

HB

78

HFIN

FILE



Representative Mark Hanley
Alaska State Legislature

SUMMARY OF CHANGES

CS FOR HOUSE BILL 78
1 May 1995

*Sec. 1. Adopts CSSB 109(L&C) - Child Support Nonpayment Licensing Restriction and Revocation - sponsored by Senator Ellis. This bill is identical to HB62 sponsored by Representative Davies, with amendments supported by the sponsor.

*Sec. 6. WAIVER APPLICATION (a) changes the date the Department of Health and Social Services shall seek appropriate waivers from the federal government from December 31, 1995 to February 15, 1996 to allow for more time to respond to federal welfare reform measures before Congress.

*Sec. 8. WORKFARE. Adds (c)(3), an exemption from the requirement to participate for persons who are enrolled as full-time students in good standing in a career education program, college or university, as defined in regulations adopted by the Alaska Commission on Postsecondary Education.

*Sec. 15. AFDC PAYMENT LEVELS. (3) returns language to statute for a single-person household that does not consist of a dependent child; deleting the language did not restrict the department from paying benefits for this category, but would have allowed them to pay at the higher level of \$514 instead of the reduced amount of \$505. The category covers pregnant women and single parents whose children qualify for SSI payments; single people without children are not receiving AFDC.

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Attachment 1

Adopted
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Lauterbach
4/28/95

CS FOR HOUSE BILL NO. 78()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES HANLEY, Rokeberg, Porter, Bunde, Toohey

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to certain licenses and applications for licenses for persons who
 2 are not in substantial compliance with orders, judgments, or payment schedules
 3 for child support; relating to the program of aid to families with dependent
 4 children, including the payment of aid in the case of pregnant minors and minors
 5 who are parents and the maximum amount of assistance that may be granted;
 6 proposing special demonstration projects within the program of aid to families
 7 with dependent children and directing the Department of Health and Social
 8 Services to seek waivers from the federal government to implement the projects;
 9 and providing for an effective date."

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

11 * Section 1. AS 25.27 is amended by adding new sections to read:

12 Sec. 25.27.244. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S

1 OCCUPATIONAL LICENSE. (a) The agency shall compile and maintain a list of
2 obligors who are not in substantial compliance with a support order or payment
3 schedule negotiated under (g)(1) of this section. The list must include the names,
4 social security numbers, dates of birth, and last known addresses of the obligors. The
5 list shall be updated by the agency on a monthly basis.

6 (b) The agency shall, on a monthly basis, provide a copy of the list to each
7 licensing entity through a computer-readable magnetic medium. A licensing entity
8 subject to this section shall implement procedures to accept and process the list.
9 Notwithstanding any other law to the contrary, a licensing entity may not issue or
10 renew a license for a person on the list except as provided in this section.

11 (c) Promptly after receiving an application from an applicant and before
12 issuing or renewing a license, a licensing entity shall determine whether the applicant
13 is on the most recent list provided by the agency. If the applicant is on the list, the
14 licensing entity shall immediately serve notice under (e) of this section of the licensing
15 entity's intent to withhold issuance or renewal of the license. The notice shall be
16 considered given when delivered personally to the obligor or deposited in the U.S. mail
17 addressed to the applicant's last known mailing address on file with the licensing
18 entity.

19 (d) A licensing entity shall issue a temporary license valid for a period of 150
20 days to an applicant whose name is on the list if the applicant is otherwise eligible for
21 a license. The temporary license may not be extended. Only one temporary license
22 may be issued during a regular license term and its validity shall coincide with the first
23 150 days of that license term. A license for the full or remainder of the license term
24 may be issued or renewed only upon compliance with this section. If a license or
25 application is denied under this section, funds paid by the applicant or licensee shall
26 be refunded by the licensing entity after retention of the temporary license fee, if any.

27 (e) Notices for use under (c) of this section shall be developed by each
28 licensing entity under guidelines provided by the agency and are subject to approval
29 by the agency. The notice must include the address and telephone number of the
30 agency and shall emphasize the necessity of obtaining a release from the agency as a
31 condition for the issuance or renewal of a license. The notice must inform an

1 applicant whose license is governed by (d) of this section that the licensing entity shall
2 issue a temporary license for 150 calendar days under (d) of this section if the
3 applicant is otherwise eligible and that, upon expiration of that time period, the license
4 will be denied unless the licensing entity has received a release from the agency. The
5 agency shall also develop a form that the applicant may use to request a review by the
6 agency. A copy of this form shall be included with each notice sent under (c) of this
7 section.

