 34 states pay a pregnant woman more than they pay a parent of a disabled child, most by declaring that a pregnant woman has special extra needs for which an extra allowance should be paid, such as clothing, diet and vitamins, and/or layette items. It is hard to argue against the reasonableness of recognizing these legitimate extra needs.

The Department therefore proposes that CSHB 174 be amended by changing line 9 of page 2, Sec. 2(a)(3) to read "department, plus special needs allowance not to exceed \$20 per month." This amendment would add \$34,320 (\$16,160 in state funds) to the total cost of this bill. The attached fiscal note includes the budgetary effect of this suggested amendment.

POSITION PAPER/Department of Health & Social Services

The Department does support the concept of increasing AFDC benefit levels, and it does support the concept of improving the availability of pregnancy-related health care to needy Alaskans.

Recommended by:

Rod Betit

Rod Betit, Director
Division of Public Assistance

Date:

April 10, 1981

Approved by:

Helen D. Beirne

Helen D. Beirne
Commissioner

Date:

4/13/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill No. 174 (HESS)
 Title An Act relating to aid to families with dependent children
 Requested by Clocks in Date 4/2/81

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Soc. and Econ. Assistance for the General Pop etc.
 BRU, Program, or Subprogram(s) Affected See analysis: 4 BRUs affected
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		29.3				
200 TRAVEL		2.0				
300 CONTRACTUAL		10.0				
400 COMMODITIES		1.5				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		6133.6				
TOTAL		6176.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		3021.4				
FEDERAL FUNDS		3155.0				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1				
PART TIME		0				
TEMPORARY		0				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(1) Existing Cases

(a) The FY82 budget request calls for 7078 families to receive an average payment of \$521.22. 25% of these families consist of an average of 1.60 children living with a non-needly relative. Each of these families would experience a \$40 per month payment increase (\$25 for the first child, + .60 x \$25 = \$40). The total FY82 cost of these families would be 849.6 (\$40 per month per family x 1770 families x 12 months).

IV. DATE 4/3/81 PREPARED BY [Signature]
 AGENCY DESS, DPA
 PHONE 465-7347
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 4/12/81

(b) 75% of the anticipated families, or 5308 families, consist of a needy relative and children, an average 2.80 persons per family. Each of these families would experience \$70 per month payment increase (\$43 for the first person + \$15 for the second + .80 x \$15 = \$70). The total FY82 cost of these families would be 4,458.7 (\$70 per month per family x 5308 families x 12 months).

(c) The total AFDC BRU cost for payment increases for existing cases would be 5308.2 (2654.1 state, 2654.2 federal).

(2) New cases: Payment Increases

(a) In the AFDC program the statutory maximum payment levels are also the qualifying standards for entry into the program. HB 174 would increase some of these standards. For example, the maximum countable income a needy applicant with two children can have and still qualify for AFDC assistance is currently \$514. (This would also be the recipient's AFDC payment if he or she had no other countable income.) The provision of CSHB 174 and of the existing cost-of-living provision in statute would establish a new qualifying limit of \$725 for this 3-person family.

It is reasonable to assume that there are Alaskan families who have countable incomes over the current standards but under the higher proposed standards, and to assume that some of these families would choose to apply and would meet all other eligibility factors. However, there is no data, either within the past ten years of AFDC program utilization or from any other source, that indicates whether new families would enter the program, or if they would, in what numbers.

Indeed, the payment increases during the current year were almost the same size as those proposed in CSHB 174. Actual program utilization figures since July 1, 1980, show no growth in number of cases beyond what was anticipated without the payment increases. For this reason, we have no grounds to assume any new cases will enter the program if CSHB 174 were to be enacted.

(3) New Cases: Pregnant Women

Addition of pregnant women to the AFDC program would add new cases. No data exists to provide anything but an "informed guess" estimate of 286 new cases in FY82. (See fiscal note, HB 330) This new caseload would impact 4 BRUs as follows:

(a) AFDC BRU:

286 new cases per year x 314 average 538.8 payment per month x 6 months per case = 538.8 in FY82 costs (50% federal, 50% state funds). The \$314 payment consists of the \$294 maximum individual payment plus a \$20 special needs allowance for dietary needs. (See Position Paper). We assume the maximum payment to each recipient based on our pre-1976 pregnant woman caseload, in which most recipients had no earned or unearned non-AFDC income.

(b) MEDICAID BRU:

Each of the 286 new cases would receive Medicaid coverage at an average cost per case of \$1500, increasing Medicaid expenditures by 429.0 (214.5 State, 214.5 federal).

