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Department of Health and Social Services
Division of Public Assistance
February 5, 1993

DISCUSSION PAPER
HOUSE BILL NO. 67

House Bill 67 is the Administration's response to the problems of welfare dependency and increasing costs in Alaska's cash public assistance programs. This set of changes has the dual goals of producing immediate savings in program costs and curbing the rate of increase in the welfare caseload.

HB 67 achieves substantial cost savings in the Aid to Families with Dependent Children (AFDC) program by reducing benefit payments by 6.3 percent to January 1991 levels, suspending the calendar year 1994 automatic cost-of-living allowance (COLA) adjustment in payment levels, and reducing the payment standards for two-parent AFDC families (AFDC Unemployed Parent and Incapacitated Parent cases) to the same level as the standards for single-parent (AFDC Basic) families.

In addition to saving program dollars, this change establishes payment equity among single-parent and two-parent AFDC families of the same size. HB 67 also makes a cost-neutral adjustment to the payment standards for AFDC families headed by a non-needy relative in order to bring Alaska's AFDC program into conformity with federal requirements that payment standards be incremented equally for each additional child.

HB 67 amends the Adult Public Assistance (APA) statutes to achieve savings in payments to the aged, disabled, and blind. APA benefits are reduced to the level in effect in January 1990, resulting in a net reduction in assistance to individual recipients of 3.7 percent. The scheduled January 1994 COLA increase is suspended. The APA statutes are also amended to allow the State to be reimbursed for Interim Assistance paid to individuals applying for federal Supplemental Security Income (SSI) benefits by collecting the Interim Assistance from their retroactive entitlement to SSI benefits.

SECTIONAL ANALYSIS of HB 67

Section 1 of the bill amends AS 47.25.320(a) to reduce Aid to Families with Dependent Children (AFDC) maximum payment levels by 6.3 percent, effectively rolling them back to the levels in effect on January 1, 1991. The maximum grant amounts specified in the current statute were established in 1982.

Under the COLA provision at AS 47.25.320(d), those amounts have been increased annually to reflect cost-of-living increases. The maximum monthly grant amount for one adult and one child is specified in AS 47.25.320(a)(2)(A) as \$500; COLA adjustments have increased this standard to \$845 as of January 1993. Section 1 reduces the standard to \$792.

This section makes a similar adjustment to the payment increment for additional children specified at AS 47.25.320(a)(2)(C). The increment has increased because of COLA adjustments from \$65 in 1982 to \$105 in 1993; HB 67 reduces the increment to \$98 for each additional child.

Section 1 amends AS 47.25.320(a)(3) to reduce by 6.3 percent the maximum grant amount for a pregnant woman in her last trimester or an adult whose only dependent child receives SSI benefits. The maximum grant amount specified for such "Adult-only" AFDC cases is set by regulation at \$530 per month as of January 1993. Section 1 reduces the standard to \$497.

Section 1 also amends and renumbers AS 47.25.320(a)(2)(C) to restructure the payment standards for AFDC Unemployed Parent and Incapacitated Parent families by setting the increment for the second parent at \$98, the same as the increment for a second or additional child. The increment for the second parent is currently set by regulations at 7 AAC 45.520 (a)(2) and statute at AS 45.25.320(e). The January 1993 payment standard for a family of two parents and one child is \$1040. This change reduces the standard to \$890 and adds \$98 for each additional child, the same as the proposed standards for single-parent households of the same size.

Finally, Section 1 restructures the payment standards for AFDC households headed by a non-needy specified relative ("Adult-not-included" cases). This cost-neutral change is necessary to conform the program to federal law. The federal Department of Health and Human Services has cited Alaska's AFDC payment standards for households of this type as out of compliance with the requirement that the payment increment for each child above the base level for one child be the same.

Current law sets the payment standard for one child at \$200, two children at \$400, and the increment for a third or additional child at \$65. COLA adjustments since 1982 have increased these standards to \$335 for one child, \$672 for two, and \$105 for each additional child as of January 1993. Section One sets the standard at \$452 for one child and \$98 for each additional child.

The changes in benefit levels imposed by Section 1 would take effect on July 1, 1993.

Section 2 of the bill amends AS 47.25.320(d) to suspend for calendar 1994 the automatic COLA adjustment to the AFDC payment standards. This adjustment, which is based on the federal SSI COLA, occurs each January and is expected to be approximately 3 percent in January 1994. Section 2 also includes language that directs that the 1994 COLA, as well as the previous AFDC COLAs that are, in effect, rescinded by Section 1, will not be restored after 1994. Under Section 2, the annual AFDC COLA adjustments would resume in calendar 1995.

Section 3 allows the Department of Health and Social Services to use its regulatory authority to set standards of need that exceed the payment standards set in Section 1. Federal law allows the states to pay a reduced percentage (a "ratable reduction") of the amount that is established as necessary for the basic household expenses that the AFDC payment is intended to cover. Alaska has historically paid 100 percent of need.

Ratable reductions may be structured to create a payment "gap" that works as an incentive for recipients to earn income. The administration intends to use the authority provided in Section 3 to establish AFDC need standards that are 6.3 percent above the payment standards set in Section 1, effectively maintaining the January 1993 basic need standards and creating a small payment gap that assures that current AFDC recipients who receive small grants will continue to be eligible for Medicaid and Job Opportunities and Basic Skills Training (JOBS) program services, and providing a small incentive for recipients to work.

The authority provided by Section 3 could also be used, given sufficient appropriations to cover additional AFDC and Medicaid program costs, to create a larger payment gap that allows recipients to retain more of their earnings and earn larger amounts without losing eligibility for AFDC and AFDC-related benefits.

Section 4 amends 47.25.430(b) to suspend the January 1994 COLA increase in Adult Public Assistance benefits. This adjustment, which is based on the federal SSI COLA, is expected to be approximately 3 percent. Section 4 also includes language that directs that the 1994 COLA, as well as the previous APA COLAs that are, in effect, rescinded by Section 5, will not be restored after 1994. Under Section 4, the annual APA COLA adjustments would resume in calendar 1995.

Section 5 amends AS 47.25.430(a) to reduce Adult Public Assistance payments to the levels in effect on January 1, 1990. The January 1993 APA payment to a typical individual who also receives SSI benefits is \$374; Section 5 would reduce that payment to \$331. The payment to a typical couple would be reduced from \$544 to \$484.

Because of increases in the amount of SSI benefits since 1990, the total assistance income of a typical single APA recipient would decrease from \$808 (combined SSI and APA) to \$778 - a reduction of 3.7 percent. A typical couple's combined assistance would be reduced from \$1196 to \$1156 - a 3.3 percent reduction. The APA benefits of recipients who do not receive SSI would be similarly reduced.

The APA need standards are set by regulation at 7 AAC 40.310. Section 5 gives the Department of Health and Social Services the direction and authority to reduce the standards.

The changes in benefit levels imposed by Section 5 would take effect on July 1, 1993.

Section 6 amends AS 47.25.455 to allow the state to be reimbursed for Interim Assistance benefits paid to APA applicants while they are waiting for the Social Security Administration to determine their disability. Social Security typically takes 4 months or longer to make a disability determination. APA applicants must be disabled under SSI standards before they qualify for regular APA and Medicaid benefits; Interim Assistance provides these individuals with a \$280 monthly payment for basic living expenses until they are determined eligible to receive SSI and regular APA benefits.

Once APA applicants are determined to be disabled, they are retroactively eligible for SSI from the date they applied. Such individuals typically receive 4 or more months of retroactive SSI benefits (at up to \$434 per month) for the months they received Interim Assistance. Federal law allows the states to be reimbursed for the Interim Assistance from the applicant's retroactive SSI benefits. Section 6 establishes the authority for Interim Assistance reimbursement in Alaska by requiring applicants to repay the Interim Assistance they receive if they are found eligible for SSI. The Social Security Administration would make the individual's retroactive SSI payment to the Division of Public Assistance. DPA would retain the first \$280 of each month's retroactive SSI benefit and forward the balance to the recipient.

Section 6 also eliminates retroactive eligibility for regular APA benefits to individuals who have received Interim Assistance. Under current law, an Interim Assistance recipient who is found eligible for SSI is retroactively entitled to APA benefits; this entitlement is reduced by the amount of Interim Assistance the individual already received each month. Interim Assistance reimbursement will achieve savings only if the retroactive entitlement is eliminated. Section 6 adds a new subsection (d) to AS 47.25.455 that repeals the retroactive entitlement to APA benefits of Interim Assistance who are found eligible for SSI.

The changes in Section 6 take effect on July 1, 1993.

Section 7 repeals AS 47.25.320(e), which established the payment standards for AFDC Unemployed Parent cases when the AFDC-UP program was enacted in 1990. This change is necessary to conform to the change to AS 47.25.320(a)(2) made in Section 1, establishing the payment standards for two-parent AFDC families at the same level as the standards for single-parent families.

Section 8 provides transitional authority to allow DHSS to adopt implementing regulations for HB 67 before the effective date of the law. The regulations would take effect on the effective date of the legislation. This provision is intended to facilitate timely implementation on the statutory changes included in the bill.

Section 9 provides for an effective date for the bill of July 1, 1993.

DIVISION OF PUBLIC ASSISTANCE

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

AFDC PROGRAM	FY89 ACTUAL	FY90 ACTUAL	FY91 ACTUAL	FY92 ACTUAL	FY93 FULL FORMULA	FY94 FULL FORMULA
AFDC - Basic caseload	7558	7549	8299	9231	10345	11482
AFDC - UP caseload			769	1574	2140	2376
TOTAL AFDC caseload	7558	7549	9068	10805	12485	13858
Caseload rate change vs. respective prior year	-1.3%	-0.1%	20.1%	19.2%	15.5%	11.0%
Expenditure increase vs. respective prior year	\$1,659.5	\$2,655.0	\$16,228.9	\$21,435.0	\$20,092.6	\$17,199.0
TOTAL EXPENDITURE	\$59,790.9	\$62,445.9	\$78,674.8	\$100,109.8	\$120,202.4	\$137,401.4

FY93 AFDC BUDGET SUMMARY

FY93 AFDC INITIAL AUTHORIZATION 111,795.4

1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session. 1729.4
2. Add 6677.6 for the cost of AFDC caseload growth that was not planned in the FY93 budget request. 6677.6

FY93 AFDC BUDGET WITH SUPPLEMENTAL	120,202.4
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FY94 AFDC BUDGET SUMMARY

FY94 AFDC FULL FORMULA BUDGET 137,401.4

Legislative changes in HB 67 needed to create savings:

1. Suspend AFDC COLA effective January 1, 1994
13858 AFDC families x \$25.34 Avg payment x 6 months = (\$2,107.3)
2. Implement ratable reduction of AFDC payment to 1991 maximum levels.
13858 AFDC families x \$51.72 Avg payment reduction x 12 months = (\$8,600.1)
3. Use the AFDC Basic Need Standard for AFDC - Unemployed Parent and AFDC - Incapacitated.
2483 AFDC families x \$87.01 per month x 12 months = (\$1,944.4)

TOTAL FY94 SAVINGS (\$12,651.8)

FY94 AFDC REQUEST	\$124,749.6
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DIVISION OF PUBLIC ASSISTANCE

ADULT PUBLIC ASSISTANCE (APA)

APA PROGRAM	FY89 ACTUAL	FY90 ACTUAL	FY91 ACTUAL	FY92 ACTUAL	FY93 Full Formula	FY94 Full Formula
Average Caseload	6538	6918	7500	8083	8908	9664
Caseload growth rate vs. respective prior year	8.4%	5.8%	8.4%	7.8%	10.2%	8.5%
APA Expenditure	18,952.3	20,639.0	23,430.2	26,688.1	34,887.0	38918.6
OAA-ALB HH Expenditure	3,403.1	4,262.5	5,066.9	5,803.1	2,194.5	2456.0
TOTAL Program Expenditure	\$22,355.4	\$24,901.5	\$28,497.1	\$32,491.2	\$37,081.5	\$41,374.6
Expenditure increase vs. respective prior year	2,458.4	2,546.1	3,595.6	3,994.1	4,590.3	4293.1

FY93 APA BUDGET SUMMARY

FY93 APA INITIAL AUTHORIZATION	33649.9
1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session.	535.7
2. Replace 434.0 federal funding with general fund for Interim Assistance reimbursement that can not be achieved because authorizing legislation in HB 573 did not pass. (424.0) Federal + 434.0 GF	0.0
3. Add 701.4 for the cost of APA caseload growth that was not planned in the FY93 budget request.	701.4

FY93 APA BUDGET WITH SUPPLEMENTAL	34887.0
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FY94 APA BUDGET SUMMARY

FY94 APA FULL FORMULA BUDGET	38918.6
Legislative changes in HB 67 needed to create savings:	
1. Suspend APA COLA effective January 1, 1994 9207 APA clients(Interim Assistance cases excluded) x \$11.00 Avg pay reduction x 6 mos =	(\$607.7)
2. Implement ratable reduction of APA payment to 1990 maximum levels. 9207 APA clients(Interim Assistance cases excluded) x \$36.67 Avg pay reduction x 12 mos =	(\$4,051.9)
3. Enact Interim Assistance reimbursement & eliminate retroactive APA payments to Interim Assistance recipients after SSI application. (434.0 Federal replace GF In FY94 base)	\$0.0
Regulation change required to implement:	
4. Prorate APA initial months benefits	(\$475.2)
TOTAL FY94 SAVINGS	(\$5,134.8)

FY94 ADULT PUBLIC ASSISTANCE (APA) REQUEST	\$33,783.8
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COST OF FOOD AT HOME FOR A WEEK
December 1992

For further information contact:
Marguerite Stetson (907) 474-0660

	ANCH- ORAGE	BETHEL	CORDOVA	DELTA	DILL- INGHAM	FAIR- BANKS	GALENA	HOMER	JUNEAU	KENAI	KETCH- IKAN.	KODIAK
Community:	0%	5%	3%	0%	5%	0%	3%	5.5%	4%	5%	5%	5%
Sales Tax	*	*	**	*	*	*	**	*	*	*	*	*
Tr Surveyor* ; Vol**	*	*	**	*	*	*	**	*	*	*	*	*
% Unavailable	0%	1%	4%	7%	0%	0%	6%	5%	0%	0%	0%	0%
12/8/92 unless:												
Family of 2 (20-50 years)	59.86	87.79	84.42	69.26	99.03	51.02	94.73	65.93	59.80	64.34	56.92	70.82
Family of 2 (51 & older)	57.57	84.43	81.20	66.61	95.24	49.07	91.11	63.41	57.52	61.88	54.75	68.12
Family of 4 w/preschoolers	86.26	126.51	121.66	99.01	142.71	73.52	136.51	95.01	86.10	92.71	82.03	102.06
" w/ elementary children	101.32	148.60	142.90	117.23	167.62	86.36	160.34	111.60	101.23	108.90	96.35	119.88
% Anchorage Dec 1989	1.10	1.56	1.54	1.36	1.61	1.06		1.19	1.04	1.10	1.01	
% Anchorage Dec 1990	1.01	1.50		1.29	1.69	1.06		1.17	1.01	1.07	.97	1.21
% Anchorage Dec 1991	1.03	1.54	1.50	1.31	1.65	.93	1.67	1.12	1.03	1.10	.99	1.24
% Anchorage Sep 1992	1.01	1.42	1.39	1.29	1.66	.92	1.62	1.09	1.02	1.09	.97	1.24
% Anchorage Dec 1992	1.00	1.47	1.41	1.16	1.65	.85	1.58	1.10	1.00	1.07	.95	1.18
INDIVIDUALS:												
Children: 1-2 years	15.25	22.37	21.51	17.65	25.23	13.00	24.13	16.80	15.24	16.39	14.50	18.04
3-5 years	16.58	24.32	23.39	19.19	27.44	14.14	26.25	18.27	16.57	17.83	15.77	19.62
6-8 years	21.92	32.15	30.92	25.36	36.27	18.69	34.69	24.15	21.90	23.56	20.85	25.94
9-11 years	24.97	36.63	35.22	28.89	41.31	21.29	39.52	27.51	24.95	26.84	23.75	29.55
Females: 12-19 years	24.50	35.93	34.55	28.34	40.53	20.00	38.77	26.98	24.47	26.33	23.29	28.98
20-50 years	25.45	37.32	35.89	29.45	42.10	21.69	40.27	28.03	25.43	27.35	24.20	30.11
51 years	24.78	36.35	34.95	28.67	41.00	21.12	39.22	27.30	24.76	26.64	23.57	29.32
Males: 12-14 years	28.31	41.52	39.93	32.75	46.83	24.13	44.80	31.10	28.28	30.43	26.92	33.49
15-19 years	29.17	42.78	41.14	33.75	48.25	24.86	46.16	32.13	29.14	31.35	27.74	34.51
20-50 years	28.98	42.50	40.87	33.53	47.94	24.70	45.85	31.92	28.95	31.14	27.55	34.28
51 years and older	27.55	40.40	38.85	31.87	45.57	23.48	43.59	30.34	27.52	29.61	26.19	32.59
Electricity (1000 kwh)	77.77	248.98	249.03	94.05	180.53	88.80	350.00	88.29	94.02	132.29	84.50	133.40
Electricity, Paid by State		78.23	60.90		57.53							
Heating Oil (55 gal.)	57.26	77.39	80.03	93.93	89.05	54.73		60.35	77.89	59.30	68.20	63.25
Gas, auto, unleaded (55 gal)		89.00	93.50	139.00	105.34	69.71	126.50	70.95	87.78	76.95	85.53	85.80
Lumber (2 x 4 x 8')		3.56	3.63	2.80	4.06	2.70		2.47	2.85	2.73	2.29	2.76
Propane 200 gallons	472.03	1022.40	720.00		1170.29	446.40		995.07	457.97		439.65	676.80
Propane 100# (refill)		105.00	250.00	42.58	99.75	35.40	88.50	35.45	48.09	35.00	42.61	56.40
Sewer, Monthly Fee	21.05	18.00	19.00		32.50			22.74	33.80	37.58	23.00	41.20
Sewer, 1,000 gallons		80.00			50.00	3.35		5.19				
Water, Monthly Fee	24.75	60.08	18.00		26.36	2.60			19.76		21.95	35.20
Water, 1,000 gallons		94.06			16.90	2.90		2.94				
Sewer and Water, monthly		***								33.60		

