

HJR

36

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

C.S.
BILL NO. HJR 36 (HE.S.)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: A Resolution urging the federal Department of Health and Human Services to repeal the "100-hour rule" BRU: Assistance Payments
 Component: AFDC
 Sponsor: Brice, et al
 Requestor: _____ COMPONENT SERIAL NO. 0220

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
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	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
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	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	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	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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 (FY94) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

HJR 36 calls for repeal of the federal AFDC "100-hour rule" for AFDC Unemployed Parent families. This resolution has no direct fiscal impact on AFDC program costs. Neither the effective date of any change in federal policy that might result from this resolution nor the impact of an alternate federal definition of unemployment can be predicted.

Prepared by: Jan L. Hansen, Director
 Division: Division of Public Assistance
 Approved by Commissioner: Margaret R. Lowe
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 1/18/94
 Date: 1-18-94

PREPARER TO PROVIDE ALL
For further distri

OR'S LEGISLATIVE OFFICE
Legislative Office



Representative Tom Brice

ALASKA STATE LEGISLATURE

119 N. Cushman, Ste. 205
Fairbanks, AK 99701
907-456-7423
While in Juneau
State Capitol
Juneau, AK 99801-1182
907-465-3466

REPRESENTATIVE TOM BRICE Sponsor Statement for HJR 36

The federal Department of Health and Human Services has developed and implemented regulations relating to the Aid to Families with Dependent Children Unemployed Parent Program that set out the number of hours a grant recipient can work and maintain eligibility for the program. That threshold is set at 100 hours per month. If a job that exceeds 100 hours per month is accepted by the unemployed parent, that family becomes ineligible for AFDC and Medicaid even if employment earnings are less than the amount of the AFDC grant.

This rule in effect encourages dependency on the AFDC program and discourages people who want to work from accepting full time employment. Many low income families do not accept jobs because those jobs will not support the family or have no health benefits. Therefore, many families stay on the AFDC program in order to meet basic living needs. In addition to the issue of fostering dependency, it means that the state is incurring increased costs to the program.

Repealing the 100 hour rule will allow those families to accept employment that exceeds 100 hours per month that may partially support them and reduce the amount of aid they receive. This will promote self sufficiency and save state dollars at the same time.

Additionally, President Clinton's federal welfare reform working group has been meeting to formulate recommendations that will be forwarded to the administration for inclusion in a welfare reform package later this year. Preliminary indications suggest that the repeal of the 100 hour rule will be one of those recommendations. It is important that we add our voice of support for this element of welfare reform.

In order to seriously consider responsible welfare reform, we must encourage the development of laws and regulations that help rather than hinder families to become more self sufficient.



POSITION PAPER
STATE OF ALASKA & DEPARTMENT OF HEALTH & SOCIAL SERVICES

POSITION PAPER

HOUSE JOINT RESOLUTION No. 36

A Resolution urging the federal Department of Health and Human Services to repeal the "100-hour rule" relating to employment of certain persons receiving AFDC and to replace it with a regulation that will serve as an incentive for AFDC recipients to accept part-time employment.

Discussion:

HJR 36 calls for repeal of the AFDC "100-hour rule" for AFDC Unemployed Parent families. The Department of Health and Social Services supports this resolution. We have found that the 100-hour rule, rather than promoting self-sufficiency, contributes to AFDC dependency for all of the reasons stated in HJR 36. Both the Department and Governor Hickel have recently issued position papers calling for repeal of the 100-hour rule along with enactment of other federal welfare reform measures.

Federal statute requires the Department of Health and Human Services to establish a regulatory definition of unemployment for purposes of determining eligibility for two-parent AFDC families where the parents do not have enough income to support themselves and their children. The 100-hour rule provides that AFDC eligibility does not exist for such a family if the parent with the most substantial earnings history is working 100 hours or more per month, regardless of the amount of earnings.

This regulation, while designed to draw a clear line of distinction between the unemployed and the underemployed, actually has the result of discouraging AFDC parents from accepting full-time, low-paid jobs that, while they would not produce enough earnings to support the family at the AFDC standard of need, would reduce the amount of their AFDC benefits and could eventually lead to self-sufficiency. Such jobs are often the only jobs available to AFDC parents, and we want to encourage them to accept any employment that is available to them. The 100-hour rule is inimical to the Department's goal of encouraging work and supporting the self-sufficiency of welfare recipients.

Position Paper
HJR 36
Page 2

Proposed Amendments:

Page 2, lines 9 and 10 of the bill request that the regulation be revised to "encourage AFDC recipients to accept part-time employment." That is essentially what the existing rule already does, and the crux of the problem. We propose that this language be changed to "encourage AFDC recipients to accept employment regardless of the number of hours worked, remaining eligible for AFDC benefits so long as the amount of their income does not exceed the state's standard of need."