8 (f) The agency shall establish review procedures consistent with this section
9 to allow an applicant to have the underlying arrearage and relevant defenses
10 investigated, to provide an applicant information on the process of obtaining a
11 modification of a support order, or to provide an applicant assistance in the
12 establishment of a payment schedule on arrearages if the circumstances warrant.

13 (g) If the applicant wishes to challenge being included on the list, the applicant
14 shall submit to the agency a written request for review within 30 days after receiving
15 the notice under (c) of this section by using the form developed under (e) of this
16 section. Within 30 days after receiving a written request for review, the agency shall
17 inform the applicant in writing of the agency's findings. The agency shall immediately
18 send a release to the appropriate licensing entity and the applicant if any of the
19 following conditions is met:

20 (1) the applicant is found to be in substantial compliance with each
21 support order applicable to the applicant or has negotiated an agreement with the
22 agency for a payment schedule on arrearages and is in substantial compliance with the
23 negotiated agreement; if the applicant fails to be in substantial compliance with an
24 agreement negotiated under this paragraph, the agency shall send to the appropriate
25 licensing entity a revocation of any release previously sent to the entity for that
26 applicant;

27 (2) the applicant has submitted a timely request for review to the
28 agency, but the agency will be unable to complete the review and send notice of
29 findings to the applicant in sufficient time for the applicant to file a timely request for
30 judicial relief within the 150-day period during which the applicant's temporary license
31 is valid under (d) of this section; this paragraph applies only if the delay in completing

1 the review process is not the result of the applicant's failure to act in a reasonable,
2 timely, and diligent manner upon receiving notice from the licensing entity that the
3 applicant's name is on the list;

4 (3) the applicant has, within 30 days after receiving the agency's
5 findings following a request for review under (2) of this subsection, filed and served
6 a request for judicial relief under this section, but a resolution of that relief will not
7 be made within the 150-day period of the temporary license under (d) of this section;
8 this paragraph applies only if the delay in completing the judicial relief process is not
9 the result of the applicant's failure to act in a reasonable, timely, and diligent manner
10 upon receiving the agency's notice of findings; or

11 (4) the applicant has obtained a judicial finding of substantial
12 compliance.

13 (h) An applicant is required to act with diligence in responding to notices from
14 the licensing entity and the agency with the recognition that the temporary license
15 granted under (d) of this section will lapse after 150 days and that the agency and,
16 where appropriate, the court must have time to act within that 150-day period. An
17 applicant's delay in acting, without good cause, that directly results in the inability of
18 the agency to complete a review of the applicant's request or the court to hear the
19 request for judicial relief within the required period does not constitute the diligence
20 required under this section that would justify the issuance of a release.

21 (i) Except as otherwise provided in this section, the agency may not issue a
22 release if the applicant is not in substantial compliance with the order for support or
23 is not in substantial compliance with an agreement negotiated under (g)(1) of this
24 section. The agency shall notify the applicant in writing that the applicant may request
25 any or all of the following: (1) judicial relief from the agency's decision not to issue
26 a release or the agency's decision to revoke a release under (g)(1) of this section; (2)
27 a judicial determination of substantial compliance; (3) a modification of the support
28 order. The notice must also contain the name and address of the court in which the
29 applicant may file the request for relief and inform the applicant that the applicant's
30 name shall remain on the list if the applicant does not request judicial relief within 30
31 days after receiving the notice. The applicant shall comply with all statutes and rules

1 of court implementing this section. This section does not limit an applicant's authority
2 under other law to request an order to show cause or notice of motion to modify a
3 support order or to fix a payment schedule on arrearages accruing under a support
4 order or to obtain a court finding of substantial compliance with a support order.

5 (j) A request for judicial relief from the agency's decision must state the
6 grounds on which relief is requested and the judicial action shall be limited to those
7 stated grounds. Judicial relief under this subsection is not an appeal, and shall be
8 governed by court rules adopted to implement this section. Unless otherwise provided
9 by court rule, the court shall hold an evidentiary hearing within 20 calendar days of
10 the filing of service on the opposing party. The court's decision shall be limited to a
11 determination of each of the following issues:

12 (1) whether there is a support order or a payment schedule on
13 arrearages;

14 (2) whether the petitioner is the obligor covered by the support order;
15 and

16 (3) whether the obligor is in substantial compliance with the support
17 order or payment schedule.