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Representative Lyman F. Hoffman

Alaska State House
State Capitol • Juneau, Alaska 99801-1182 • (907) 465-4453

February 8, 1993

DISTRICT 39

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TWIN HILLS

TO: Rep. Cynthia Toohey, Co-Chair
Rep. Con Bunde, Co-Chair
House HESS Committee

FROM: Rep. Lyman F. Hoffman

[Handwritten signature]

RE: HB 67: "An Act relating to eligibility for and
payments of public assistance; and
providing for an effective date."

As the Representative from House District 39, I find the
provisions for "cost saving" in HB 67 entirely unacceptable.
The fact that reductions in spending must take place to
compensate for the decline of state revenues does not
entitle this administration to literally take food from the
mouths of those Alaskans that need assistance to provide
for themselves.

What form of logic dictates that in times when fiscal
sacrifice must occur to balance revenue losses, the burden
be placed on the backs of those who are living below the
poverty line? Additionally, I find this same logic flawed
in light of the fact that State of Alaska employees continue
to be the benefactors of cost of living adjustments. If
there are those who believe measures such as those provided
in HB 67 are necessary for cost cutting, perhaps in the
sense of fairness, provisions should be included in this
proposed legislation to roll back salaries to the 1990 level
and cancel COLAs for employees of the state to keep things
on a fair and equitable basis.

While a monthly reduction of \$79 to a typical AFDC household
may not sound like much to some, rest assured that for many,
that small amount represents the difference between food on
the dinner table or a child going to bed hungry the last few
nights of the month.

Within the fiscal note for HB 67 it is stated "Reductions
in AFDC benefits will also make AFDC a slightly less
attractive alternative to work." It is precisely this type
of misguided mentality that continues to perpetuate the
negative reputation attached to public assistance. When

Additional Testimony

will we, as a society, begin to realize that regardless of the few who will always abuse and manipulate a system to their advantage, many Alaskans on public assistance are simply trying to do the best they can to provide for their family in a sour economy. This is particularly true in Bush Alaska, which the current administration continues to view as insignificant when considering options of economic development and diversification which could alleviate a large portion of the public assistance financial burden.

I would only hope that in future hearings on this proposed legislation, that you would open your meeting to testimony from those Alaskans whose lives you will affect by pushing this bill forward.

One last comment, in closing. I challenge anyone to provide for themselves and a child for six months on the monthly AFDC stipend of \$871 and then believe that the consequences of HB 67 will not severely impact those families needing assistance to provide food and shelter for their families.

Vee-Vee Olsen
126-2ND Ave #12-A
FAIRBANKS, AK 99701

1-22-93 P.1/11
RE: BILL #67 ①
(907)456-1837

Good Afternoon, my name is Vee Vee Olsen and I would like to add my voice to the others from across the State. I am speaking out against the proposed \$ cut in Public Assistance grants. For some, it may mean having to drop one's automobile insurance. For others, the sacrifice could mean the lights, phone or heat being disconnected. If the recipients are not in a low-rent housing program the outcome could be devastating.

Unfortunately, Public Assistance programs

Dee Dee Olsen

126-2ND Ave #12-A

FBKS AK 99701 (907) 456-1837

② P.2/11
cont.

have become such a lengthy, dehumanizing process that those who finally complete all the required paperwork find themselves stripped of all hope and self-worth.

The most critically affected will be the single parent with 1 or 2 preschoolers. Their budgets have already been strained to the limit with no school lunch programs to stretch their meager resources.

Some years ago I heard this true story and I would like to share

Dee Dee Olsen
126-2ND Ave #12-A
FBXS AK 99701 (907)456-1837

(5)
CONT.

it with you today.

My friend walked into a kindergarten class and noticed a doll had been thrown into a trash barrel. She questioned the teacher as to the reason for the discard, the teacher said that because the doll's leg had been torn off - it was of no further use -

Ladies and Gentlemen - the people on Public Assistance are being treated like that doll - we may not be missing a limb but because of circumstances beyond our control - we are being discarded.

Dee Dee Olsen

126-2ND Ave #12-A

FBKS AK 99701

(907) 456-1837

CONT.

our basic needs are being denied.

We are asking only for the privilege
of living with our necessities and
dignity intact.

Please stop treating us as that un-wanted

doll with no further use - for if

^{continue,}
you ~~do~~ you will also be sending a message

to our next generation of children - that

they also are of no use.

Please allow us the same necessities

that you go home to every night.

Thank you for your time.

Dee-Dee Joy Olsen
1-22-93

2/22/93

Meg Gaydosik
State Public Policy Chair
AALW - Alaska
1024 Fifth Avenue
Fairbanks, AK 99701

I am here to testify against the proposed cuts to public assistance on behalf of the statewide membership of the American Association of University Women. The AALW supports public budgets that give priority to human needs.

According to the January edition of "Alaska Economic Trends" published by the State Department of Labor, there are a lot of misconceptions about Public Assistance. The facts and statistics in this report substantiate the premise that much Public Assistance money does what it is intended to do: provide a safety net to allow people to get back on their feet. According to the report, for the years 1984 to 1991 87% of AFDC recipients received public assistance for less than two years. This report also states that Alaska's AFDC population is relatively small compared to other states.

The Community Research Center of the Fairbanks North Star Borough has also just released a study on poverty in the borough that was based on census data. This report states that of all households in the borough headed by a female with children under 5, 41% of these families live below the poverty line. This statistic is astounding. Everyone gives lip service to the idea that "children are our future" but we do not provide basic funding to provide them enough money to survive, much less thrive.

We have a variety of other government welfare programs in this state that no one really considers cutting. These range from the Permanent Fund dividends to Longevity bonuses to state backed mortgage loan guarantees. We pay no income taxes and very limited user fees for other state programs. Yet, we are asking the poorest people, those whose public assistance only guarantees that they will be able to live BELOW the poverty line, to bear a major responsibility in balancing our budget. It is time we took a lesson from our native elders and decide that it is a community responsibility to provide for the children, disabled, and poor. It is also time that we hold the administration accountable for budget decisions that directly impact public assistance funds. According to an article in the 2/12/93 edition of the Fairbanks Daily News-Miner, Health and Human Services Commissioner Mala transferred over \$90,000 from program budgets into his administrative budget for travel and public relations. This type of spending is offensive.

Thank you for this opportunity to speak to you. If you have not already received a copy of the January "Alaska Economic Trends" report, please request one from the Department of Labor. I strongly urge you to read this before making any decisions regarding public assistance budgets.

State health chief diverts funds to his office

The Associated Press

JUNEAU—Alaska's commissioner of the Department of Health and Social Services has diverted money from programs that provide welfare and medical benefits to cover budget overruns in his office.

Ted Mala said the money is needed for travel, reports, public relations and other operations that support the department's programs.

"You're looking at one of the biggest departments in state government with over 2,000 employees," he said. "You have to have some kind of a management structure to make it all work."

Sen. Jim Duncan, D-Juneau and minority leader, said the Legislature should take a dim view of such budget transfers.

"I think it's a real concern, transferring money from programs that go to assist needy individuals—public assistance and medical programs—into administration. I think it's uncalled for."

Duncan is a member of the Senate Health, Education and Social Services Committee, which oversees the department's operations.

The state budget signed last summer by Gov. Walter J. Hickel included \$796,100 for Mala's office for the fiscal year ending June 30.

"Last fall, however, it became clear spending would exceed that level, said Janet Clarke, department administrative director.

Mala issued a memo to his division directors in December, telling them \$93,900 would be transferred from their budgets to his.

Mala took \$22,700 from the Public Assistance Division, which oversees food stamps and other welfare programs, and the same amount from the Public Health Division, which oversees emergency medical services and disease prevention.

He also took \$19,800 from the Family and Youth Services Division, \$16,500 from the Mental Health and Developmental Disabilities Division, and lesser amounts from other divisions.

Mala and Clarke said part of the money is being spent on the office's public affairs staff, which puts out news releases and issues reports.

Mala also said his office has spent extra money putting top officials on the road to visit villages

and attend town meetings, often at the request of communities.

Hickel's proposed budget for the next fiscal year includes \$1,063,400 for the commissioner's office, Clarke said. That's an 8 percent increase over the current year, but it's \$25,600 less than the total of the \$796,100 allocated for this year plus

the \$93,900 diversion.

The chairmen of the legislative subcommittees that review the department's budget said they will take a close look at it.

"We generally want the service delivery, not the administration," said Rep. Mark Hanley, R-Anchorage.

150 Cornell Way
Fairbanks, AK 99709
February 22, 1993

My concern is for the possible repercussions that could result if dollars are cut from the Adult Public Assistance program. In my experience, far too many individuals and families are already struggling on the current insignificant amount given each month.

On the national level under the new administration, we will all be faced to give more monthly income in the form of increased taxes. As Alaskans, we know will take it in the shorts because of proposed increases in both gasoline and fuel oil prices.

My question is - what will happen then to the ability of individuals who will no longer be able to afford to give through United Way or privately to their favorite organization?

The answer is - will be giving less and consequently there will be less resources.

(7)

(cont.)

Page 2

available to assist the very people who need
it the most. People will be much needed;
not less. Prof Please don't cancel key for

Robin Williams

V. Oeser
213 Dunkel St
Fbrix, Ak 99701
(907) 452-2857

RE: House Bill # 67

Feb. 22, 1993

To Whom It May Concern:

I Am against House Bill #67 for the following reasons.

The State public Assistance programs only provide the bare minimum right at or just below the poverty level. Persons that are disabled pending social security settlements also should not have their claims cut or debts added to their claim except for those medical bills and attorney cost. For these debts add up quickly pending review from Social Security.

I propose a time management solution for State Employees particularly those at Public Assistance consider policy changes:

① Instead of having recipients of AFDC file every month for assistance since their situation is unlikely to change very soon. They should only be required say 1x every 3 to 6 months while still being required to report any changes within ten days.

② Persons receiving ADA should only have to file once every three months and report any changes within 10 days. Especially if injured or pending Social Security decisions.

③ Persons receiving assistance only due to lack of Employment may still be required to file every month.

(over for page 2)

Results will be:

① Because the work load would be cut by almost $\frac{2}{3}$ per month from Social Workers. They would then be able to work more efficiently, complete assignments, require less overtime. Not counting the saving of money that now is wasted on paper and supplies.

② By having A-D's file one month, E-I the next and K-Z the following month for individuals and offsetting AFDC recipients. Similarly over a six month period wasted items and time would save the state the money.

The legislation is proposing to take more away from their already impoverished people, men, women and children. We must find an alternative to the issues of State money management.

Thank You For Your Time

Ms. Virginia A. Oeser

Ms. Virginia A. Oeser

TO: HOUSE HEALTH, EDUCATION &
SOCIAL SERVICES COMMITTEE

Subject: Need to defeat/sideline Hb 67, i.e., eligibility
for and payments of public assistance...

From: James E. Fisher, 633 Harris Street, Juneau, AK

Date: February 22, 1993



As a long term participant in Alaskan society, I urge defeat, or indefinite postpone of HB 67, ...relating to eligibility for and payments of public assistance...

This urging is based upon the following reasons:

1. Money to fund the demands for this safety net program appears to be available. This classification of expenditure being tax supported, should certainly receive some support from the recently received tax settlements.
2. It would appear the adverse impact of the proposals in HB 67 will fall upon needy children and disabled adults, i.e. as stated in Section 5, the direction to "reduce the maximum ...". From all one can learn about our society (I believe it is undisputed they are a critical segment of, and future for, our communities), children need more financial support not less. It also appears from the bill that children could be the most numerous of our neighbors who might be hurt by less resources. I have heard affected children might number as many as 23,000.
3. Does this Committee really know what this legislation will do to the children and others in our state who are financially most vulnerable? Do comparisons with other lower cost areas provide a realistic analysis of the impacts in Alaska?

It is imperative to more fully understand the costs to the children, and the disabled, in that most unfortunate segment of our population that this legislation will affect.

596-2394

P.O. Box 21662
Juneau, Alaska 99802
February 9, 1993

Representative Bill Hudson
Alaska State House
Room 108, State Capitol
Juneau, Alaska 99801-1182

RE: Change in State AFDC Regulations

Dear Representative Hudson:

Thank you for your interest in my concern about child support garnishments and AFDC benefits. I believe the State of Alaska needs to change how it treats the earned income of families on the Unemployment Parent AFDC program. Now, the Public Assistance Division treats the child support garnished from my paychecks or my unemployment benefits as income when calculating my family's AFDC grant. This policy has a disastrous affect on my family's AFDC grant, and I'm sure it hurts many other families as well. I understand that federal regulations allow the state to treat child support garnishments differently. I'm enclosing a letter from Assistant Ombudsman Odette Foster which explains which federal and state laws are involved in the change I would like to see.

Let me show you one month's example.

First of all, I have a 1983 court order to pay \$476 a month child support. The mother of my two daughters closed the ongoing case, so the Child Support Enforcement Division (CSED) is collecting for an old AFDC debt. I still owe \$9,700 on this debt; I've paid off \$6,400 in the past several years. I'm currently in court trying to get the monthly obligation lowered. This court order allows CSED to take \$476 a month, but during part of 1991 and 1992, I worked out an agreement that they would take only \$200 a month. After I lost my job in June 1992, they have garnished anywhere from \$200 to \$650 a month from my unemployment benefits. Public Assistance still considers these garnishments as income (per state regulation and policy), and they are deducted dollar for dollar from our future AFDC grants.

For example, in October 1992, my wife Delores and I received an AFDC grant of \$562. This amount was based partly on my income for August. I received gross income of \$652.90 from a job and from unemployment benefits. In reality, I only took home \$368 of that because \$284 was garnished for child support. We cannot live on an AFDC grant of \$562. The rent on our two-bedroom apartment is \$800. a month.

