

HB

174

COMMITTEE REPORT
SENATE

FURTHER: Finance

Date: _____

Mr. President:

The Committee on HESS has had CSHB 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 CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten notes]

[Handwritten signature]

CHAIRMAN

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 Belit
Rod Belit, 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 [Signature]
 AGENCY DHS, DPA
 Original: Legislative Finance PHONE 465-3747
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) [Signature] 5/15/81

(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>

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CS House Bill No. 174 (HRS) (FIN) (1983)
 Title An Act relating to aid to families with dependent children
 Requested by Clocksion 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-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 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 120A
 Original: Legislative Finance PHONE 465-3347
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 4/6/81

(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 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	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).

(10) 1/0

STATE ASSISTANCE PROGRAMS
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Services Agencies	Eligibility Requirements	Services	Population Served
<u>I. Division of Public Assistance</u>			
1. Food Stamps \$179-\$359	Low income (\$6,300 for a family of 2).	Food supplement coupons	Approx. 38,000/mo.
2. Aid to Families with Dependent Children (AFDC) <u>Adult Not Identified</u> <u>One Adult</u> <u>Adult Not Identified</u> \$457-\$629 \$200-\$514 These pymts are for 1-4 children; add \$57.00 for each additional child.	Low income women (\$5,500 per year for a family of 2) who are single or separated with dependent children living in the home.	Income maintenance and medical care assistance through Medicaid.	Approx. 13,000/mo.
3. General Relief Maximum is \$80.00	Temporary Relief for persons who have no resources to meet an immediate need.		
4. Adult Public Assistance \$383-\$695	Blind, disabled and aged, with income of \$5,700 per year for single adults.	Income maintenance and medical care assistance through Medicaid.	Approx. 5,000/mo.
5. General Relief Medical	Low income (adult w/1 child, \$4,000 per year) who are not eligible for Medicaid coverage.	Medical care assistance	Approx. 7,000/mo.
6. Catastrophic Illness	Those who have suffered illness/injury and who do not have the resources to meet the expenses.	Medical assistance as determined by a three member committee.	Approx. 300/year

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
(continued)

Services Agencies	Eligibility Requirements	Services	Population Served
7. Medicaid	Must be covered by State and categorical programs such as AFDC or Adult Public Assistance.	Medical care assistance to those individuals eligible for categorical programs.	Approx. 18,000/mo.
8. Energy Assistance \$250-\$650 once per year per household.	Low income household who is at or below Bureau of Labor Statistics Lower Living Standard.	\$450.00 average energy grant per year.	19,723 households
<u>II. Division of Family & Youth Services</u>			
1. WIN	Any able-bodied member of a family receiving AFDC cash payments who is 16 years of age, not in school and not otherwise exempt, must participate as a condition of receiving an AFDC grant.	Provides social services needed to obtain and retain gainful employment; to assist applicants for AFDC to obtain employment.	To provide support for 945 WIN registrant dependents.
<u>III. Division of Public Health</u>			
1. Women Infant Children (WIC)	Low income (family of 2, up to \$12,500) pregnant women and children up to age 5.	Nutrition supplement coupons, nutrition education and counseling	Approx. 1,600/mo. in 26 communities
2. Early, Periodic, Screening, Diagnosis and Treatment (EPSDT)	Under 21 years of age, and Medicaid eligible.	Preventive health screening services for children and adolescents; referral to treatment and medical care assistance through Medicaid.	Approx. 7,000/year
3. Handicapped Childrens Program	Children with physical handicapping conditions.	Medical diagnostic assistance provided to all - treatment based upon a sliding fee scale - of a family's ability to pay. Transportation and per diem are also included.	Approx. 1,800/year

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
(continued)

Services Agencies	Eligibility Requirements	Services	Population Served
4. Maternal & Infant Care Project - Juneau	<p>Pregnant women who reside in the Juneau City and Borough.</p> <p>High risk conditions of pregnancy; and low income (up to \$12,500 for a family of 2) in the city's care.</p>	<p>a. education and counseling available to all.</p> <p>b. medical care assistance provided according to a family's ability to pay based on a sliding fee scale.</p>	<p>Approx. 125/year</p> <p>Approx. 70/year</p>
5. Improved Pregnancy Outcome Project - Fairbanks	<p>Pregnant women who reside in the Fairbanks Borough.</p> <p>Pregnant and low income women (up to \$12,500 for a family of 2).</p> <p>High risk medical conditions of pregnancy; and low income (up to \$12,500 for a family of 2)</p>	<p>a. education counseling and patient follow-up to all.</p> <p>b. Medical care assistance for initial prenatal physician visit. The amount of assistance is provided according to a family's ability to pay based on a sliding fee scale.</p> <p>c. Medical care assistance for all outpatient prenatal medical care. The amount of assistance provided according to a family's ability to pay based on a sliding fee scale.</p>	<p>Approx. 250/year</p> <p>Projected 70/year</p>