18 (k) If the court finds that the obligor is in substantial compliance with the
19 support order or payment schedule, the agency shall immediately send a release under
20 (g) of this section to the appropriate licensing entity and the applicant.

21 (l) When the obligor is in substantial compliance with a support order or
22 payment schedule, the agency shall mail to the applicant and the appropriate licensing
23 entity a release stating that the applicant is in substantial compliance. The receipt of
24 a release shall serve to notify the applicant and the licensing entity that, for the
25 purposes of this section, the applicant is in substantial compliance with the support
26 order or payment schedule unless the agency, under (a) of this section, certifies
27 subsequent to the issuance of a release that the applicant is once again not in
28 substantial compliance with a support order or payment schedule.

29 (m) The agency may enter into interagency agreements with the state agencies
30 that have responsibility for the administration of licensing entities as necessary to
31 implement this section to the extent that it is cost effective to implement the

1 interagency agreements. The agreements shall provide for the receipt by the other
2 state agencies and licensing entities of federal funds to cover that portion of costs
3 allowable in federal law and regulation and incurred by the state agencies and licensing
4 entities in implementing this section.

5 (n) Notwithstanding any other provision of law, the licensing entities subject
6 to this section shall assess a fee for issuance of a temporary license under this section.
7 The licensing entity shall set the amount of the fee so that the fees collected under this
8 section cover the costs of implementing and administering this section.

9 (o) The process described in (g) of this section is the sole administrative
10 remedy for contesting the issuance to the applicant of a temporary license or the denial
11 of a license under this section. The procedures specified in AS 44.62.330 - 44.62.630
12 (Administrative Procedure Act) do not apply to the denial or failure to issue or renew
13 a license under this section.

14 (p) The agency and licensing entities, as appropriate, shall adopt regulations
15 necessary to implement this section.

16 (q) In this section,

17 (1) "applicant" means a person applying for issuance or renewal of a
18 license;

19 (2) "license"

20 (A) means, except as provided in (B) of this paragraph, a
21 license, certificate, permit, registration, or other authorization that, at the time
22 of issuance, will be valid for more than 150 days that may be acquired from
23 a state agency to perform an occupation, including the following:

24 (i) license relating to boxing or wrestling under
25 AS 05.10;

26 (ii) authorization to perform an occupation regulated
27 under AS 08;

28 (iii) teacher certificate under AS 14.20;

29 (iv) authorization under AS 18.08 to perform emergency
30 medical services;

31 (v) asbestos worker certification under AS 18.31;

- 1 (vi) boiler operator's license under AS 18.60.395;
2 (vii) certificate of fitness under AS 18.62;
3 (viii) hazardous painting certification under AS 18.63;
4 (ix) security guard license under AS 18.65.400 -
5 18.65.490;
6 (x) license relating to insurance under AS 21.27;
7 (xi) employment agency permit under AS 23.15.330 -
8 23.15.520;
9 (xii) registration as a broker-dealer, agent, or investment
10 adviser under AS 45.55.030;
11 (xiii) certification as a pesticide applicator under
12 AS 46.03.320;
13 (xiv) certification as a storage tank worker or contractor
14 under AS 46.03.375; and
15 (xv) certification as a water and wastewater works
16 operator under AS 46.30;
17 (B) does not include
18 (i) a vessel license issued under AS 16.05.490 or
19 16.05.530;
20 (ii) a commercial fishing license under AS 16.05.480,
21 including a crewmember fishing license;
22 (iii) an entry permit or interim-use permit issued under
23 AS 16.43;
24 (iv) a license issued under AS 47.35;
25 (v) a business license issued under AS 43.70; or
26 (vi) a driver's license issued under AS 28.15;
27 (3) "licensee" means a person holding a license or applying to renew
28 a license;
29 (4) "licensing entity" means the state agency that issues or renews a
30 license; in the case of a license issued or renewed by the Department of Commerce
31 and Economic Development after an applicant's qualifications are determined by