As you can see, this way of figuring my earned income hurts in three ways. (1) The garnished child support counts against us for future AFDC grants. (2) It leaves me without money to support the children in my household: our daughter by this marriage and my two step daughters. (3) And I am not able to make voluntary payments to the mother of my other two daughters. I have five children in my life, and I don't have the money to support any of them because of this large past AFDC debt I'm having to pay off. I earned about \$12,000 in 1992, and \$3,800 of it has been garnished for child support.

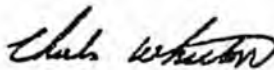
I believe its my responsibility to support my children, and there's nothing I want more than to give them the money they need. I've applied for my PFD every year I was eligible, knowing it would be taken for child support, and I encourage other fathers to

apply for theirs. This fall I was able to make two small voluntary child support payments for my first two daughters, but \$150 is not much help to their mother for the year.

I cannot say strongly enough how badly the current policy affects families in my situation. My family is in a constant financial crisis as a result of my child support garnishments being counted as income. Frankly, the stresses of dealing with these financial troubles are threatening my new marriage.

Thank you for any help or ideas you can give me. Ms. Foster of the ombudsman's office helped me write this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles Wheaton".

Charles Wheaton

Enclosure: Ombudsman staff letter

cc: Ted Mala, Commissioner, Health and Social Services



State of Alaska
ombudsman

Duncan C. Fowler

February 9, 1993

Charles Wheaton
Post Office Box 21662
Juneau, Alaska 99802-1662

Dear Mr. Wheaton:

RE: Change in State AFDC Regulations

In light of the many difficulties you've had with child support garnishments and your family's AFDC grant in past months, I've researched whether the State of Alaska has the option of changing the way it calculates earned income for the Unemployed Parent program. Alaska currently counts garnished child support as income, but a federal regulation governing the Aid to Families with Dependent Children allows a state to disregard such income.

Here's what I learned. The Alaska AFDC Manual, 302-14KK, Recoupments and Garnishments, states, "Garnishments are always made by direction of a court order and are not excluded in determining the gross countable income from any source." State regulation 7 AAC 45.380, Certain Exempt Income, lists the 25 items which are excluded from income. Court ordered garnishments are not listed.

Alaska's program is based on federal law and regulation. One federal regulation governing the AFDC program allows a state to disregard income garnished for child support. 45 CFR 233.20 (a)(3)ii (C) reads:

States may have policies which provide for allocating an individual's income . . . for the support of other individuals living in another household. Such other individuals are those . . . he or she is legally obligated to support. [Emphasis added.]

You can request a change in a state regulation under AS 44.62.220, the Administrative Procedures Act. The regulation you want to change is 7 AAC 45.380 (a). Your change would add another exemption to the list of exclusions. The new language would reflect the option allowed under 45 CFR Ch II, 233.20. Suggested wording is:

(Existing) 7 AAC 45.380. Certain Exempt Income. (a) When determining AFDC eligibility or payment amount, the division will not consider the value of the following items as income to a member of an AFDC economic unit:

(New) (26) the amount of any payment made to satisfy an administrative or court order to pay for the support of an individual living in another household. Direct cash payments of support and amounts withheld from earned or unearned income shall be deducted from income under this section.

Reply to:

- P.O. Box 102636
Anchorage, AK 99510-2636
(907) 277-8848
(800) 478-2624
- P.O. Box 113000
Juneau, AK 99811-3000
(907) 465-4970
(800) 478-4970
- P.O. Box 74358
Fairbanks, AK 99707-4358
(907) 452-4001
(800) 478-3257

February 9, 1993

AS 47.25.330 (2), Duties of the department, authorizes the Department of Health and Social Services to adopt regulations and take the action necessary to carry out Alaska statutes governing the AFDC program.

You need to address your request and send the above information to:

Commissioner Ted Mala
Department of Health and Social Services
Post Office Box 110601
Juneau, Alaska 99811-0601

You are welcome to call me at 465-4970 if you have any questions on this letter.
Good luck in your efforts.

Sincerely,



Odette Foster
Assistant Ombudsman

OF:pjc

Enclosures: federal and state regulations
AFDC policy 302-14KK

BISHOP MICHAEL H. KENNY

R. CATHOLIC DIOCESE OF JUNEAU
CATHOLIC COMMUNITY SERVICE

... WHEN I WAS 8 YRS. OLD, MY MOTHER DIED OF T.B. & MY
... SISTER, 2 1/2 YRS. YOUNGER CONTRACTED THE DISEASE, BECAUSE
... OF THIS CIRCUMSTANCE MY SISTER RECEIVED A GREAT DEAL
... MORE CARE AND ATTENTION THAN I. IN TIME I GREW
... ENVICIOUS AND RESENTFUL, SENSING MY HURT, MY FATHER
... TOOK ME ASIDE AND TRIED TO EXPLAIN TO ME THAT THE
... EXTRAS HE WAS GIVING MY SISTER DID NOT MEAN THAT HE
... LOVED ME LESS BUT THAT SHE NEEDED HIM MORE.

... IT WAS A LESSON I TRIED NEVER TO FORGET.

... IN ADULTHOOD I'VE LEARNED AN ADDITIONAL AND
... CORRESPONDING LESSON, THOSE WHO HAVE LESS AND NEED
... MORE ARE OFTEN THE MOST POWERLESS IN A SOCIETY. THEY
... LACK THE EDUCATION, THE POSSESSION, THE INFLUENCE AND
... THE AFFLUENCE TO MAKE THEIR VOICES HEARD, THEY
... DON'T MAKE MAJOR CONTRIBUTIONS TO POLITICAL CAMPAIGNS,
... THEY CAN'T HIRE LOBBYISTS, MANY DON'T EVEN VOTE,
... WHO DO THEY HAVE?

... THEY HAVE MANY OF US WHO ARE HERE TODAY. I SUGGEST
... THAT YOU LOOK AT US AS WELL AS HEAR US, LOOK AT US,
... SEE WHO WE ARE.

... THE LAST TIME I BOUGHT A PAIR OF DRESS SHOES WAS
... 12 YRS. AGO. I HAVE 2 SUITS TO MY NAME - ONE GIVEN
... ME + ONE I BOUGHT FOR \$50⁰⁰. MY SALARY IS \$300 A MONTH
... BUT I'M NOT COMPLAINING. I RESIDE IN A BEAUTIFUL HOME.
... I HAVE ALL I CAN EAT. I KNOW I WILL ALWAYS BE
... TAKEN CARE OF.

... I CAN'T SEE ANY OF THESE THINGS FOR THE PEOPLE

AFFECTED BY THIS BILL. 32,000 PEOPLE IN THIS STATE
WHO ... ALREADY LIVE NEARLY 20% BELOW THE POVERTY LEVEL.
... WILL BE FURTHER REDUCED,

... A GREAT DEAL OF ATTENTION THESE DAYS IS BEING
... GIVEN TO ETHICS, TO THE MORAL STANDARDS OF OUR
... LEGISLATURE. MORE IMPORTANT AND FAR REACHING THAN YOUR
... PRIVATE, PERSONAL BEHAVIOR IS YOUR PUBLIC ACTIONS AND
... LEGISLATIVE DECISIONS.

... THE MORAL FIBRE OF A SOCIETY IS BEST MEASURED
... BY THE WAY IN WHICH THAT SOCIETY TREATS THE LEAST
... OF ITS MEMBERS. THE BUDGET BEFORE YOU IS NOT MORAL
... I ASK YOU TO CHANGE IT.



Alaska State Legislature
House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: FEBRUARY 10, 1993

PLACE: Capitol Room ¹²⁴/₁₀₆

SUBJECT OF MEETING:
 *HB 67: ELIGIBILITY FOR PUBLIC ASSISTANCE
 ALASKA NATIVE HEALTH BOARD: DISCUSSION
 ON RURAL HEALTH ISSUES
 BILLS HELD FROM PRIOR CALENDARS MAY BE HEARD

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Geo G Land	Self	Franklin St. Alaska	99521	716-2466		<input checked="" type="radio"/> Y <input type="radio"/> N	HB 67
Eileen Kuzvinskioff	TCC	122 First Avenue, P.O. Box	99701	452-8251	→	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 67
Jim Hansen	DHSS	DOB Rm 309A			465-2680	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 67
Curtis Loaras	DHSS, Div. Public Assist	P.O. Box 116640	99511	465	465-3382	<input checked="" type="radio"/> Y <input type="radio"/> N	HB 67
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	
						<input type="radio"/> Y <input type="radio"/> N	

MEMORANDUM

State of Alaska

Department of Community
and Regional Affairs

TO: Representative Con Bunde
Co-Chair, House HESS

DATE: February 22, 1993

Representative Cynthia Toohey
Co-Chair, House HESS

FILE NO: CS HB 66/HES/2-22

THRU:

TELEPHONE: (907) 465-4700

FROM: Bruce R. Geraghty *BRG*
Deputy Commissioner

SUBJECT: Work Draft 8-GH1032K
2/18/93

The department reviewed over the weekend the proposed Committee Substitute, identified as "Work Draft 8-GH1032K" dated 2/18/93.

Regarding this Work Draft, attached you will find:

- 1) DCRA Position Paper
- 2) DCRA Sectional Analysis
- 3) DCRA Recommended Amendments
- 4) DCRA analysis of effects of Senior Citizen/Disabled Veteran Property Tax Deferment with 5% Interest
- 5) DCRA analysis of effects of Senior Citizen/Disabled Veteran Property Tax Deferment Without Interest
- 6) DCRA Tax Year '92 - FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program. This shows the percentages and costs of only the Disabled Veterans portion of the existing program.
- 7) DCRA analysis of the Senior Citizen/Disabled Veteran Property Tax Exemption Program FY 93/TY 92
- 8) DCRA analysis of the Effect of HB 66/SB 102 on Local Contribution Requirement to School Districts
- 9) DCRA estimates of HB 66 Impact on FY 94 SRS Program. SRS is short for State Revenue Sharing.

Please distribute this information to your committee. Thank you.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: CS HB 66(HES)
Work Draft 8-GH1032\K
2/18/93

DCRA FN: Zero

Sponsor: Governor

Position: Support with
Recommended
Amendments
(attached)

Title: An Act relating to an exemption from and deferral of municipal property taxes for certain residences, to property tax equivalency payments for certain residents, to the determination of full and true value of taxable property in a municipality; and providing for an effective date.

The legislature created the mandatory tax exemption program in 1973. However, since 1985 the legislature has failed to fully refund to communities (only 20% in FY 93) the total cost of this mandated exemption. The renters rebate program was established in 1976 as a means of providing the same benefit to seniors and disabled veterans that rent their residence. The rebate program in FY 93 was funded at 85% of those eligible. The estimated cost of the property tax program in FY 94 is \$15.4 million. The estimated cost of the renters rebate program in FY 94 is \$1.3 million. The departments proposed FY 94 budget does not fund either program.

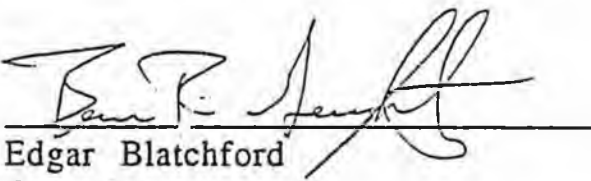
The department supports the amendment made in CRA committee. Due to consultations between the Department of Law and Legislative Legal Services, it was determined that section 1 in the original bill was unnecessary.

The department strongly supports making this program available to municipalities as an optional local tax exemption program. Encouraging seniors citizens and disabled veterans to remain in their own residences, is an issue best handled at the local level. Local governments are in the best position to evaluate the needs of their population with regard to local property taxation issues. In light of the legislative funding history, it is important to afford municipalities the taxing flexibility to appropriately meet the needs of their community.

The property tax deferral option presented in this new draft may have merit. The department has not at this time fully analyzed the potential impacts of this deferral concept. Both the Alaska Municipal League and the Older Alaskans Commission have recently testified in the Senate on a similar bill, supporting consideration of this concept.

In the departments preliminary research, this concept appears to benefit municipalities in the long run through payment of property taxes at the time of sale. However a question arises as to the effect this would have on seniors citizens or disabled veterans ability to sell a residence where a deferral had been granted and they wish to purchase more suitable independent housing. Also there is a question regarding municipal accounting practices. Deferred taxes would be accounted for as current year receivables, the same as taxes paid, even though the monies might not be paid for several years or decades. This could result in cash shortages for some municipalities. The department is unsure at this time whether the cash shortage is a result of the deferral or because of the relationship of the deferral to a "tax cap", if one existed, and the accounting practises. The department is also concern with the effect on the marketability of property, at the time of sale, with a large municipal lien due to deferred taxes. The department supports this concept as long as deferral is totally optional to municipalities as a taxation tool, with maximum flexibility for municipalities to implement a deferral program by ordinance tailored to their local situation. The department continues to research this option.

The department supports the work draft 8-GH1032\K, dated 2/18/93, with the attached amendments.

for 
Edgar Blatchford
Commissioner

2-20-93
Date

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

Sectional Analysis

Bill No.: CS HB 66(HES)
Work Draft 8-GH1032\K
2/18/93

DCRA FN: Zero

Sponsor: Governor

Position: Recommend
Amendments

Title: An Act relating to an exemption from and deferral of municipal property taxes for certain residences, to property tax equivalency payments for certain residents, to the determination of full and true value of taxable property in a municipality; and providing for an effective date.

Section 1. Amends AS 14.17.140(a) to remove real property owned and occupied by senior citizens or disabled veterans, from the departments determination of the full value of the taxable real and personal property in each city or borough district, when the city or borough has exempted this property by ordinance under section 29.45.052 of this bill. This provision maintains the status quo. Presently under the existing mandatory municipal tax exemption for senior citizens and disabled veterans residences, the properties are excluded from the municipalities "full value determination".

Section.2. Amends AS 29.45.030(h) stating that nothing in this section defining disabled veteran and real property, affects similar exemptions contained in AS 29.45.050 or in existence on September 10, 1972.

AS 29.45.050 OPTIONAL EXEMPTIONS AND EXCLUSIONS, contains numerous exemptions available to municipalities at this time. For example, AS 29.45.050(i) is a senior citizen/disabled veteran property tax exemption for their residences on the assessed value of the property exceeding \$150,000. This subsection is repealed in section 5 of this draft.

Section 3. Repeals DCRA's authority to adopt regulations to implement AS 29.45.030(g), the existing mandatory exemption reimbursement provision; this provision is repealed by Section 5 of this Act. In this section, (j) refers

to the Department of Public Safety, and this departments regulatory authority regarding senior citizens motor vehicle registration tax exemption.

Section 4. Adds two new sections to AS 29.45.

The first part of this section, AS 29.45.052, OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES, is essentially the concept represented in the Governor's original bill. The section gives specific authority for municipalities to grant senior citizens, disabled veterans, or their widows or widowers, an exemption from property taxation by municipal ordinance. The ordinance may exempt the property from taxation on the first \$150,000 of the assessed value. The municipality may provide for exemption beyond the first \$150,000 of assessed value in cases of hardship. There may only be one exemption for the same property. The exemption is not allowed if the local assessor determines that the transfer of a property was for the primary purpose of receiving the exemption. The section also includes a judicial appeal provision where a dispute results from a local assessors determination that a conveyance of property was made for the purpose of obtaining the exemption.

Subsection (b) of this section, contains prescriptions for municipalities to follow in the process for granting an exemption. The section sets deadlines for application, waiver authority for untimely filed applications, and a refund provision for the amount of tax that the claimant has already paid for an assessment year for a property later exempted.

Disabled veteran is defined as a veteran with a 50% disability incurred as a result of military service.

Real property is defined to include mobile homes.

The second part of this section introduces a new concept to the bill, AS 29.45.054. OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES. This section allows a municipality to defer taxes on the first \$150,000 of assessed value on real property owned and occupied as a primary residence and permanent place of abode by a senior citizen, disabled veteran or their widow or widower. The taxes become due when the property ceases to be owned by the resident, or spouse, who qualified for the deferral. The municipality may provide the deferral beyond the first \$150,000 of assessed value in cases of hardship. The municipality may charge up to 5% annual interest upon taxes deferred. The accumulated interest may only

be collected after the deferral has ended and the taxes become due. Only one deferral may be granted for the same property. Conveyance of a property for the purposes of obtaining the deferral is prohibited. Judicial appeal is provided for, when a dispute results from the local assessors decision not to grant a deferral due to determining that conveyance of the property took place for the purposes of obtaining the deferral.