URBAN CITIZEN PARTICIPATION PROJECT



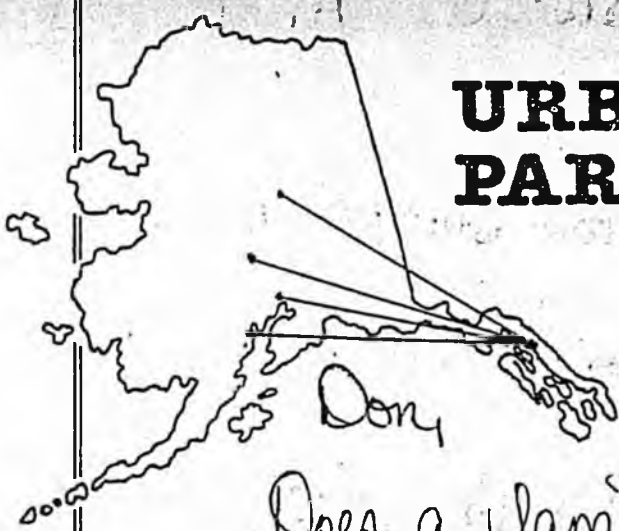
Marty McGregor
1910 East 75 #3
Anchorage, Alaska 99507
Alaska Resident: 18 years

I am currently on AFDC and have 3 children.

When the AFDC check went up from \$514 to \$572 my rent (I am on ASHA) was raised \$12. At the same time my foodstamps decreased \$32. The actual amount of money I have realized is \$14.

Thank you for \$14, however, I had to go to the Public Assistance office 3 times and the ASHA office 2 times in order to bring my files up-to-date. The difficulties that come with the COLA increases are extraordinary.

URBAN CITIZEN PARTICIPATION PROJECT



Does a family of one mean a needy parent and one child or one child? What happens to the needy adult with one child? With \$200⁰⁰ for a family of one there is no way that family can live. My idea of a non-needy relative means that family does not need assistance for ~~keeping up a~~ paying rent, utilities, etc. A needy family has to use their grant usually at least 80% for keeping up the household.

I know a family on the step-father grant. The children go to a private school on that grant.

This to me is unfair.

174/176 AFDC backup

I believe the Lord is with me today to see how we treat his children. How many of you legislators have ever been on welfare?

Suppose at the breakfast table I had kids related to me and also had children not related by blood, and we had eggs for breakfast. You kids that are my grandchildren take one egg apiece, you others can have two eggs. How come grandpa they get two eggs? Well grandson, my State thinks I can buy you the other egg. But grandpa! you don't have the money to do that. I know, but the State gives me more money to feed and buy their clothes. But grandpa, that's not fair.

We all say our kids are our most precious of our resources. We are building schools, highways and so forth for them. I want sound minds and bodies built also for their future.

This State has never, I repeat, never checked to see who is a non-needy relative. We are all classified as non-needy.

Our State has never checked to see if the money given is sufficient for their keep in the first place under the Aid to Dependent Children Program.

I want the increases effective immediately, (before this legislature adjourns, not like last year (effective Jan. 1, 1981).

The July 14, percent increase last year was the same as I got Social Security. That was inexcusable.

to make them wait 6 months for the other increase

Leo Land

Let out any salvations Mr.
Chairman and get down to business.

It's my duty as a Alaskan
tizen to protect Alaska's resources
for Alaskans, and my prime
responsibility to protect the
poor and needy. The old and
especially the young who cannot protect themselves.

The legislators have the added
responsibility by their oath of
office to make laws that
protect them, their major
priority.

The Senior Citizens are ~~protecting~~ ^{able}
~~to~~ protect their rights, the children depend
on me and you (who else is
there to do it?) That's our sacred
duty as Alaskans.

Leo A. Land

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH H-07
JUNEAU, ALASKA 99811
PHONE: (907) 465-3355

March 6, 1981

Document # 55-81

Terry Martin
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Martin:

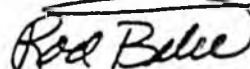
You recently requested suggested language to amend AS 47.07.020 to permit adding "Unborn Child" coverage under the Alaska Medicaid Program. The following language addition would accomplish the change in Medicaid coverage you are interested in:

AS 47.07.020(b)

Add a new section to read as follows:

"(8) mother and unborn child when a pregnancy has been determined by a physician."

Sincerely,



Rod Betit
Director

cc: Helen Beirne
Allen Korhonen
Bob Ogden



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

MAILED 20 1980
RECEIVED
SFDX11-2
CENTRAL CASE BUREAU

Dr. Helen D. Beirne
Commissioner
Department of Health & Social Services
Pouch H-01
Juncau, 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 proration 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

§ 47.25.310 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.25.320

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
	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 — 47.25.420, 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 ACIA 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. §21).

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), 53 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.