1 another agency, "licensing entity" means the department;

2 (5) "list" means the list of obligors compiled and maintained under (a)
3 of this section;

4 (6) "substantial compliance with a support order or payment schedule"
5 means that, with respect to a support order or a negotiated payment schedule under (g)
6 of this section, whichever is applicable, the obligor has no more than \$2,500 past due
7 and has cumulatively paid an amount equal to or greater than the amount due for eight
8 months during the past 12 months; with respect to a support order or payment schedule
9 that has been in effect for less than one year, "substantial compliance" means that the
10 obligor has no more than \$2,500 past due and has cumulatively paid an amount equal
11 to or greater than 67 percent of the amount due during the period the support order or
12 payment schedule has been in effect.

13 Sec. 25.27.246. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S
14 DRIVER'S LICENSE. (a) The agency shall compile and maintain a list of obligors
15 who have a driver's license and are not in substantial compliance with a support order
16 or payment schedule negotiated under (f)(1) of this section. The list must include the
17 names, social security numbers, dates of birth, and last known addresses of the
18 obligors. The list shall be updated by the agency on a monthly basis.

19 (b) The agency shall serve notice under (d) of this section to each person on
20 the list that the person's driver's license will be suspended in 150 days, and will not
21 be reissued or renewed the next time it is applied for if the person's name is on the list
22 at the time of the subsequent application, unless the licensee receives a release from
23 the agency. The notice shall be considered given when delivered personally to the
24 obligor or deposited in the U.S. mail addressed to the obligor's last known mailing
25 address on file with the agency.

26 (c) If the licensee fails to obtain a release during the 150-day period following
27 notice under (b) and (d) of this section, the agency shall notify the department that the
28 licensee's driver's license should be suspended and further renewals or applications
29 should be denied until the agency sends the department a release for the licensee.
30 Upon receiving the agency's notice under this subsection, the department shall suspend
31 the licensee's driver's license and may not issue or renew a driver's license for the

1 licensee until the department receives a release to do so from the agency. If a license
2 or application is suspended or denied under this section, funds paid by the applicant
3 or licensee may not be refunded by the department.

4 (d) The notice under (b) of this section must include the address and telephone
5 number of the agency and shall emphasize the necessity of obtaining a release from
6 the agency as a condition for avoiding suspension or denial of the person's driver's
7 license. The notice must also inform the licensee that, if a license or application is
8 suspended or denied under this section, funds paid by the licensee will not be refunded
9 by the department. The agency shall also develop a form that the licensee may use
10 to request a review by the agency. A copy of this form shall be included with each
11 notice sent under (b) of this section.

12 (e) The agency shall establish review procedures consistent with this section
13 to allow a licensee to have the underlying arrearage and relevant defenses investigated,
14 to provide a licensee with information on the process of obtaining a modification of
15 a support order, or to provide a licensee with assistance in the establishment of a
16 payment schedule on arrearages if the circumstances warrant.

17 (f) If a licensee wishes to challenge being included on the list, the licensee
18 shall submit to the agency a written request for review within 30 days after the notice
19 under (b) of this section was personally delivered or postmarked by using the form
20 developed under (d) of this section. Within 30 days after receiving a written request
21 for review, the agency shall inform the licensee in writing of the agency's findings.
22 The agency shall immediately send a release to the department and the licensee if any
23 of the following conditions is met:

24 (1) the licensee is found to be in substantial compliance with each
25 support order applicable to the licensee or has negotiated an agreement with the agency
26 for a payment schedule on arrearages and is in substantial compliance with the
27 negotiated agreement; if the licensee fails to be in substantial compliance with an
28 agreement negotiated under this paragraph, the agency shall send to the department a
29 revocation of any release previously sent to the entity for that licensee;

30 (2) the licensee has submitted a timely request for review to the
31 agency, but the agency will be unable to complete the review and send notice of

1 findings to the licensee in sufficient time for the licensee to file a timely request for
2 judicial relief within the 150-day period before the licensee's license will be suspended
3 under (c) of this section; this paragraph applies only if the delay in completing the
4 review process is not the result of the licensee's failure to act in a reasonable, timely,
5 and diligent manner upon receiving notice from the agency that the licensee's driver's
6 license will be suspended in 150 days;

7 (3) the licensee has, within 30 days after receiving the agency's findings
8 following a request for review under (2) of this subsection, filed and served a request
9 for judicial relief under this section, but a resolution of that relief will not be made
10 within the 150-day period before license suspension under (c) of this section; this
11 paragraph applies only if the delay in completing the judicial relief process is not the
12 result of the licensee's failure to act in a reasonable, timely, and diligent manner upon
13 receiving the agency's notice of findings; or

14 (4) the licensee has obtained a judicial finding of substantial
15 compliance.