Subsection (b) of this section, also contains prescriptions for municipalities to follow in the process for granting an exemption. The section sets deadlines for application, waiver authority for untimely filed applications, and a refund provision for the amount of tax that the claimant has already paid for an assessment year for a property later deferred.

Disabled veteran is defined as a veteran with a 50% disability incurred as a result of military service.

Real property is defined to include mobile homes.

Section 5. Repeals all aspects of the state mandated property tax exemption and renters rebate for senior citizens and disabled veterans.

The specific sections repealed are:

1. AS 29.45.030. REQUIRED EXEMPTIONS.

AS 29.45.030(a)(6): The real property of senior citizens and disabled veterans as conditioned in (e).

AS 29.45.030(e) : Defines the mandatory senior citizen and disabled veterans property tax exemption on the first \$150,000 of assessed value.

AS.29.45.030(f) : Prescribes for municipalities the application process and the municipal waiver of untimely filed application authority.

AS.29.45.030(g) : Provides the conditions governing the states reimbursement of municipalities for revenues lost due to the mandatory senior citizens and disabled property tax exemption. Explicitly stating that "If appropriations are not sufficient to fully fund reimbursements under this subsection,

the amount available shall be distributed pro rata among eligible municipalities."

AS.29.45.030(i) : This subsection contains definitions of disabled veterans and real property.

2. AS.29.45.040 : PROPERTY TAX EQUIVALENCY PAYMENTS,
This is commonly referred to as the renters rebate program. This program is also pro rata relative to legislative appropriation;

3. AS.29.45.050 : OPTIONAL EXEMPTIONS AND EXCLUSIONS

AS.29.45.050(i) :This subsection grants authority for municipalities to, by ordinance approved by the voters, exempt from taxation the assessed value exceeding \$150,000 of senior citizen and disabled veterans. There is no reference to "hardship" in this provision.

Section 6. Establishes an effective date of January 1, 1994.

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

Recommended Amendments

The following recommendations are for Work Draft 8-GH1032\K, Cook, 2/18/93, proposed by House HESS.

RECOMMENDATION 1: Section 4.: The department recommends using the language contained in HB 66(CRA) for Sec. 29.45.052. **OPTIONAL EXEMPTION FOR CERTAIN RESIDENCES.** This language gives maximum flexibility for municipalities to tailor their ordinance to best meet the needs of local senior citizens and disabled veterans, and the financial position of municipality.

Sec. 29.45.052 would then read:

OPTIONAL EXEMPTION FOR CERTAIN PRIMARY RESIDENCES. (a) The real property owned and occupied as the primary residence and permanent place of abode by a resident of the state who is (1) 65 years of age or older; (2) a disabled veteran; or (3) at least 60 years old and who is the widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection, may by ordinance be exempted from taxation on all or part of the assessed value of the real property. The ordinance may base the exemption on hardship. Only one exemption may be granted for the same property and, if two or more persons are eligible for an exemption for the same property, the exemption may not be granted unless the parties decide between or among themselves who is to receive the benefit of the exemption. Real property may not be exempted under this subsection if the local assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the exemption. The determination of the assessor

may be appealed to the superior court under procedures set out in AS 44.62.560 - 44.62.570.

(b) In this section,

(1) "disabled veteran" means a disabled person separated from the military service of the United States under a condition that is not dishonorable, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the Department of Veteran's Affairs;

(2) "real property" includes mobile homes, whether classified as real or personal property for municipal tax purposes.

RECOMMENDATION 2: Section 4. AS 29.45.054. OPTIONAL DEFERRAL FOR CERTAIN RESIDENCES. The department recommends removal of the \$150,000 deferral amount, even though deferral is an independent option to be exercised by a municipality by ordinance. Additionally, the department believes the language should reflect as closely as possible, the exemption authority granted municipalities in AS 29.45.052.

Sec. 29.45.054 would then read:

OPTIONAL DEFERRAL FOR CERTAIN PRIMARY RESIDENCES. (a) The real property owned and occupied as the primary residence and permanent place of abode by a resident of the state who is (1) 65 years of age or older; (2) a disabled veteran; or (3) at least 60 years old and who is the widow or widower of a person who qualified for an exemption under AS 29.45.052(a) or under (1) or (2) of this subsection, may by ordinance be deferred from payment of taxes on all or part of the assessed value of the real property. The taxes become due when the property ceases to be

owned by the resident who qualifies for the deferral or the spouse if the spouse also qualifies for the deferral. The ordinance may base the deferral on hardship. Only one deferral may be granted for the same property and, if two or more persons are eligible for a deferral for the same property, the parties shall decide between or among themselves who is to receive the benefit of the deferral. Real property taxation may not be deferred under this subsection if the local assessor determines, after notice and hearing to the parties, that the property was conveyed to the applicant primarily for the purpose of obtaining the deferral. The determination of the assessor may be appealed to the superior court under procedures set out in AS 44.62.560 - 44.62.570.

(b) In this section,

(1) "disabled veteran" means a disabled person separated from the military service of the United States under a condition that is not dishonorable, whose disability was incurred or aggravated in the line of duty in the military service of the United States, and whose disability has been rated as 50 percent or more by the branch of service in which that person served or by the Department of Veteran's Affairs;

(2) "real property" includes mobile homes, whether classified as real or personal property for municipal tax purposes.

CSHB66 (HES) -- Senior Citizen/Disabled Veteran Property Tax Deferment with 5% Interest

SC/DV Property Tax Exemption at \$150,000 Assessed Valuation of Permanent Place of Abode	SC/DV Deferred Property Tax After Five Years w/5% Interest	SC/DV Deferred Property Tax After Ten Years w/5% Interest	SC/DV Deferred Property Tax After Twenty Years w/5% Interest	SC/DV Deferred Property Tax After Thirty Years w/5% Interest
5 mills	\$4,144	\$9,433	\$24,799	\$49,829
10 mills	\$8,288	\$18,867	\$49,599	\$99,658
15 mills	\$12,433	\$28,300	\$74,398	\$149,487
20 mills	\$16,577	\$37,734	\$99,198	\$199,317
25 mills	\$20,721	\$47,167	\$123,997	\$249,146

SC/DV Property Tax Exemption at \$82,427 Statewide Average Assessed Valuation of Permanent Place of Abode	SC/DV Deferred Property Tax After Five Years w/5% Interest	SC/DV Deferred Property Tax After Ten Years w/5% Interest	SC/DV Deferred Property Tax After Twenty Years w/5% Interest	SC/DV Deferred Property Tax After Thirty Years w/5% Interest
5 mills	\$2,278	\$5,185	\$13,630	\$27,386
10 mills	\$4,555	\$10,369	\$27,260	\$54,772
15 mills	\$6,833	\$15,554	\$40,889	\$82,158
20 mills	\$9,111	\$20,738	\$54,519	\$109,544
25 mills	\$11,388	\$25,923	\$68,149	\$136,930

Effects of Senior Citizen/Disabled Veteran Property Tax Deferment
WITHOUT INTEREST

SC/DV Property Tax Exemption at \$150,000 Assessed Valuation of Permanent Place of Abode	SC/DV Deferred Property Tax After Five Years	SC/DV Deferred Property Tax After Ten Years	SC/DV Deferred Property Tax After Twenty Years	SC/DV Deferred Property Tax After Thirty Years
5 mills	\$3,750	\$7,500	\$15,000	\$22,500
10 mills	\$7,500	\$15,000	\$30,000	\$45,000
15 mills	\$11,250	\$22,500	\$45,000	\$67,500
20 mills	\$15,000	\$30,000	\$60,000	\$90,000
25 mills	\$18,750	\$37,500	\$75,000	\$112,500
SC/DV Property Tax Exemption at \$82,427 Statewide Average Assessed Valuation of Permanent Place of Abode	SC/DV Deferred Property Tax After Five Years	SC/DV Deferred Property Tax After Ten Years	SC/DV Deferred Property Tax After Twenty Years	SC/DV Deferred Property Tax After Thirty Years
5 mills	\$2,061	\$4,121	\$8,243	\$12,364
10 mills	\$4,121	\$8,243	\$16,485	\$24,728
15 mills	\$6,182	\$12,364	\$24,728	\$37,092
20 mills	\$8,243	\$16,485	\$32,971	\$49,456
25 mills	\$10,303	\$20,607	\$41,214	\$61,820

Tax Year '92 -- FY 93 Senior Citizen Disabled Veteran Property Tax Exemption Program

Municipality	1992 Disabled Veteran	1992 Disabled Veteran Exempt Value	1992 Disabled Veteran Exempt Tax
Municipality of Anchorage	421	\$43,808,744	\$753,880
Bristol Bay Borough	0	\$0	\$0
Cordova	0	\$0	\$0
Craig	2	\$91,060	\$546
Dillingham	0	\$0	\$0
Eagle	0	\$0	\$0
Fairbanks North Star Borough	97	\$1,847,423	\$118,772
Haines Borough	2	\$100,200	\$960
City & Borough of Juneau	26	\$3,125,000	\$43,107
Kenai Peninsula Borough	34	\$2,388,950	\$28,118
Ketchikan Gateway Borough	6	\$645,400	\$8,434
Kodiak Island Borough	9	\$814,525	\$6,465
Matanuska-Susitna Borough	96	\$8,431,100	\$140,226
Nenana	1	\$26,548	\$327
Nome	1	\$112,400	\$1,040
North Slope Borough	0	\$0	\$0
Pelican	0	\$0	\$0
Petersburg	3	\$325,450	\$3,255
City & Borough of Sitka	1	\$129,000	\$774
Skagway	1	\$120,400	\$920
Unalaska	0	\$0	\$0
Valdez	3	\$136,950	\$2,696
Whittier	0	\$0	\$0
Wrangell	0	\$0	\$0
City & Borough of Yakutat	0	\$0	\$0
STATEWIDE DV TOTALS:	703	\$62,103,150	\$1,109,520
STATEWIDE TOTAL W/SC:	10,719	\$883,539,005	\$13,669,469
% of DV Participants:	7%	7%	8%

HB 66 IMPACT ON FY94 SRS PROGRAM
ESTIMATES ONLY! DATA NOT FINAL

\$
Difference

Municipality of Anchorage	(\$54,532)
Bristol Bay Borough	\$487
Cordova	\$9
Craig	(\$330)
Dillingham	(\$83)
Eagle	\$7
Fairbanks North Star Borough	(\$6,464)
Haines Borough	\$7
City and Borough of Juneau	(\$43,519)
Kenai Peninsula Borough	(\$2,432)
Ketchikan Gateway Borough	(\$3,746)
Kodiak Island Borough	\$235
Matanuska-Susitna Borough	(\$15,554)
Nenana	(\$637)
Nome	(\$3,101)
North Slope Borough	\$3,562
Pelican	\$7
Petersburg	(\$7,601)
City and Borough of Sitka	(\$6,141)
Skagway	(\$264)
Unalaska	\$4,690
Valdez	\$1,944
Whittier	\$5
Wrangell	(\$3,624)
City and Borough of Yakutat	(\$286)

HOUSE COMMITTEE REPORT

(9)
Date Referred: January 15, 1993

FURTHER REFERRALS:

Judiciary
Finance

Date of Committee Action: 3-2-93

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 67

HOUSE BILL NO. 67

ELIGIBILITY FOR PUBLIC ASSISTANCE

"An Act relating to eligibility for and payments of public assistance; and providing for an effective date."

RECOMMENDATIONS: CS HB67 (HSS) the same title
be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact HSS - AFDC - 3
APA - 2

fiscal note(s) _____

zero fiscal note HSS (APA)

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	X	<i>[Signature]</i>		X	
<i>[Signature]</i>	X	<i>[Signature]</i>		✓	
<i>[Signature]</i>	✓	<i>[Signature]</i>		X	
		<i>[Signature]</i>	X		
		<i>[Signature]</i>	X		
		<i>[Signature]</i>	X		

[Signature]
CHAIRMAN'S SIGNATURE



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: FEBRUARY 22, 1993

PLACE: Capitol Room 106

SUBJECT OF MEETING:

HB 30: HUMAN SERVICES; MATCHING GRANTS
 HB 66: MUNICIPAL PROPERTY TAX EXEMPTIONS
 HB 67: ELIGIBILITY FOR PUBLIC ASSISTANCE

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Rupe Andrews	AA RP		99801	789-7422		(Y) N	HB66
Wayne M. Mearns	AARP		99801	571-2125		Y (N)	
Bob Bennett	AARP		99801	585-7226		Y (N)	
CHARLES H. Whenton		P.O. Box 21662 Juneau	99802	586-2790		(Y) N	on AFDC cuts
MORTY OLIVER	AMERICAN LEGION	9414 LONG RUN DR	99801	787-1994		(Y) N	H.B. 66
Maria Dickie	NAREE	Box 2-1283 Juneau 99802		7-3637		(Y) N	HB66
Teresa Bell	Other Modified Other Welfare Recipients	Box 022471 Juneau, Ak. 99812				(Y) N	HB NO. 67
Sackie Damon	DFYS	HSS		5-2817		Y N	HB 30 (am)
Patrick Cunningham	AK Adapt. Nat'l Assoc of Social Workers	Dept of Social Work Univ. of AK Anchorage Fairbanks, AK 99709	99808	786-1725		(Y) N	HB No 67
James F Fisher	SEK	1-33 Harris Terrace	99801	6-9601		(Y) N	HB 67
Bruce Geraghty	DCRA	Juneau		4700		(Y) N	HB66



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: FEBRUARY 22, 1993

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 HB 50: HUMAN SERVICES MATCHING GRANTS
 HB 66: MUNICIPAL PROPERTY TAX EXEMPTIONS
 HB 67: ELIGIBILITY FOR PUBLIC ASSISTANCE

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
William J. Russell	Self	P.O. Box 246293 Denver, CO 80224	→	304-2310	School 586-5718	(Y) N	
Sam V. Johnson	"	2155 Fitch Ave Rd.		789-1384	304-3114	(Y) N	
James K. Harris	Self	3412 Foster Ln #2	94461		586-2651	Y (N)	
in Partlow		320 W. Willow Hwy	941		6-1432	Y (N)	
K. McCullough	"	PO 707 Petersburg	99533	772- 9238	772 4751	(Y) N	
Bob Barrett	self	130 Howard St - 99501		586-2066		Y N	HB 66
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



Alaska State Legislature
 House of Representatives
 COMMITTEE ON HEALTH, EDUCATION
 AND SOCIAL SERVICES

DATE: FEBRUARY 22 1997

PLACE: Capitol Room 106

SUBJECT OF MEETING:
 HB 30
 HB 66
 HA 67

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
✓ Bishop Michael Kenney	DIOCESE OF JUNEAU CATHOLIC COMMUNITY SERVICE	419 SIXTH ST. JUNEAU	99801	586-2669	586-2227	<input checked="" type="radio"/>	N	HB 67
✓ Karen Robinson	LIGUE OF WOMEN	P.O. Box 33702	99803	586-107		<input checked="" type="radio"/>	N	HB 67
Cindy Smith	NETWORK OF DOMESTIC VIOLENCE	419 6TH ST #116	99801	63650		<input checked="" type="radio"/>	N	HB 67
Sherrise Gow	WOMEN'S RIGHTS LIGUE/KIDNAP	P.O. Box 32156 JUNEAU	99803		463-6744	<input checked="" type="radio"/>	N	HB 67 - would give up my time to visitors of people that like's
						<input type="radio"/>	N	
✓ Darryl Guthrie						<input type="radio"/>	N	
401 8th ST #267						<input type="radio"/>	N	
Juniata						<input type="radio"/>	N	
HB 67						<input type="radio"/>	N	
						<input type="radio"/>	N	
						<input type="radio"/>	N	