(c) General Relief BRU:

Approximately 95 of the 286 cases added to Medicaid would have been covered under the existing General Relief Medical program, which is totally state-funded. Therefore, GRM BRU FY82 expenditures would decrease by 142.5 ($95 \times \$1500 = 142.5$).

This shift in program coverage would therefore increase federal fund expenditures by 214.5, but state expenditures would increase by only 72.0 ($214.5 \text{ Medicaid} - 142.5 \text{ GRM} = 72.0$)

(d) Eligibility Determination BRU:

In addition to adding 286 new AFDC cases, additional work would be involved in providing medical coverage and, for a majority, Food Stamp benefits. This workload would require the addition of one Eligibility Technician II, with related costs to the Eligibility Determination BRU. Total cost will be 42.8 (25.9 state funds, 16.9 federal funds).

4. Summary

Item	State Funds	Federal Funds	Total
(a) AFDC Payment Increase Adult Not Included	424.8	424.8	849.6
(b) AFDC Payment Increase Adult Included	2229.3	2229.4	4458.7
(c) AFDC New cases, Pregnant Women	269.4	269.4	538.8
(d) Medicaid New cases	214.5	214.5	429.0
(e) General-Relief Medical caseload decrease	(142.5)	0	(142.5)
e) Eligibility Determination, new Worker	25.9	16.9	42.8

5. Note: AFDC BRU figures are based on the assumption that the annual cost-of-living increase effective July 1, 1981, will be 14.3%. This percentage is announced by the Social Security Administration in late April or early May. Preliminary COLI estimates by SSA are traditionally quite close to, but slightly lower than, the final percentage. SSA has just announced their preliminary estimate of 11.6%. If the final percentage were 12.0% rather than 14.3%, the total funding for this fiscal note would only decrease by approximately 10.3 (5.1 state, 5.2 federal).

ATDC
GORDAN
PFT

Original sponsor: Clocksin

Offered: 3/30/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 174 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to aid to families with dependent
7 children; and providing for an effective date."

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

9 * Section 1. AS 47.25.310 is amended to read:

10 Sec. 47.25.310. ELIGIBILITY FOR ASSISTANCE. The department shall
11 grant assistance to the family of each dependent child and each pregnant
12 woman it determines is eligible for assistance under AS 47.25.310 -
13 47.25.420, or to employers under a work incentive program established
14 by AS 23.15.650, and by sec. 433(c)(1) of the Federal Social Security
15 Act (42 USC 601 et seq.), as amended.

16 * Sec. 2. AS 47.25.320(a) is amended to read:

17 (a) The department shall determine the amount of assistance for a
18 dependent child and the relative with whom the dependent child is
19 living, with regard to the resources and necessary expenditures of the
20 family and the condition existing in each case. Assistance is sufficient
21 if, when added to all other income and support available to the child,
22 the child and relative have reasonable subsistence compatible with
23 decency and health. However, the amount of assistance may not exceed
24 the following:

25 (1) dependent child living with nonneedy relative: for a
26 child under age 18 who is living in the home of a nonneedy relative,
27 \$200 [\$175], plus an additional \$200 [\$175] for the second child, and
28 \$65 [\$50] a child for the third and each additional child; [.]

29 (2) dependent child living with parent:

1 (A) for a parent and one child under 18, a maximum of
2 \$500 [\$400];

3 (B) (repealed)

4 (C) for each additional child under age 18, \$65 [\$50] a
5 month per child;

6 (3) pregnant woman who is otherwise eligible for assistance
7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the
9 department.

10 * Sec. 3. Notwithstanding AS 47.25.320(d) the amount of assistance
11 payable to a recipient under AS 47.25.320 on July 1, 1981, may not exceed
12 the amounts in AS 47.25.320(a) as amended in sec. 2 of this Act.

13 * Sec. 4. This Act takes effect July 1, 1981.
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Original sponsor: Clocksin

Offered: 5/1/81
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 174 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

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3 (B) (repealed)

4 (C) for each additional child under age 18, \$65 [\$50] a
5 month per child;

6 (3) pregnant woman who is otherwise eligible for assistance
7 under this section: an amount equal to the assistance received by a
8 single-person household under this section as determined by the depart-
9 ment plus a special needs allowance not to exceed \$20 a month.

10 * Sec. 3. The amount of assistance payable to a recipient under AS 47.-
11 25.320 on July 1, 1981, may not exceed the amounts in AS 47.25.320(a) as
12 amended in sec. 2 of this Act as increased under AS 47.25.320(d).

13 * Sec. 4. This Act takes effect July 1, 1981.
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