16 (g) A licensee is required to act with diligence in responding to notices from
17 the agency with the recognition that the person's driver's license will be suspended
18 after 150 days or that a subsequent license will not be issued and that the agency and,
19 where appropriate, the court must have time to act within that 150-day period or before
20 the subsequent license is needed, as applicable. A licensee's delay in acting, without
21 good cause, that directly results in the inability of the agency to complete a review of
22 the licensee's request or the court to hear the request for judicial relief within the
23 required period does not constitute the diligence required under this section that would
24 justify the issuance of a release.

25 (h) Except as otherwise provided in this section, the agency may not issue a
26 release if the applicant is not in substantial compliance with the order for support or
27 is not in substantial compliance with an agreement negotiated under (f)(1) of this
28 section. The agency shall notify the licensee in writing that the licensee may request
29 any or all of the following: (1) judicial relief from the agency's decision not to issue
30 a release or the agency's decision to revoke a release under (f)(1) of this section; (2)
31 a judicial determination of substantial compliance; (3) a modification of the support

1 order. The notice must also contain the name and address of the court in which the
2 licensee may file the request for relief and inform the licensee that the licensee's name
3 shall remain on the list if the licensee does not request judicial relief within 30 days
4 after receiving the notice. The licensee shall comply with all statutes and rules of
5 court implementing this section. This section does not limit a licensee's authority
6 under other law to request an order to show cause or notice of motion to modify a
7 support order or to fix a payment schedule on arrearages accruing under a support
8 order or to obtain a court finding of substantial compliance with a support order.

9 (i) A request for judicial relief from the agency's decision must state the
10 grounds on which relief is requested and the judicial action shall be limited to those
11 stated grounds. Judicial relief under this subsection is not an appeal, and shall be
12 governed by court rules adopted to implement this section. Unless otherwise provided
13 by court rule, the court shall hold an evidentiary hearing within 20 calendar days of
14 the filing of service on the opposing party. The court's decision shall be limited to a
15 determination of each of the following issues:

16 (1) whether there is a support order or a payment schedule on
17 arrearages;

18 (2) whether the petitioner is the obligor covered by the support order;
19 and

20 (3) whether the obligor is in substantial compliance with the support
21 order or payment schedule.

22 (j) If the court finds that the obligor is in substantial compliance with the
23 support order or payment schedule, the agency shall immediately send a release under
24 (f) of this section to the department and the licensee.

25 (k) When the obligor is in substantial compliance with a support order or
26 payment schedule, the agency shall mail to the applicant and the department a release
27 stating that the licensee is in substantial compliance. The receipt of a release shall
28 serve to notify the licensee and the department that, for the purposes of this section,
29 the applicant is in substantial compliance with the support order or payment schedule
30 unless the agency, under (a) of this section, certifies subsequent to the issuance of a
31 release that the licensee is once again not in substantial compliance with a support

1 order or payment schedule.

2 (l) The process described in (f) of this section is the sole administrative
3 remedy for contesting the suspension or the denial of a driver's license under this
4 section. The procedures specified in AS 28 or AS 44.62.330 - 44.62.630
5 (Administrative Procedure Act) do not apply to the suspension or failure to issue or
6 renew a license under this section.

7 (m) The agency and department, as appropriate, shall adopt regulations
8 necessary to implement this section.

9 (n) In this section,

10 (1) "department" means the Department of Public Safety;

11 (2) "driver's license" or "license" means a driver's license, as defined
12 in AS 28.40.100;

13 (3) "licensee" means a person holding or requesting a driver's license;

14 (4) "list" means the list of obligors compiled and maintained under (a)
15 of this section;

16 (5) "substantial compliance with a support order or payment schedule"
17 means that, with respect to a support order or a negotiated payment schedule under (f)
18 of this section, whichever is applicable, the obligor has no more than \$2,500 past due
19 and has cumulatively paid an amount equal to or greater than the amount due for eight
20 months during the past 12 months; with respect to a support order or payment schedule
21 that has been in effect for less than one year, "substantial compliance" means that the
22 obligor has no more than \$2,500 past due and has cumulatively paid an amount equal
23 to or greater than 67 percent of the amount due during the period the support order or
24 payment schedule has been in effect.