TCN: 30247 DATE & TIME: 02/22/93 15:00 TO 17:00 STATUS: 7 STATS. IN

2/22/93

***** ORDER SUMMARY *****

SPONSOR: HHES HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOHEY
PURPOSE: PUB PUBLIC HEARING BUNDE
CONTACT: LYNN SMITH TEL#: (907)465-6825
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY:Y ALLOWED 3 MINUTE LIMIT
PUBLIC TESTIMONY ON HB 67
TCN REQUESTED ON 02/22/93 AND HAS 5 UPDATES

***** AGENDA *****

1 HB 67 ELIGIBILITY FOR PUBLIC ASSISTANCE

***** PARTICIPATING LIOS *****

ANC ANCHORAGE	3111 C STREET	LOCATION STAFF
BAR BARROW	COURTHOUSE #305	LOCATION STAFF
FBX FAIRBANKS	119 N CUSHMAN ST	LOCATION STAFF
* JNU JUNEAU	CAPITOL CAP106	LOCATION STAFF
KTN KETCHIKAN	352 FRONT STREET	LOCATION STAFF
SIT SITKA	210 LAKE STREET	LOCATION STAFF
SOL KEN/SOL	34824 KALIFONSKY	LOCATION STAFF

PARTICIPANTS IN: ANCHORAGE

ANC

1	DAVID LEVY	ACCESS AK	OBSV. HB 67
	3710 WOODLAND DR STE 900		AK 99517 (907)248-4777
2	MARIANNE KERR	AWAIC	TSFY. HB 67
	100 W 13TH ANCHORAGE		AK 99501 (907)279-9581
3	GLENDA STRAUBE		TSFY. HB 67
	1318 N STREET ANCHORAGE		AK 99501 (907)278-0840
4	JIM CALDAROLA		TSFY. HB 67
	225 CORDOVA STREET ANCHORAGE		AK 99501 (907)277-2554
5	FUDGE KLEINKAUF		TSFY. HB 67
	4201 MACINNES ANCHORAGE		AK 99508 (907)561-7113
6	BARBARA BENNETT	BEAN'S	TSFY. HB 67
	PO BOX 100940 ANCHORAGE		AK 99510 (907)274-9595

PARTICIPANTS IN: FAIRBANKS

FBX

1	RUTH LISTER	AK. WOMEN'S POL	TSFY. HB 67
	1290 JONES RD. FAIRBANKS		AK 99709 (907)000-0000
2	DEE DEE OLSEN		TSFY. HB 67
	126 2ND AVE. FAIRBANKS		AK 99701 (907)456-1837
3	KAREN PARDUE		OBSV. HB 67
	204 FRONT ST. FAIRBANKS		AK 99702 (907)452-6643
4	DEVRA DYNES		TSFY. HB 67
	916 23RD AVE. FAIRBANKS		AK 99701 (907)456-7260
5	ROBIN WICKHAM		TSFY. HB 67
	150 CORNELL WAY FAIRBANKS		AK 99709 (907)479-7940
6	VIRGINIA OLSEN		TSFY. HB 67
	213 DUNKEL STREET FAIRBANKS		AK 99701 (907)452-2857
7	MEG GAYDOSIK	AAUW - ALASKA	TSFY. HB 67
	1024 5TH AVE. FAIRBANKS		AK 99701 (907)456-8389
8	MARY LOU CANNEY		TSFY. HB 67
	1441 22ND AVE. FAIRBANKS		AK 99701 (907)452-4666
9	LOUISE CHARLES		TSFY. HB 67

THE
FOLLOWING
DOCUMENTS
ARE
POOR
ORIGINAL
COPIES

10	122 1ST AVE. JUDY BUSH	FAIRBANKS	AK 99701 (907)452-8251 TSFY. HB 67
11	763 7TH AVE. JOAN MARIE AMES	FAIRBANKS	AK 99701 (907)452-5131 TSFY. HB 67
12	2008 SANDVIK RD. SANDRA BAXTER	FAIRBANKS	AK 99709 (907)474-9680 OBSV. HB 67
13	213 DUNKEL ST ANN SWIFT	FAIRBANKS	AK 99701 (907)452-2857 OBSV. HB 67
14	3181 ANELLA ST. SHARON ANDERSON	FAIRBANKS	AK 99709 (907)479-2524 OBSV. HB 67
15	2006 SANDVIK RD. JEANNINE PALMER	FAIRBANKS	AK 99709 (907)474-9680 OBSV. HB 67
16	2008 SANDVIK ARTHUR PALMER	FAIRBANKS	AK 99709 (907)479-8824 OBSV. HB 67
	2008 SANDVIK	FAIRBANKS	AK 99709 (907)479-8824

PARTICIPANTS IN:KEN/SOL

1 MS.	RANDI SMITH	SOL	WRCC	TSFY. HB 67
	325 S. SPRUCE		KENAI	AK 99611 (907)283-9479
2 MRS.	ANN DOOLEY		WRCC	TSFY. HB 67
	325 S. SPRUCE		KENAI	AK 99611 (907)283-9479

LTN1100-R01 LEGISLATIVE TELECONFERENCE NETWORK PAGE 01

17	OBS	5	AK	OBSV. HB 67	(907)000-0000
18	OBS	6	AK	OBSV. HB 67	(907)000-0000

LTN1100-R01 LEGISLATIVE TELECONFERENCE NETWORK PAGE 02

02/24/93
TCN 30247 DATE & TIME: 02/22/93 15:00 TO 17:00 STATUS: 7 STATS IN

PARTICIPANTS IN: JNEAU JNU

19	OBS	7	AK	OBSV. HB 67	(907)000-0000
20	OBS	8	AK	OBSV. HB 67	(907)000-0000

CS FOR HOUSE BILL NO. 67(HES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to eligibility for and payments of public assistance; and
2 providing for an effective date."

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

4 * Section 1. AS 47.25.320(a) is amended to read:

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

11 (1) dependent child living with nonneedy relative: for a dependent
12 child [UNDER AGE 18] who is living in the home of a nonneedy relative, \$452
13 [\$200], plus \$98 for [AN ADDITIONAL \$200 FOR THE SECOND CHILD, AND
14 \$65 A CHILD FOR THE THIRD AND] each additional child;

1 (2) dependent child living with parent:

2 (A) for a parent and one dependent child [UNDER 18], a
3 maximum of \$792 [\$500];

4 (B) [REPEALED

5 (C)] for each additional dependent child, or for a second
6 parent. \$98 [UNDER AGE 18, \$65] a month per individual [CHILD];

7 (3) pregnant woman who is otherwise eligible for assistance under this
8 section, or [: AN AMOUNT EQUAL TO THE ASSISTANCE RECEIVED BY] a
9 single-person household that does not consist of a dependent child: \$497 [UNDER
10 THIS SECTION AS DETERMINED BY THE DEPARTMENT PLUS A SPECIAL
11 NEEDS ALLOWANCE NOT TO EXCEED \$20] a month.

12 * Sec. 2. AS 47.25.320 is amended by adding a new subsection to read:

13 (g) The department may adopt regulations to establish a monthly need standard
14 for a dependent child and the relative with whom the dependent child is living that
15 equals or exceeds the monetary maximums set in (a) of this section.

16 * Sec. 3. AS 47.25.430(b) is amended to read:

17 (b) The department shall determine the amount of assistance with regard to the
18 resources and needs of the person and the conditions existing in each case. Assistance
19 shall be in an amount that will provide the applicant with reasonable subsistence
20 compatible with decency and health in accordance with standards established by the
21 department and with the standards established under 42 U.S.C. 1381 - 1383 [42 U.S.C.
22 1381 - 1385] (Title XVI, Social Security Act Supplemental Security Income Program).
23 When benefit amounts under 42 U.S.C. 1381 - 1383 [42 U.S.C. 1381 - 1385] are
24 increased as a result of an increase in the cost of living, the state shall pass along the
25 increase to recipients [AND SHALL INCREASE THE AMOUNT OF THE STATE
26 CONTRIBUTION TO RECIPIENTS BY A PERCENTAGE OF THE STATE
27 CONTRIBUTION EQUAL TO THE PERCENTAGE INCREASE IN THE BENEFIT
28 AMOUNTS UNDER 42 U.S.C. 1381 - 1385]. Direct payments for medical services
29 and remedial care may not be considered in determining the maximum amount
30 payable.

31 * Sec. 4. AS 47.25.430 is amended by adding a new subsection to read:

1 (e) Notwithstanding (a) and (b) of this section, the department shall, in a
2 manner that complies with federal requirements, reduce the maximum state
3 contribution to recipients otherwise payable on July 1, 1993, to the maximum state
4 contribution to recipients that was in effect on January 1, 1990. After June 30, 1993,
5 the department shall, in a manner that complies with federal requirements, calculate
6 the amount of monthly assistance for a recipient based on the maximum state
7 contribution to recipients in effect on January 1, 1990, as modified by an increase
8 under (b) of this section resulting from an increase in benefit amounts under 42 U.S.C.
9 1381 - 1383, that took effect after December 31, 1994.

10 * Sec. 5. AS 47.25.455 is amended by adding new subsections to read:

11 (c) A person applying for assistance under this section shall, as a condition of
12 eligibility for assistance, agree to repay the state for assistance granted upon the
13 person's receipt of a benefit under 42 U.S.C. 1381 - 1383 for a month in which the
14 person received interim assistance under this section. The monthly repayment required
15 by this subsection may not exceed the amount of assistance that the person received
16 under 42 U.S.C. 1381 - 1383 for that month.

17 (d) Beginning the first full month after a person is determined to be eligible
18 for assistance under 42 U.S.C. 1381 - 1383, the department shall terminate interim
19 assistance to that person under this section and begin payments to the person under
20 AS 47.25.430.

21 * Sec. 6. AS 47.25.320(d) and 47.25.320(e) are repealed.

22 * Sec. 7. TRANSITION FOR REGULATIONS. The Department of Health and Social
23 Services shall adopt regulations necessary to implement this Act, consistent with federal
24 requirements. The regulations take effect under AS 44.62 (Administrative Procedure Act), but
25 not before July 1, 1993.

26 * Sec. 8. Sections 1 - 6 of this Act take effect July 1, 1993.

27 * Sec. 9. Section 7 of this Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

**STATE OF ALASKA
1993 LEGISLATIVE SESSION**

BILL NO. CSHB 67 (House HESS)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU
payments of Public Assistance. Section 6 Component: Aid to Families with Dependent
 Sponsor: House HESS Children (AFDC)
 Requestor: _____ COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1003 GF Match	(960.9)	(2,935.1)	(4,937.0)	(7,258.6)	(9,865.2)	(12,784.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	(185.5)	(510.6)	(858.7)	(1,262.3)	(1,715.6)	(2,223.5)
TOTAL	(2,107.3)	(6,380.8)	(10,732.7)	(15,779.5)	(21,446.0)	(27,793.1)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

NOTE: The FY94 reduction is included in the FY94 Governor budget. DO NOT DUPLICATE REDUCTION.

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the adjustments will be 3.0 percent each January from 1994 to 1999.

Prepared by: Jan L. Hansen, Director
 Division: Division of Public Assistance
 Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 3/4/93
 Date: 3/4/93

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ANALYSIS (cont.):

CSHB 67 (House HESS) repeals the COLA for the AFDC program. The general fund savings by this action would be approximately \$960.9 million in FY94. The savings increase in subsequent years as the compounded effects of COLA repeal accumulate.

Repealing the COLA does not reduce individual benefit amounts; it simply does not award an increase each January. The COLA percentage could be awarded in the AFDC standard of need, and not in AFDC payment calculations, creating a payment gap that serves as an incentive to work. Increased Food Stamp benefits will partially offset the loss of the COLA in household budgets.

Since July 1, 1980 AFDC need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three.

Assumptions used in fiscal note calculation:

1. The January 1, 1994 Federal SSI COLA will be 3.0%. COLAs in subsequent years will also be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

ANALYSIS (cont.):

FY95 is the first full year of impact of repeal of the AFDC COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

The FY94 reduction is included in the FY94 agency budget request. DO NOT DUPLICATE REDUCTION/

CSHB 67 (House HESS)

AFDC

	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94						
AFDC AVG. Payment (After ratable and AFDC-Up Standards change to basic Assume 3.0 % yearly COLA for FY94-FY99	747	769	792	816	841	866
COLA INCREASE	25.344	22	23	24	24	25
AFDC Caseload AVG	13,858	14,550	15,278	16,042	16,844	17,686
6-Month reduction	\$25.34	\$22	\$23	\$24	\$24	\$25
12-month cumulative		\$25.34	\$47	\$70	\$94	\$118
FY Reduction						
6-Month impact	2107.3	1956.4	2115.9	2288.4	2474.9	2676.5
Cumulative impact	0	4424.4	8616.8	13491.1	18971.1	25116.6
TOTAL FY Reduction	2,107.3	6,380.8	10,732.7	15,779.5	21,446.0	27,793.1
Funding Source						
FEDERAL	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
GFM	960.9	2935.1	4937.0	7258.6	9865.2	12784.8
I/A	185.5	510.6	858.7	1262.3	1715.6	2223.5
TOTAL		6380.8	10732.7	15779.5	21446.0	27793.1

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 67 (House HESS)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to eligibility for and BRU: Assistance Payments BRU
payments of Public Assistance. Section 3 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Requestor: _____ COMPONENT SERIAL NO. 222

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)
MISCELLANECUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	(572.2)	(1,676.4)	(2,776.3)	(4,013.9)	(5,402.8)	(6,958.2)
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	(35.5)	(104.0)	(172.2)	(248.9)	(335.1)	(431.6)
TOTAL	(607.7)	(1,780.4)	(2,948.5)	(4,262.8)	(5,737.9)	(7,389.8)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

The FY 94 reduction is included in the FY94 Gov Budget. DO NOT DUPLICATE REDUCTION

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we project that the COLA adjustments will be 3.0 percent each January from 1994 through 1999.

Prepared by: Jan L. Hansen, Director *Jan Hansen*
 Division: Division of Public Assistance

Phone: 465-2680
 Date: 3/4/93

Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala*
 Agency: Department of Health & Social Services

Date: 3/4/93

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ANALYSIS (cont.):

CSHB 67 (House HESS) repeals the COLA for APA benefits beginning in January 1994.

The general funds savings by this action would be approximately \$572.2 million in FY94 and would increase each year as the effects in subsequent years compound.

Repealing the COLA does not reduce individual benefit amounts; it simply does not award an increase in January and passes along the SSI COLA amount to APA recipients. Increased Food Stamp benefits will partially offset loss of COLAs in household budgets.

Since July 1, 1980 APA need standards and maximum payment levels have been automatically increased annually by the same percentage as Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved APA benefit level increases in 1981 and 1983.

These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 111% for a single APA client. (125% APA couple)

Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0% per year.
2. APA program caseload increases at an average annual rate of 5%

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by a repeal of the APA COLA. CSHB 67 (House HESS) freezes APA payment levels at the January 1990 level.

Under this proposed change in the law, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

FY95 is the first full year of impact of repeal of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

The FY94 reduction is included in the FY94 agency budget request. DO NOT DUPLICATE REDUCTION.