To be consistent with this change in text, it is also necessary to strike the word "part-time" from the bill title.

Recommendation:

The Department of Health and Social Services supports HJR 36 and recommends that it be adopted with the proposed amendments.

Jan L. Hansen

Jan L. Hansen, Director
Division of Public Assistance
Department of Health and
Social Services

4/2/93

Date

Theodore A. Mala, MD, MPH
Commissioner
Department of Health and
Social Services

4/2/93

Date

Figure 1 shows the average caseload growth of AFDC in Alaska from 1987 through 1992. Table 3 shows that AFDC-UP makes up about the same percent of AFDC costs for Alaska, Washington, Oregon and California.

Are people coming to Alaska to collect welfare?

Two studies say no.

Two recent surveys have been conducted by the Alaska Department of Health and Social Services/Division of Public Assistance. The first is an anonymous questionnaire given to new applicants for AFDC to find out if AFDC applicants are coming to Alaska to collect benefits.

This survey shows that being with family, previous residence in Alaska and work are the primary reasons new applicants give for coming to Alaska. Figure 2 gives the results of the field survey.

The second confidential questionnaire was given to over 1,000 clients through the AFDC Self-Sufficiency Project in July, 1992. The primary reasons given for coming to Alaska were that recipients used to live here, that their families live in Alaska, that the quality of life in Alaska is better than in other places, and that work is abundant in the state. Figure 3 shows the results for both rural and urban clients.

Does Alaska pay too much to welfare clients?

That depends on who you ask. Ask a typical client, mother with two children, who is trying to pay rent and expenses on \$950 a month, and surely the answer will be no. Ask a government employee whose job provides the security of a reasonable wage, excellent medical coverage, and a pension plan. The answer may well be yes.

In the reality which continues to emerge from the Self-Sufficiency Project study is not that welfare pays too much. Rather, it is that low paid jobs simply do not pay enough for a family to live on. And this situation is exacerbated by the lack of medical coverage.

Alaska pays about 79% of the federally determined poverty level to a typical AFDC family of three. Approximately 50% of the funds for grants to recipients and for administration of the

program is paid by the federal government. About 60% of these recipients also receive food stamp assistance, and about a third of AFDC families receive housing assistance.

Figure 4 compares the federal poverty level for Alaska with AFDC grants in the state in 1993. Figure 5 compares maximum AFDC benefits for a family of three in the ten states which pay the highest AFDC grants. Table 4 gives the American Chamber of Commerce Research Association (ACCRA) Cost of Living Index.

Does welfare discourage work?

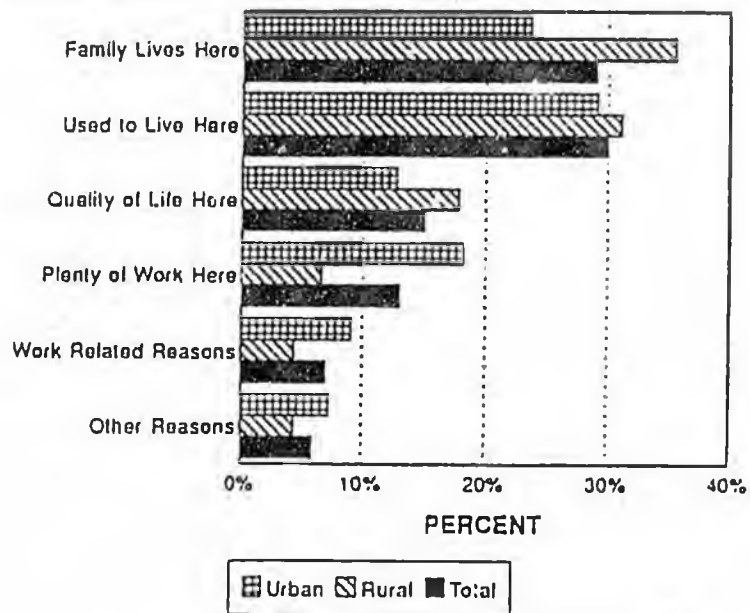
In some ways it does.

Some federal regulations are an albatross around the state's neck because they discourage work. These regulations are:

- ✓ The 100-hour rule. This rule limits an unemployed parent in a two parent (UP) household to 100 hours of work a month in order to remain eligible for AFDC. If the parent starts working full time, he or she becomes ineligible for AFDC and Medicaid even if she or he earns less than the AFDC grant.

Figure 3

Primary Reason for Moving to Alaska Client Survey/Self-Sufficiency Project



1992.

Division of Public Assistance Self-Sufficiency