25 * Sec. 2. AS 47.25.360 is amended to read:

26 Sec. 47.25.360. GRANTING OF ASSISTANCE. Upon the completion of the
27 investigation, the department shall decide whether the child is eligible for assistance
28 under AS 47.25.310 - 47.25.420, the amount of assistance, and the date on which it
29 starts. The department shall notify the person having custody of the child of its
30 decision. Except as provided in AS 47.25.362(b), the [THE] assistance shall be paid
31 monthly to the person having custody of the child upon order of the department.

1 * Sec. 3. AS 47.25 is amended by adding a new section to read:

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

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

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

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

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

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

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

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

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

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

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

31 (1) the natural parent of a dependent child living in the same

1 household; or

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

3 * Sec. 4. AS 47.25.310(c) is repealed.

4 * Sec. 5. REPORT. (a) In furtherance of the public policy of increasing child support
5 enforcement and collections, on or before January 1, 1998, the child support enforcement
6 agency shall make a report to the legislature and the governor based on data collected by the
7 licensing entities and the agency in a format prescribed by the agency. The report must
8 contain

9 (1) the number of delinquent obligors on the lists maintained by the agency
10 under AS 25.27.244 - 25.27.246, enacted by sec. 1 of this Act;

11 (2) the number of delinquent obligors who also were applicants or licensees
12 subject to AS 25.27.244 - 25.27.246, enacted by sec. 1 of this Act;

13 (3) the number of new licenses and renewals that were delayed or denied and
14 temporary licenses issued subject to AS 25.27.244 and the number of new licenses and
15 renewals granted following receipt by licensing entities of releases under AS 25.27.244 by
16 July 1, 1997;

17 (4) the number of licenses under AS 28.15 that were suspended under
18 AS 25.27.246 and the number of licenses under AS 28.15 that were reinstated following
19 receipt by the Department of Public Safety of releases under AS 25.27.246 by July 1, 1997;
20 and

21 (5) the costs incurred in the implementation and enforcement of AS 25.27.244
22 - 25.27.246, enacted by sec. 1 of this Act.

23 (b) A licensing entity receiving an inquiry from the agency under (a) of this section
24 shall cooperate with the agency. When queried as to the licensed status of an applicant who
25 has had a license denied or suspended under AS 25.27.244 or 25.27.246 or has been granted
26 a temporary license under AS 25.27.244, the licensing entity shall respond only that the
27 license was denied or suspended or that the temporary license was issued.

28 * Sec. 6. WAIVER APPLICATION. (a) The Department of Health and Social Services
29 shall, by February 15, 1996, seek appropriate waivers from the federal government to
30 implement the AFDC demonstration projects described in secs. 7 - 11 of this Act. To the
31 extent that the federal government approves the necessary waivers, the department shall

1 implement the projects. The purposes of the projects are to promote personal responsibility
2 and self-sufficiency.

3 (b) At a minimum, the department shall implement secs. 8 - 11 of this Act as four
4 separate projects in four different areas of the state, with at least one project in a municipality
5 with a population over 25,000, one in a municipality with a population between 5,000 and
6 25,000, and one in a municipality or community with a population under 5,000. If the
7 department determines that more than one project can be efficiently and usefully operated in
8 the same area at the same time the department may operate more than one project in the same
9 area as a fifth project, subject to federal approval of the appropriate waivers.

10 (c) Notwithstanding (a) of this section, if changes in federal statutes or regulations
11 occur after the effective date of this section and would have a major effect on the design,
12 implementation, or operation of the project, the department shall

13 (1) apply for and implement only the waivers that relate to the parts of the
14 project that are not substantially affected by the changes in federal statutes or regulations; if
15 the department determines that the parts of the project that are not substantially affected by
16 the federal changes do not comprise a fiscally responsible project, the department is not
17 required to apply for or implement waivers under this Act and may discontinue operation of
18 the project under waivers that were implemented before the federal changes occurred;

19 (2) report to the legislature its recommendations for changes in its statutory
20 authority that may be needed in order to implement a fiscally responsible project in light of
21 conflicting or permissive changes in federal statutes or regulations.