ANALYSIS (cont.):

CSHB 67 (House HESS)	APA					
	FY94	FY95	FY96	FY97	FY98	FY99
No COLA in FY94 APA AVG. Payment After ratable and APA Standards change to basic Assume 3.0% FY95 - FY99	291.32	300	309	318	328	338
COLA INCREASE	11	9	9	9	10	10
APA Caseload AVG	9,207	9,653	10,136	10,643	11,175	11,734
6-Month reduction	\$11.00	\$9	\$9	\$9	\$10	\$10
12-month cumulative		\$11.00	\$20	\$29	\$38	\$48
FY Reduction 6-Month impact Cumulative impact	607.7 0	506.2 1274.2	547.5 2401.0	592.1 3670.7	640.3 5097.6	692.5 6697.3
TOTAL FY Reduction	607.7	1,780.4	2,948.5	4,262.8	5,737.9	7,389.8
Funding Source						
GF	572.2	1676.4	2776.3	4013.9	5402.8	6958.2
I/A	35.5	104.0	172.2	248.9	335.1	431.6
TOTAL	607.7	1780.4	2948.5	4262.8	5737.9	7389.8

FISCAL NOTE

No. 1
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

**STATE OF ALASKA
 1993 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
for and Payments of Public Assistance. Sections 1, 2, 3 Component: Aid to Families with Dependent
 Sponsor: _____ Children (AFDC)
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)
MISCELLANEOUS						
TOTAL OPERATING	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1003 GF Match	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(756.9)	(795.3)	(834.1)	(876.3)	(920.0)	(965.6)
TOTAL	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula AFDC program savings from a ratable reduction in AFDC payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director in Randi Moe, acting Phone: 465-3347
 Division: Division of Public Assistance 1 Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala by Jay Smeez Date: 12/31/92
 Agency: Department of Health and Social Services

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Ratable Reduction in AFDC Payment Level

Aid to Families with Dependent Children (AFDC)

This proposes legislation that provides for a ratable reduction of AFDC benefits. A provision of the Medicare Catastrophic Illness Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988.

A ratable reduction of monthly maximum payments to their 1991 benefit level would result in an average payment reduction per family of \$52 for each month of FY94.

Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups. Food Stamp benefit increases will partially offset the decreases in cash benefits.

The AFDC reduction can be structured to create a "gap" between the need standard and the payment standard which creates an incentive for earned income by allowing for increased income from earnings without termination of AFDC. "GAP" exists when payments are made at a percentage of the need standard. Reductions in AFDC benefits will also make AFDC a slightly less attractive alternative to work.

Of the 39,911 people who will receive AFDC each month, 24,759 are children under the age of 19. Roughly two-thirds of all AFDC households consist of a parent and one or two children, with no other source of cash income but the PFD. The typical AFDC household in Alaska consists of a mother and one child. In FY94, without the reductions, this household would have expected to receive \$871 per month in AFDC cash assistance, assuming no other source of income. In all months that this family receives assistance, the grant amount will be reduced by \$79 due to imposition of a ratable reduction to the 1991 payment level. The AFDC formula reduction from this reduction is \$8.6 million (\$3.9 million GF).

Assumptions used in fiscal note calculation:

1. AFDC program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to AFDC maximum payment levels is to 1991 levels. This effectively rolls back COLA increases of 3.0% (January 1, 1993) and 2.7% (January 1, 1992).
3. The adjustment in payments is effective July 1, 1993.

Maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to the size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50 percent General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

A provision of the Medicare Catastrophic Coverage Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988. The proposed reduction does not conflict with this requirement, so long as payments remain at or above the April 1988 level.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14558	15278	16042	16844	17686
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$51.71	\$51.72	\$51.72	\$51.72	\$51.72	\$51.72
TOTAL FY REDUCTION	8600.1	9035.3	9482.1	9956.3	10454.0	10976.6
Funding Source						
Federal	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
GF	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
I/A	756.9	795.3	834.1	876.3	920.0	965.6

*The \$51.72 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
for and Payments of Public Assistance, Sections 4, 3, 4 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)
MISCELLANEOUS						
TOTAL OPERATING	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(3,815.6)	(4,001.0)	(4,202.0)	(4,412.0)	(4,632.0)	(4,864.0)
1005 GF/Program Receipts						
1006 GF/MH, TA						
Other	(236.3)	(246.7)	(258.2)	(271.3)	(285.4)	(299.4)
TOTAL	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula APA program savings from a ratable reduction in APA payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *for Randy Hansen*
 Division: Division of Public Assistance
 Approved by Commissioner: Theodore A. Mala *by Jay Jewey*
 Agency: Department of Health and Social Services

Phone: 465-3347
 Date: 12/30/92
 Date: 12/31/92

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Ratable Reduction in APA Payment Level

Adult Public Assistance (APA)

Federal rules require, as a condition of federal Medicaid funding, APA payment levels at least as high as those in effect for March 1983 or maintenance of total program expenditures for the immediately preceding year. A reduction to the 1990 APA maximum payment level would result in an average payment reduction per client of approximately \$37 for each month of FY94. Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups.

Food Stamp benefit increases will partially offset decreases in cash benefits.

In FY94, the maximum state supplemental payment for an APA individual living independently is \$384. A ratable reduction to the 1990 payment level would reduce the state payment to an individual APA client by \$53 each month. The APA payment is currently 111% of poverty and would be reduced to 104% of poverty. The APA formula reduction from the ratable is 3.8 million GF.

Assumptions used in fiscal note calculation:

1. APA program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to APA maximum payment levels is to 1990 levels. This rolls back COLA increases of 3.0% (January 1, 1993) 3.7% (January 1, 1992) and 5.4% (January 1, 1991).
3. The adjustment in payments is effective July 1, 1993.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b), provides for COLA adjustments at the same percentage as the SS program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by this proposed ratable reduction in APA payments.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload (less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$36.67	\$36.67	\$36.67	\$36.67	\$36.67	\$36.67
TOTAL FY REDUCTION	4051.9	4247.7	4460.2	4683.3	4917.4	5163.4
GF	3815.6	4001.0	4202.0	4412.0	4632.0	4864.0
I/A	236.3	246.7	258.2	271.3	285.4	299.4

*The \$36.67 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
for and Payments of Public Assistance. Section 8 5 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	434.0	1,016.3	1,076.1	1,135.9	1,195.7	1,255.5
1003 GF Match						
1004 GF	(434.0)	(1,016.3)	(1,076.1)	(1,135.9)	(1,195.7)	(1,255.5)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT INTERIM ASSISTANCE REIMBURSEMENT

Enact Interim Assistance Reimbursement that recovers state Interim Assistance benefits from the retroactive SSI benefits of applicants found eligible for SSI.

The FY94 GF savings is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *in Randy Moran's acting* Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala by Jay Luey* Date: 12/31/92
 Agency: Department of Health and Social Services

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COMMITTEE COPY

Enact Interim Assistance Reimbursement and Eliminate Retroactive APA Payments to Interim Assistance Recipients After SSI Application Approved.

State statute AS 47.25.455 requires the State to pay \$280 per month to persons eligible under this statute while the Social Security Administration is processing their disability applications. SSI regulations allow states to be reimbursed for their Interim Assistance costs out of the retroactive SSI entitlements of applicants who are ultimately found eligible for federal SSI benefits.

Because of concerns that disability assistance can be easily abused, the process of proving or disapproving disability for Social Security purposes has gradually become lengthy and complex. Concerns that people may need help badly while that process is allowed to unfold led to Alaska's enactment of Interim Assistance for APA Aid to the Disabled applicants who are awaiting a disability determination by the Social Security Administration. Although a high proportion (about 60%) of all Disability applicants are ultimately determined to be not legally disabled, an Alaska Supreme Court decision (Moore v. Beirne) determined that AS 47.25.455 requires that the state continue interim assistance until all Social Security administrative processes are complete and all administrative appeal rights have been exhausted.

Under existing state law, Alaska applicants for Adult Public Assistance receive Interim Assistance for an average of 8.8 months before a decision is made on their eligibility for SSI benefits. The Interim Assistance case is converted retroactively to Adult Public Assistance, effective with the date of APA application, after the SSI decision is made. Interim Assistance recipients receive \$280 in Interim Assistance. The proposed change does not eliminate any monthly assistance payments to recipients; it simply recovers Interim Assistance by reducing retroactive windfall payments.

The proposed changes to AS 47.25.455 would enable DHSS to effectively recover Interim Assistance benefits from the retroactive SSI benefits of APA applicants who are found eligible for SSI. APA applicants would be required to agree to have their retroactive SSI benefits paid to DHSS to reimburse the state for the Interim Assistance they would receive. There would be no retroactive entitlement to regular APA benefits.

\$280 of the monthly retroactive SSI benefit would be collected by DHSS, and the remaining \$154 in retroactive SSI would be paid to the client.

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Cases per month	32	34	36	38	40	42
Average Reimbursement Amount	\$1 30.20	\$2491	\$2491	\$2491	\$2491	\$2491
TOTAL	434.0	1016.3	1076.1	1135.9	1195.7	1255.5

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

No. 5
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
for and Payments of Public Assistance. Sections 1, 7, 6 Component: Aid to Families with Dependent
 Sponsor: _____ Children (AFDC)
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)
MISCELLANECUS						
TOTAL OPERATING	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	(972.2)	(1,356.7)	(1,424.5)	(1,496.1)	(1,570.7)	(1,649.5)
1003 GF Match	(972.2)	(1,356.7)	(1,424.5)	(1,496.0)	(1,570.7)	(1,649.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

AFDC BASIC NEED STANDARDS FOR AFDC-UP AND AFDC INCAP

Formula AFDC program savings by amending pay to AFDC-UP and Incap cases on the same standard used for AFDC-Basic cases.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate.

Prepared by: Jan L. Hansen, Director for Rankin, acting Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 12/31/92
 Agency: Department of Health and Social Services

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Use AFDC Basic Need Standards for AFDC-UP and AFDC-Incap

AS 47.25.320(e) sets the AFDC need standards for AFDC-UP payments at the same level as the standards for AFDC INCAP cases that are set in state regulations. This proposes that the statute be amended to pay AFDC-UP and INCAP cases on the same standard used for AFDC-BASIC cases, i.e., to set the increment for the second parent at the same level as the increment for an additional child in an AFDC-BASIC case. This would result in a payment reduction of \$90 for a typical AFDC-UP and INCAP case.

This change eliminates the inequity between existing payment standards for single-parent and two-parent AFDC households of the same size. It also makes the AFDC-UP program a less attractive alternative to working by reducing payment levels, thus tending to reduce the dependency of intact families on welfare payments. Increased Food Stamp benefits will partially offset the reduction in cash benefits.

Assumptions used in fiscal note computations:

1. AFDC-UP and AFDC-INCAP caseloads increase at an average annual rate of 5%
2. AFDC-UP and AFDC-INCAP payment level is the same standard used for AFDC-Basic cases.
3. The adjustment in payments is effective October 1, 1993 (9 month impact in FY94).

The FY94-FY99 formula impact of the standards change for AFDC-UP and AFDC-INCAP assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Projected Average AFDC-UP and INCAP Caseload	2476	2599	2729	2866	3009	3160
Average Payment reduction for the base change that is not restored retroactively	\$87.26	\$87	\$87	\$87	\$87	\$87
TOTAL FY REDUCTION	1944.4	2713.4	2849.0	2992.1	3141.4	3299.0
Federal	972.2	1356.7	1424.5	1496.0	1570.7	1649.5
GFM	972.2	1356.7	1424.5	1496.1	1570.7	1649.5

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

Technical Corrections Needed to HB 67

The House and Senate versions of the Governor's public assistance reduction bill are not identical, apparently as a result of a clerical error. The problem lies with the effective date sections at the end of the bills. The language in Sections 9 and 10 of SB 101 is correct.

The text of HB 67 does not include Section 9 of SB 101, which provides for an immediate effective date for Section 8, giving the Department immediate authority to begin the process of adopting implementing regulations. Section 9 of HB 67 must be reworded to conform to the language of SB 101, and the existing Section 9 of HB 67 must be renumbered to Section 10. The language in Section 8 of HB 67 must be reworded to conform to the establishment of a separate effective date in section 9. With these revisions, Sections 8, 9 and 10 would read:

* **Sec. 8.** Transition for Regulations. Notwithstanding sec. 10 of this Act, the Department of Health and Social Services may proceed to adopt regulations necessary to implement this Act, consistent with federal requirements. The regulations take effect under the Administrative Procedure Act, but not before July 1, 1993.

* **Sec. 9.** Section 8 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 10.** Sections 1-7 of this Act take effect July 1, 1993.

There is also a typographical error in a statutory reference in Section 2 of both bills. The reference on line 12, page 2 should read:

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

ALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 15, 1993

The Honorable Ramona L. Barnes
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Barnes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to eligibility for and payments of public assistance. The bill represents the Administration's proposal to control the growth of expenditures in formula welfare programs.

Section 1 of the bill would amend AS 47.25.320(a) to require that the maximum monthly amount of aid-to-families-with-dependent-children (AFDC) assistance for a second adult in a two-parent AFDC household be the same as for a second dependent child in a home where there is one adult. Currently, the monthly amount for a three-person household composed of two adults and one child is \$88 more than for a three-person household composed of one adult and two children; this difference increased to \$90 on January 1, 1993. Section 1 also amends the standards for families that include one or more dependent children living with a nonneedy relative, to bring the AFDC program into conformity with federal requirements that the increment for a second child be the same as the increment for any additional children.

The maximum grant amounts in AS 47.35.320(a) were last amended in 1982. However, under AS 47.35.320(d) those maximum amounts have been increased a number of times to reflect cost-of-living increases. Section 1 amends the maximum grant amounts, starting July 1, 1993, to roll back those amounts to the 1991 benefit level. Section 2 of the bill amends AS 47.25.320(d) to provide that the department may not increase those monetary maximums based on an increase in benefits that takes effect anytime during the calendar year that begins on January 1, 1994, nor on an increase in benefits that took effect on or before January 1, 1993.

Section 3 of the bill would allow DHSS to adopt regulations to establish a monthly need standard for AFDC that equals or exceeds the monthly payment standard for AFDC. In combination with the reduction of AFDC grant amounts in sec. 1 of the bill, this provision will provide an incentive for an AFDC family to augment its income within limits without automatically jeopardizing eligibility.

GOV'S TRANSMITTAL LETTER

The Honorable Ramona L. Barnes
January 15, 1993
Page 2

Section 4 would amend AS 47.25.430(b), relating to cost-of-living increases in the adult public assistance program, to provide that the department will not increase the maximum state contribution to recipients by any cost-of-living increase that takes effect during the calendar year beginning on January 1, 1994, and to conform to the changes made by sec. 5 of the bill.

Section 5 of the bill requires DHSS to reduce the maximum state contribution to recipients in the adult public assistance program to the 1990 level and to adjust monthly grants of assistance accordingly.

Section 6 of the bill would amend AS 47.25.455 to provide for reimbursement for interim assistance and to eliminate retroactive adult public assistance payments to interim assistance recipients. The existing statute requires DHSS to pay \$280 per month to eligible individuals while the Social Security Administration (SSA) is processing their disability applications; once an individual is determined eligible, the SSA makes a retroactive payment to that person. With this change in AS 47.25.455, an applicant for interim assistance would have to agree at the time of initial application to have retroactive SSI benefits paid to DHSS to reimburse the state for the interim assistance received by the applicant.

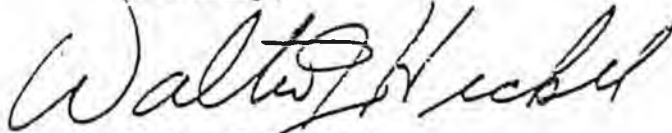
Section 7 repeals AS 47.25.320(e) to conform to the change made in sec. 1 related to reducing grant amounts for two-parent households.

Section 8 provides transitional authority to allow DHSS to adopt regulations before July 1, 1993, but the regulations cannot take effect before that date. This provision should facilitate timely implementation of the new statutory changes.

Sections 9 and 10 provide for an effective date for the bill.

I urge your serious consideration of these proposals to control the growth of the state budget.

Sincerely,



Walter J. Hickel
Governor

Department of Health and Social Services
Division of Public Assistance
February 5, 1993

DISCUSSION PAPER
HOUSE BILL NO. 67

House Bill 67 is the Administration's response to the problems of welfare dependency and increasing costs in Alaska's cash public assistance programs. This set of changes has the dual goals of producing immediate savings in program costs and curbing the rate of increase in the welfare caseload.

HB 67 achieves substantial cost savings in the Aid to Families with Dependent Children (AFDC) program by reducing benefit payments by 6.3 percent to January 1991 levels, suspending the calendar year 1994 automatic cost-of-living allowance (COLA) adjustment in payment levels, and reducing the payment standards for two-parent AFDC families (AFDC Unemployed Parent and Incapacitated Parent cases) to the same level as the standards for single-parent (AFDC Basic) families.