22 * Sec. 7. EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO
23 ALLOWANCE. When determining the AFDC eligibility of a family that is participating in
24 a project under secs. 8 - 10 of this Act and when determining the amount of assistance to
25 which the family is entitled, the department shall

26 (1) disregard, for 24 months, \$200 plus one-third of the remainder of the
27 earned income of each person in the family unless federal regulations require that more earned
28 income of a person must be disregarded; for a family that applies for AFDC after this
29 paragraph has been implemented, this 24 months begins with the month for which the family
30 is first granted AFDC; for a family that is already receiving assistance when this paragraph
31 is implemented, this 24 months begins with the first month during which this paragraph is

1 implemented:

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

5 (3) allow the exclusion of \$5,000 of the combined equity of motor vehicles
6 used by the family for basic family transportation, transportation of a disabled child in the
7 household, or transportation of a member of the family to or from employment, training, or
8 participation in an activity required under secs. 8 - 9 of this Act; if the combined equity of
9 vehicles described in this paragraph exceeds \$5,000, the department shall apply the excess
10 equity amount toward the asset limit otherwise applicable to the family.

11 * Sec. 8. WORKFARE. (a) The department shall operate a workfare project. Each
12 member of a family in the workfare project area who is 18 years of age or older shall
13 participate for 21 hours a week in an uncompensated activity if assigned to the activity by the
14 department. The department shall assess the availability of activities that satisfy the purposes
15 of this subsection in the project area and attempt to develop additional activities where
16 necessary. When assessing the availability of activities that are suitable as uncompensated
17 activities under this section and in assigning persons to those activities, the department shall
18 consider activities recommended by governmental representatives of boroughs, cities, and
19 communities and others in the project area. The activities may include provision of child care
20 for other project participants, community work experience, work-related training programs,
21 high school completion, GED programs, or culturally relevant subsistence activities. The
22 department shall penalize the family for failure of a person to comply with this subsection by
23 disregarding that person as a member of the family for purposes of determining the amount
24 of AFDC assistance given to the family.

25 (b) If organizations exist in the project area that have had successful experience in
26 conducting employment placement services, community services, and job training programs,
27 the department shall offer on a competitive basis contracts to those organizations to administer
28 (a) of this section. A contract under this subsection must provide that the department shall
29 make the determinations required under (c) and (d) of this section and the contractor shall
30 perform the duties assigned to the department under (a) of this section with respect to
31 uncompensated activities, including assessment of their availability, development of additional

1 activities, consideration of activities recommended by governmental representatives, and
2 assignment of persons to specific activities after referral of those persons to the contractor by
3 the department. The department may authorize a contractor under this subsection to

4 (1) provide AFDC benefits to participant families in amounts and forms the
5 contractor determines are appropriate to the circumstances of the family and appropriate under
6 the terms of the contract with the department;

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

10 (3) deny AFDC benefits to a family that fails to cooperate with services
11 offered and activities required under the pilot project administered by the contractor; a family
12 denied benefits under this paragraph may appeal that determination to the department under
13 AS 47.25.370 for review of whether the denial was appropriate under department regulations
14 governing administration of the project.

15 (c) The requirement to participate in an uncompensated activity under (a) of this
16 section does not apply to a person who

17 (1) has paid employment of at least 15 hours a week; a person who has paid
18 employment of less than 15 hours a week shall participate in an uncompensated activity
19 assigned under (a) of this section for the number of hours that, when added to the hours of
20 paid employment, equals 21;

21 (2) is exempt from participating in an activity under AS 47.25.421 - 47.25.429
22 (JOBS program);

23 (3) is enrolled as a full-time student in good standing in a career education
24 program, college or university, as defined in regulations adopted under AS 14.43;

25 (4) is the parent or other relative of a child under six years of age living in the
26 same household who personally provides care for the child;

27 (5) is determined, according to regulations of the department, to be physically
28 or mentally unable to perform any reasonable activity that may be assigned under this section;
29 or

30 (6) is a parent who is providing care for a child with a developmental disability
31 as defined by AS 47.80.900.