In addition to saving program dollars, this change establishes payment equity among single-parent and two-parent AFDC families of the same size. HB 67 also makes a cost-neutral adjustment to the payment standards for AFDC families headed by a non-needy relative in order to bring Alaska's AFDC program into conformity with federal requirements that payment standards be incremented equally for each additional child.

HB 67 amends the Adult Public Assistance (APA) statutes to achieve savings in payments to the aged, disabled, and blind. APA benefits are reduced to the level in effect in January 1990, resulting in a net reduction in assistance to individual recipients of 3.7 percent. The scheduled January 1994 COLA increase is suspended. The APA statutes are also amended to allow the State to be reimbursed for Interim Assistance paid to individuals applying for federal Supplemental Security Income (SSI) benefits by collecting the Interim Assistance from their retroactive entitlement to SSI benefits.

SECTIONAL ANALYSIS of HB 67

Section 1 of the bill amends AS 47.25.320(a) to reduce Aid to Families with Dependent Children (AFDC) maximum payment levels by 6.3 percent, effectively rolling them back to the levels in effect on January 1, 1991. The maximum grant amounts specified in the current statute were established in 1982.

SECTIONAL ANALYSIS

Under the COLA provision at AS 47.25.320(d), those amounts have been increased annually to reflect cost-of-living increases. The maximum monthly grant amount for one adult and one child is specified in AS 47.25.320(a)(2)(A) as \$500; COLA adjustments have increased this standard to \$845 as of January 1993. Section 1 reduces the standard to \$792.

This section makes a similar adjustment to the payment increment for additional children specified at AS 47.25.320(a)(2)(C). The increment has increased because of COLA adjustments from \$65 in 1982 to \$105 in 1993; HB 67 reduces the increment to \$98 for each additional child.

Section 1 amends AS 47.25.320(a)(3) to reduce by 6.3 percent the maximum grant amount for a pregnant woman in her last trimester or an adult whose only dependent child receives SSI benefits. The maximum grant amount specified for such "Adult-only" AFDC cases is set by regulation at \$530 per month as of January 1993. Section 1 reduces the standard to \$497.

Section 1 also amends and renumbers AS 47.25.320(a)(2)(C) to restructure the payment standards for AFDC Unemployed Parent and Incapacitated Parent families by setting the increment for the second parent at \$98, the same as the increment for a second or additional child. The increment for the second parent is currently set by regulations at 7 AAC 45.520 (a)(2) and statute at AS 45.25.320(e). The January 1993 payment standard for a family of two parents and one child is \$1040. This change reduces the standard to \$890 and adds \$98 for each additional child, the same as the proposed standards for single-parent households of the same size.

Finally, Section 1 restructures the payment standards for AFDC households headed by a non-needy specified relative ("Adult-not-included" cases). This cost-neutral change is necessary to conform the program to federal law. The federal Department of Health and Human Services has cited Alaska's AFDC payment standards for households of this type as out of compliance with the requirement that the payment increment for each child above the base level for one child be the same.

Current law sets the payment standard for one child at \$200, two children at \$400, and the increment for a third or additional child at \$65. COLA adjustments since 1982 have increased these standards to \$335 for one child, \$672 for two, and \$105 for each additional child as of January 1993. Section One sets the standard at \$452 for one child and \$98 for each additional child.

The changes in benefit levels imposed by Section 1 would take effect on July 1, 1993.

Section 2 of the bill amends AS 47.25.320(d) to suspend for calendar 1994 the automatic COLA adjustment to the AFDC payment standards. This adjustment, which is based on the federal SSI COLA, occurs each January and is expected to be approximately 3 percent in January 1994. Section 2 also includes language that directs that the 1994 COLA, as well as the previous AFDC COLAs that are, in effect, rescinded by Section 1, will not be restored after 1994. Under Section 2, the annual AFDC COLA adjustments would resume in calendar 1995.

Section 3 allows the Department of Health and Social Services to use its regulatory authority to set standards of need that exceed the payment standards set in Section 1. Federal law allows the states to pay a reduced percentage (a "ratable reduction") of the amount that is established as necessary for the basic household expenses that the AFDC payment is intended to cover. Alaska has historically paid 100 percent of need.

Ratable reductions may be structured to create a payment "gap" that works as an incentive for recipients to earn income. The administration intends to use the authority provided in Section 3 to establish AFDC need standards that are 6.3 percent above the payment standards set in Section 1, effectively maintaining the January 1993 basic need standards and creating a small payment gap that assures that current AFDC recipients who receive small grants will continue to be eligible for Medicaid and Job Opportunities and Basic Skills Training (JOBS) program services, and providing a small incentive for recipients to work.

The authority provided by Section 3 could also be used, given sufficient appropriations to cover additional AFDC and Medicaid program costs, to create a larger payment gap that allows recipients to retain more of their earnings and earn larger amounts without losing eligibility for AFDC and AFDC-related benefits.

Section 4 amends 47.25.430(b) to suspend the January 1994 COLA increase in Adult Public Assistance benefits. This adjustment, which is based on the federal SSI COLA, is expected to be approximately 3 percent. Section 4 also includes language that directs that the 1994 COLA, as well as the previous APA COLAs that are, in effect, rescinded by Section 5, will not be restored after 1994. Under Section 4, the annual APA COLA adjustments would resume in calendar 1995.

Section 5 amends AS 47.25.430(a) to reduce Adult Public Assistance payments to the levels in effect on January 1, 1990. The January 1993 APA payment to a typical individual who also receives SSI benefits is \$374; Section 5 would reduce that payment to \$331. The payment to a typical couple would be reduced from \$544 to \$484.

Because of increases in the amount of SSI benefits since 1990, the total assistance income of a typical single APA recipient would decrease from \$808 (combined SSI and APA) to \$778 - a reduction of 3.7 percent. A typical couple's combined assistance would be reduced from \$1196 to \$1156 - a 3.3 percent reduction. The APA benefits of recipients who do not receive SSI would be similarly reduced.

The APA need standards are set by regulation at 7 AAC 40.310. Section 5 gives the Department of Health and Social Services the direction and authority to reduce the standards.

The changes in benefit levels imposed by Section 5 would take effect on July 1, 1993.

Section 6 amends AS 47.25.455 to allow the state to be reimbursed for Interim Assistance benefits paid to APA applicants while they are waiting for the Social Security Administration to determine their disability. Social Security typically takes 4 months or longer to make a disability determination. APA applicants must be disabled under SSI standards before they qualify for regular APA and Medicaid benefits; Interim Assistance provides these individuals with a \$280 monthly payment for basic living expenses until they are determined eligible to receive SSI and regular APA benefits.

Once APA applicants are determined to be disabled, they are retroactively eligible for SSI from the date they applied. Such individuals typically receive 4 or more months of retroactive SSI benefits (at up to \$434 per month) for the months they received Interim Assistance. Federal law allows the states to be reimbursed for the Interim Assistance from the applicant's retroactive SSI benefits. Section 6 establishes the authority for Interim Assistance reimbursement in Alaska by requiring applicants to repay the Interim Assistance they receive if they are found eligible for SSI. The Social Security Administration would make the individual's retroactive SSI payment to the Division of Public Assistance. DPA would retain the first \$280 of each month's retroactive SSI benefit and forward the balance to the recipient.

Section 6 also eliminates retroactive eligibility for regular APA benefits to individuals who have received Interim Assistance. Under current law, an Interim Assistance recipient who is found eligible for SSI is retroactively entitled to APA benefits; this entitlement is reduced by the amount of Interim Assistance the individual already received each month. Interim Assistance reimbursement will achieve savings only if the retroactive entitlement is eliminated. Section 6 adds a new subsection (d) to AS 47.25.455 that repeals the retroactive entitlement to APA benefits of Interim Assistance who are found eligible for SSI.

The changes in Section 6 take effect on July 1, 1993.

Section 7 repeals AS 47.25.320(e), which established the payment standards for AFDC Unemployed Parent cases when the AFDC-UP program was enacted in 1990. This change is necessary to conform to the change to AS 47.25.320(a)(2) made in Section 1, establishing the payment standards for two-parent AFDC families at the same level as the standards for single-parent families.

Section 8 provides transitional authority to allow DHSS to adopt implementing regulations for HB 67 before the effective date of the law. The regulations would take effect on the effective date of the legislation. This provision is intended to facilitate timely implementation on the statutory changes included in the bill.

Section 9 provides for an effective date for the bill of July 1, 1993.

DIVISION OF PUBLIC ASSISTANCE

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

AFDC PROGRAM	FY89 ACTUAL	FY90 ACTUAL	FY91 ACTUAL	FY92 ACTUAL	FY93 FULL FORMULA	FY94 FULL FORMULA
AFDC-Basic caseload	7558	7549	8299	9231	10345	11482
AFDC-UP caseload			769	1574	2140	2376
TOTAL AFDC caseload	7558	7549	9068	10805	12485	13858
Caseload rate change vs. respective prior year	-1.3%	-0.1%	20.1%	19.2%	15.5%	11.0%
Expenditure increase vs. respective prior year	\$1,659.5	\$2,655.0	\$16,228.9	\$21,435.0	\$20,092.6	\$17,199.0
TOTAL EXPENDITURE	\$59,790.9	\$62,445.9	\$78,674.8	\$100,109.8	\$120,202.4	\$137,401.4

FY93 AFDC BUDGET SUMMARY

FY93 AFDC INITIAL AUTHORIZATION	111,795.4
1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session.	1729.4
2. Add 6677.6 for the cost of AFDC caseload growth that was not planned in the FY93 budget request.	6677.6

FY93 AFDC BUDGET WITH SUPPLEMENTAL	120,202.4
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FY94 AFDC BUDGET SUMMARY

FY94 AFDC FULL FORMULA BUDGET	137,401.4
Legislative changes in HB 67 needed to create savings:	
1. Suspend AFDC COLA effective January 1, 1994 13858 AFDC families x \$25.34 Avg payment x 6 months =	(\$2,107.3)
2. Implement ratable reduction of AFDC payment to 1991 maximum levels. 13858 AFDC families x \$51.72 Avg payment reduction x 12 months =	(\$8,600.1)
3. Use the AFDC Basic Need Standard for AFDC-Unemployed Parent and AFDC-Incapacitated. 2483 AFDC families x \$87.01 per month x 12 months =	(\$1,944.4)
TOTAL FY94 SAVINGS	(\$12,651.8)

FY94 AFDC REQUEST	\$124,749.6
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DIVISION OF PUBLIC ASSISTANCE

ADULT PUBLIC ASSISTANCE (APA)

APA PROGRAM	FY89 ACTUAL	FY90 ACTUAL	FY91 ACTUAL	FY92 ACTUAL	FY93 Full Formula	FY94 Full Formula
Average Caseload	6538	6918	7500	8083	8908	9664
Caseload growth rate vs. respective prior year	8.4%	5.8%	8.4%	7.8%	10.2%	8.5%
APA Expenditure	18,952.3	20,639.0	23,430.2	26,688.1	34,887.0	38918.6
OAA-ALB HH Expenditure	3,403.1	4,262.5	5,066.9	5,803.1	2,194.5	2456.0
TOTAL Program Expenditure	\$22,355.4	\$24,901.5	\$28,497.1	\$32,491.2	\$37,081.5	\$41,374.6
Expenditure increase vs. respective prior year	2,458.4	2,546.1	3,595.6	3,994.1	4,590.3	4293.1

FY93 APA BUDGET SUMMARY

FY93 APA INITIAL AUTHORIZATION	33649.9
1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session.	535.7
2. Replace 434.0 federal funding with general fund for Interim Assistance reimbursement that can not be achieved because authorizing legislation in HB 573 did not pass. (424.0) Federal + 434.0 GF	0.0
3. Add 701.4 for the cost of APA caseload growth that was not planned in the FY93 budget request.	701.4

FY93 APA BUDGET WITH SUPPLEMENTAL	34887.0
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FY94 APA BUDGET SUMMARY

FY94 APA FULL FORMULA BUDGET	38918.6
Legislative changes in HB 67 needed to create savings:	
1. Suspend APA COLA effective January 1, 1994 9207 APA clients(Interim Assistance cases excluded) x \$11.00 Avg pay reduction x 6 mos =	(\$607.7)
2. Implement ratable reduction of APA payment to 1990 maximum levels. 9207 APA clients(Interim Assistance cases excluded) x \$36.67 Avg pay reduction x 12 mos =	(\$4,051.9)
3. Enact Interim Assistance reimbursement & eliminate retroactive APA payments to Interim Assistance recipients after SSI application. (434.0 Federal replace GF In FY94 base)	\$0.0
Regulation change required to implement:	
4. Prorate APA initial months benefits	(\$475.2)
TOTAL FY94 SAVINGS	(\$5,134.8)

FY94 ADULT PUBLIC ASSISTANCE (APA) REQUEST	\$33,783.8
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FISCAL NOTE

No. 1
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance. Sections 1, 2, 3 Component: Aid to Families with Dependent
 Sponsor: _____ Children (AFDC)
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)
MISCELLANEOUS						
TOTAL OPERATING	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1003 GF Match	(3,921.6)	(4,120.0)	(4,324.0)	(4,540.0)	(4,767.0)	(5,005.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(756.9)	(795.3)	(834.1)	(876.3)	(920.0)	(965.6)
TOTAL	(8,600.1)	(9,035.3)	(9,482.1)	(9,956.3)	(10,454.0)	(10,976.6)

POSITIONS:

	FY94	FY95	FY96	FY97	FY98	FY99
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula AFDC program savings from a ratable reduction in AFDC payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director in Randy Mee, acting Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala by Jay L. Hansen Date: 12/31/92
 Agency: Department of Health and Social Services

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Ratable Reduction in AFDC Payment Level

Aid to Families with Dependent Children (AFDC)

This proposes legislation that provides for a ratable reduction of AFDC benefits. A provision of the Medicare Catastrophic Illness Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988.

A ratable reduction of monthly maximum payments to their 1991 benefit level would result in an average payment reduction per family of \$52 for each month of FY94.

Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups. Food Stamp benefit increases will partially offset the decreases in cash benefits.

The AFDC reduction can be structured to create a "gap" between the need standard and the payment standard which creates an incentive for earned income by allowing for increased income from earnings without termination of AFDC. "GAP" exists when payments are made at a percentage of the need standard. Reductions in AFDC benefits will also make AFDC a slightly less attractive alternative to work.

Of the 39,911 people who will receive AFDC each month, 24,759 are children under the age of 19. Roughly two-thirds of all AFDC households consist of a parent and one or two children, with no other source of cash income but the PFD. The typical AFDC household in Alaska consists of a mother and one child. In FY94, without the reductions, this household would have expected to receive \$871 per month in AFDC cash assistance, assuming no other source of income. In all months that this family receives assistance, the grant amount will be reduced by \$79 due to imposition of a ratable reduction to the 1991 payment level. The AFDC formula reduction from this reduction is \$8.6 million (\$3.9 million GF).

Assumptions used in fiscal note calculation:

1. AFDC program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to AFDC maximum payment levels is to 1991 levels. This effectively rolls back COLA increases of 3.0% (January 1, 1993) and 3.7% (January 1, 1992).
3. The adjustment in payments is effective July 1, 1993.

Maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to the size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50 percent General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

A provision of the Medicare Catastrophic Coverage Act of 1988 requires, as a condition of future approval of Medicaid State Plans, maintenance of AFDC payment levels at or above those in effect for April 1988. The proposed reduction does not conflict with this requirement, so long as payments remain at or above the April 1988 level.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14558	15278	16042	16844	17686
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$51.71	\$51.72	\$51.72	\$51.72	\$51.72	\$51.72
TOTAL FY REDUCTION	8600.1	9035.3	9482.1	9956.3	10454.0	10976.6
Funding Source						
Federal	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
GF	3921.6	4120.0	4324.0	4540.0	4767.0	5005.5
I/A	756.9	795.3	834.1	876.3	920.0	965.6

*The \$51.72 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

J. 2
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance, Section 4 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)
MISCELLANEOUS						
TOTAL OPERATING	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(572.2)	(1,200.2)	(1,260.4)	(1,323.3)	(1,389.5)	(1,459.0)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(35.5)	(74.0)	(77.6)	(81.5)	(85.6)	(89.8)
TOTAL	(607.7)	(1,274.2)	(1,338.0)	(1,404.8)	(1,475.1)	(1,548.8)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

SUSPEND APA COLA

Formula APA program savings from suspension of the COLA in FY94.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director for Randy Murr, acting Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 12/21/92
 Agency: Department of Health and Social Services

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COMMITTEE COPY

Fil - LSC - APA - SUSPEND ADA COLA

Suspend APA COLA

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we currently estimate that the January 1994 adjustments will be 3.0 percent.

This proposes legislation that provides for a suspension of the cost-of-living adjustment in the APA program during fiscal year 1994. The general funds savings by this action would be approximately \$572.2 million.

Suspending the COLAs does not reduce individual benefit amounts; it simply does not award an increase in January, leaves statutory authority in place to award COLAs in future years, and reduces the base on which future COLAs will be awarded. Increased Food Stamp benefits will partially offset loss of COLAs in household budgets.

Since July 1, 1980 AFDC and APA need standards and maximum payment levels have been automatically increased annually by the same percentage of Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC and APA benefit level increases in 1981 and 1983.

These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three and 111% for a single APA client. (125% APA couple)

Assumptions used in fiscal note calculation:

1. The Federal SSI COLA will be 3.0%.
2. APA program caseload increases at an average annual rate of 5%.
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b) provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by a one-year suspension of the APA COLA.

Under this proposed change in the law, the State will pass along the 1/1/94 COLA increase allowed in the federal SSI program, but will not increase the state supplemental contribution to recipients.

The FY94-FY99 formula impact of the COLA assumes the prior suspension of the January 1994 increase is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload (less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$11	\$11	\$11	\$11	\$11	\$11
TOTAL FY REDUCTION	607.7	1274.2	1338.0	1404.8	1475.1	1548.8
GF	572.2	1200.2	1260.4	1323.3	1389.5	1459.0
I/A	35.5	74.0	77.6	81.5	85.6	89.8

*The \$11 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

No. 3
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Effective Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance. Sections 4, 5 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Author: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)
MISCELLANEOUS						
TOTAL OPERATING	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)
CAPITAL						

REVENUE FUND SOURCE

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(3,815.6)	(4,001.0)	(4,202.0)	(4,412.0)	(4,632.0)	(4,864.0)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(236.3)	(246.7)	(258.2)	(271.3)	(285.4)	(299.4)
TOTAL	(4,051.9)	(4,247.7)	(4,460.2)	(4,683.3)	(4,917.4)	(5,163.4)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT RATABLE REDUCTION

Formula APA program savings from a ratable reduction in APA payment level.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *[Signature]* Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH *[Signature]* Date: 12/31/92
 Agency: Department of Health and Social Services

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Ratable Reduction in APA Payment Level

Adult Public Assistance (APA)

Federal rules require, as a condition of federal Medicaid funding, APA payment levels at least as high as those in effect for March 1983 or maintenance of total program expenditures for the immediately preceding year. A reduction to the 1990 APA maximum payment level would result in an average payment reduction per client of approximately \$37 for each month of FY94. Ratable reductions are the single most effective method of immediately reducing program costs. They equitably distribute benefit reductions across the caseload, rather than impact specific groups.

Food Stamp benefit increases will partially offset decreases in cash benefits.

In FY94, the maximum state supplemental payment for an APA individual living independently is \$384. A ratable reduction to the 1990 payment level would reduce the state payment to an individual APA client by \$53 each month. The APA payment is currently 111% of poverty and would be reduced to 104% of poverty. The APA formula reduction from the ratable is 3.8 million GF.

Assumptions used in fiscal note calculation:

1. APA program caseloads increase at an average annual rate of 5%.
2. The ratable reduction to APA maximum payment levels is to 1990 levels. This rolls back COLA increases of 3.0% (January 1, 1993) 3.7% (January 1, 1992) and 5.4% (January 1, 1991).
3. The adjustment in payments is effective July 1, 1993.

Adult Public Assistance payment levels are set in regulation at 7 AAC 40.310, as authorized by AS 47.25.430(b). These benefit levels vary according to the composition of the household and the type of living arrangement. Current statute at AS 47.25.430(b), provides for COLA adjustments at the same percentage as the SSI program. APA payments are funded with 100 percent General Fund monies.

The APA program is essentially supplemental to federal Social Security and SSI benefits; APA applicants are required to apply for payments from the Social Security Administration, and nearly all APA recipients receive federal payments which are subtracted from the APA maximum payment standard to determine the amount of their APA payments. Under current state law, both federal benefit levels and APA benefit levels are adjusted concurrently each January.

Federal rules require, as a condition of federal Medicaid matching funds, maintenance of APA payment levels at least as high as those in effect for March 1983, or maintenance of total APA program expenditures for a calendar year at a level at least as great as the expenditures for the immediately preceding year (Interim Assistance expenditures are not considered in the calculation.) Alaska's compliance is not threatened by this proposed ratable reduction in APA payments.

The FY94-FY99 formula impact of the ratable reduction assumes the reduction is not restored retroactively, therefore the maximum APA payment base is lower in subsequent fiscal years.

APA	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
APA Caseload Average Caseload (less Interim Assistance)	9207	9653	10136	10643	11175	11734
* Average Payment reduction for the ratable reduction that is not restored retroactively	\$36.67	\$36.67	\$36.67	\$36.67	\$36.57	\$36.67
TOTAL FY REDUCTION	4051.9	4247.7	4460.2	4683.3	4917.4	5163.4
GF	3815.6	4001.0	4202.0	4412.0	4632.0	4864.0
I/A	236.3	246.7	258.2	271.3	285.4	299.4

*The \$36.67 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY 4 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance, Section 6 Component: Adult Public Assistance (APA)
 Sponsor: _____
 Requestor: Governor COMPONENT SERIAL NO. 0222

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts	434.0	1,016.3	1,076.1	1,135.9	1,195.7	1,255.5
1003 GF Match						
1004 GF	(434.0)	(1,016.3)	(1,076.1)	(1,135.9)	(1,195.7)	(1,255.5)
1005 GF/Program Receipts						
1005 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0
POSITIONS:						
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

IMPLEMENT INTERIM ASSISTANCE REIMBURSEMENT

Enact Interim Assistance Reimbursement that recovers state Interim Assistance benefits from the retroactive SSI benefits of applicants found eligible for SSI.

The FY94 GF savings is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director *in Ranbyman: acty-* Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH *(PA) Theodore A Mala by Gasling* Date: 12/3/92
 Agency: Department of Health and Social Services

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Enact Interim Assistance Reimbursement and Eliminate Retroactive APA Payments to Interim Assistance Recipients After SSI Application Approved.

State statute AS 47.25.455 requires the State to pay \$280 per month to persons eligible under this statute while the Social Security Administration is processing their disability applications. SSI regulations allow states to be reimbursed for their Interim Assistance costs out of the retroactive SSI entitlements of applicants who are ultimately found eligible for federal SSI benefits.

Because of concerns that disability assistance can be easily abused, the process of proving or disproving disability for Social Security purposes has gradually become lengthy and complex. Concerns that people may need help badly while that process is allowed to unfold led to Alaska's enactment of Interim Assistance for APA Aid to the Disabled applicants who are awaiting a disability determination by the Social Security Administration. Although a high proportion (about 60%) of all Disability applicants are ultimately determined to be not legally disabled, an Alaska Supreme Court decision (Moore v. Beirne) determined that AS 47.25.455 requires that the state continue interim assistance until all Social Security administrative processes are complete and all administrative appeal rights have been exhausted.

Under existing state law, Alaska applicants for Adult Public Assistance receive Interim Assistance for an average of 8.8 months before a decision is made on their eligibility for SSI benefits. The Interim Assistance case is converted retroactively to Adult Public Assistance, effective with the date of APA application, after the SSI decision is made. Interim Assistance recipients receive \$280 in Interim Assistance. The proposed change does not eliminate any monthly assistance payments to recipients; it simply recovers Interim Assistance by reducing retroactive windfall payments.

The proposed changes to AS 47.25.455 would enable DHSS to effectively recover Interim Assistance benefits from the retroactive SSI benefits of APA applicants who are found eligible for SSI. APA applicants would be required to agree to have their retroactive SSI benefits paid to DHSS to reimburse the state for the Interim Assistance they would receive. There would be no retroactive entitlement to regular APA benefits.

\$280 of the monthly retroactive SSI benefit would be collected by DHSS, and the remaining \$154 in retroactive SSI would be paid to the client.

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Cases per month	32	34	36	38	40	42
Average Reimbursement Amount	\$1130.20	\$2491	\$2491	\$2491	\$2491	\$2491
TOTAL	434.0	1016.3	1076.1	1135.9	1195.7	1255.5

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

FISCAL NOTE

No. 5
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance. Sections 1, 7 Component: Aid to Families with Dependent Children (AFDC)
 Sponsor: _____
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues:	(Thousands of Dollars)					
	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)
MISCELLANEOUS						
TOTAL OPERATING	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:	(Thousands of Dollars)					
1002 Federal Receipts	(972.2)	(1,356.7)	(1,424.5)	(1,496.1)	(1,570.7)	(1,649.5)
1003 GF Match	(972.2)	(1,356.7)	(1,424.5)	(1,496.0)	(1,570.7)	(1,649.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(1,944.4)	(2,713.4)	(2,849.0)	(2,992.1)	(3,141.4)	(3,299.0)

POSITIONS:						
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

AFDC BASIC NEED STANDARDS FOR AFDC-UP AND AFDC INCAP

Formula AFDC program savings by amending pay to AFDC-UP and Incap cases on the same standard used for AFDC-Basic cases.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate.

Prepared by: Jan L. Hansen, Director for Rankin, acting Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 12/31/92
 Agency: Department of Health and Social Services

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Use AFDC Basic Need Standards for AFDC-UP and AFDC-Incap

AS 47.25.320(e) sets the AFDC need standards for AFDC-UP payments at the same level as the standards for AFDC INCAP cases that are set in state regulations. This proposes that the statute be amended to pay AFDC-UP and INCAP cases on the same standard used for AFDC-BASIC cases, i.e., to set the increment for the second parent at the same level as the increment for an additional child in an AFDC-BASIC case. This would result in a payment reduction of \$90 for a typical AFDC-UP and INCAP case.

This change eliminates the inequity between existing payment standards for single-parent and two-parent AFDC households of the same size. It also makes the AFDC-UP program a less attractive alternative to working by reducing payment levels, thus tending to reduce the dependency of intact families on welfare payments. Increased Food Stamp benefits will partially offset the reduction in cash benefits.

Assumptions used in fiscal note computations:

1. AFDC-UP and AFDC-INCAP caseloads increase at an average annual rate of 5%
2. AFDC-UP and AFDC-INCAP payment level is the same standard used for AFDC-Basic cases.
3. The adjustment in payments is effective October 1, 1993 (9 month impact in FY94).

The FY94-FY99 formula impact of the standards change for AFDC-UP and AFDC-INCAP assumes the reduction is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
Projected Average AFDC-UP and INCAP Caseload	2476	2599	2729	2866	3009	3160
Average Payment reduction for the base change that is not restored retroactively	\$87.26	\$87	\$87	\$87	\$87	\$87
TOTAL FY REDUCTION	1944.4	2713.4	2849.0	2992.1	3141.4	3299.0
Federal	972.2	1356.7	1424.5	1496.0	1570.7	1649.5
GFM	972.2	1356.7	1424.5	1496.1	1570.7	1649.5

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.

No. 6
 Bill Version: HB 67
 (H) Publish Date: 1/15/93

FISCAL NOTE

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act Relating to Eligibility BRU: Assistance Payments BRU
 Description: for and Payments of Public Assistance, Section 2 Component: Aid to Families with Dependent
 Sponsor: _____ Children (AFDC)
 Requestor: Governor COMPONENT SERIAL NO. 0220

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(2,107.3)	(4,424.4)	(4,645.7)	(4,878.0)	(5,121.9)	(5,378.0)
MISCELLANEOUS						
TOTAL OPERATING	(2,107.3)	(4,424.4)	(4,645.7)	(4,878.0)	(5,121.9)	(5,378.0)

CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1003 GF Match	(960.9)	(2,017.5)	(2,118.5)	(2,224.4)	(2,335.5)	(2,452.5)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other	(185.5)	(389.4)	(408.7)	(429.2)	(450.9)	(473.0)
TOTAL	(2,107.3)	(4,424.4)	(4,645.7)	(4,878.0)	(5,121.9)	(5,378.0)

POSITIONS:

	FY94	FY95	FY96	FY97	FY98	FY99
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary)

SUSPEND AFDC COLA

Formula AFDC program savings from suspension of the COLA in FY94.

The FY94 reduction is included in the FY94 Gov Budget. DO NOT Duplicate Reduction.

Prepared by: Jan L. Hansen, Director for Policy/Plan, acting Phone: 465-3347
 Division: Division of Public Assistance Date: 12/30/92
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 1/31/93
 Agency: Department of Health and Social Services

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Suspend AFDC COLA

The Division of Public Assistance administers two assistance programs which have statutory provisions for annual cost-of-living payment increases: Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA). Under existing statutes, benefit levels for both of these entitlement programs are increased by the same percentage as any cost-of-living adjustment (COLA) in the federal Supplemental Security Income program. These benefit adjustments are made in January of each year; we currently estimate that the January 1994 adjustments will be 3.0 percent.

This proposes legislation that provides for a suspension of the cost-of-living adjustment in the AFDC program during fiscal year 1994. The general fund savings by this action would be approximately \$960.9 million.

Suspending the COLAs does not reduce individual benefit amounts; it simply does not award an increase in January 1994, leaves statutory authority in place to award COLAs in future years, and reduces the base on which future COLAs will be awarded.

The COLA percentage could be awarded in the AFDC standard of need, and not in AFDC payment calculations, creating a payment gap that serves as an incentive to work. Increased Food Stamp benefits will partially offset the loss of the COLA in household budgets.

Since July 1, 1980 AFDC and APA need standards and maximum payment levels have been automatically increased annually by the same percentage of Social Security and SSI benefits increase. In addition to the automatic COLA the legislature approved AFDC and APA benefit level increases in 1981 and 1983. These increases have maintained formula program maximum payment levels measured as a percentage of the Federal Poverty Guideline for Alaska at approximately 77% for an AFDC family of three and 111% for a single APA client (125% APA couple).

Assumptions used in fiscal note calculation:

1. The January 1, 1994 Federal SSI COLA will be 3.0%.
2. AFDC program caseloads increase at an average annual rate of 5%.
3. Proposed legislation provides for suspension of the January 1, 1994 COLA.

Currently maximum benefit levels are set by AS 47.25.320(a) and 7 AAC 45.520. These benefit levels vary according to size and composition of the assisted family. In accordance with AS 47.25.320(d), AFDC benefits (funded 50% General Fund, 50 percent federal match) are adjusted upward in January of each year by the same percentage as the federal Supplemental Security Income (SSI) program cost-of-living adjustment.

The FY94-FY99 formula impact of the COLA assumes the suspension of the January 1994 increase is not restored retroactively, therefore the maximum AFDC payment base is lower in subsequent fiscal years. FY95 is the first full year of impact of suspension of the January 1994 COLA. The impact in FY94 occurs only during the second six months of the fiscal year.

AFDC	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
AFDC Caseload Average Caseload	13858	14550	15278	16042	16844	17686
* Average Payment reduction for the 1/1/94 COLA suspension that is not restored retroactively	\$25.34	\$25.34	\$25.34	\$25.34	\$25.34	\$25.34
TOTAL FY REDUCTION	2107.3	4424.4	4645.7	4878.0	5121.9	5378.0
Funding Source						
Federal	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
GF	960.9	2017.5	2118.5	2224.4	2335.5	2452.5
I/A	185.5	389.4	408.7	429.2	450.9	473.0

*The \$25.34 per year represents the minimum savings as the actual savings would be compounded annually by any subsequent COLAS.

The FY94 reduction is included in the FY94 agency budget request. Do not duplicate reduction.