1 (d) Notwithstanding (a) of this section, the department may not require a person to
2 participate in an uncompensated activity under (a) of this section unless the department agrees
3 to pay for

4 (1) costs of child care determined by the department to be necessary for the
5 person's participation; and

6 (2) transportation expenses determined by the department to be necessary for
7 the person's participation in the activity.

8 (e) In this section, "project area" means the area chosen by the department in which
9 to operate the workfare project described in this section.

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

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

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

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

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

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

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

31 (b) The services and referrals to be provided by the department and the activities to

1 be included in a family plan may include

2 (1) child care services;

3 (2) uncompensated community work experience;

4 (3) work-related training programs;

5 (4) high school completion or GED programs;

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

7 (6) culturally relevant subsistence activities;

8 (7) placement in paid employment; and

9 (8) referral to other services and programs that may improve the family's

10 employability or self-sufficiency.

11 (c) The department shall deny AFDC benefits to a family that is assigned to
12 participate in the project under this section if the family fails to cooperate in the development
13 of a family plan or fails to sign a family contract as required by (a) of this section. A family
14 assigned to participate in the project under this section that is denied AFDC benefits under
15 this subsection shall be provided the opportunity for a fair hearing under AS 47.25.370 to
16 determine whether benefits were properly denied under the statutes and regulations governing
17 the project.

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

20 * Sec. 10. SELF-EMPLOYMENT PROJECT. (a) The Department of Health and Social
21 Services shall operate a self-employment demonstration project for the purpose of allowing
22 individual recipients of Aid to Families with Dependent Children (AFDC) assistance under
23 AS 47.25.310 - AS 47.25.429 to reduce their need for public assistance by establishing and
24 operating a microenterprise. Under the self-employment demonstration project, a recipient
25 may accumulate certain resources needed to acquire business skills or to establish and operate
26 a microenterprise without becoming ineligible for AFDC assistance.

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

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

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

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

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

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

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

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

23 (g) In this section,

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

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

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

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

31 (A) business loans;

- 1 (B) capital equipment;
2 (C) inventory; and
3 (D) all other assets required for the operation of the microenterprise;
4 (5) "net business income" means all business income minus all of the
5 following:
6 (A) business loan payments;
7 (B) business taxes;
8 (C) expenditures for vehicles vital to the business operations;
9 (D) cash retained in the microenterprise;
10 (E) insurance expenditures;
11 (F) inventory raw material expense;
12 (G) transportation expenditures;
13 (H) office supplies;
14 (I) professional services, including accounting, legal, or other consulting
15 services;
16 (J) delivery charges and supplies;
17 (K) commissions, salaries, wages, and other employment benefits,
18 including dental and vision care;
19 (L) postage;
20 (M) rent;
21 (N) utilities;
22 (O) telephone expenses;
23 (P) advertising and other marketing and promotional costs; and
24 (Q) training and professional development expenses.

25 * Sec. 11. DIVERSION PROJECT. (a) The Department of Health and Social Services
26 shall operate a diversion project that is designed to increase family income through
27 employment and child support payments by offering lump-sum diversion payments in place
28 of ongoing financial assistance under the Aid to Families with Dependent Children (AFDC)
29 program. A diversion payment may be offered to an applicant for AFDC who is job-ready
30 and who needs short-term financial assistance to meet critical needs in order to secure
31 employment and support for the applicant's family.

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

5 (1) having the AFDC application processed under AS 47.25.310 - 47.25.429;
6 or

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

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

12 (1) \$1,000 for a family that includes one AFDC-eligible individual;

13 (2) \$1,500 for a family that includes two AFDC-eligible individuals;

14 (3) \$2,000 for a family that includes three AFDC-eligible individuals;

15 (4) \$2,500 for a family that includes four or more AFDC-eligible individuals.

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

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

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

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

28 (e) A family that receives a diversion payment may not receive another diversion
29 payment before the 12th month following the month in which it last received a diversion
30 payment.

31 (f) To the extent that a provision of this section is inconsistent with AS 25.27.120 or

1 25.27.130, or with a provision of AS 47.25.310 - 47.25.429, the provision of this section
2 governs.

3 * Sec. 12. COOPERATION. State agencies shall cooperate with the department to the
4 extent necessary to implement secs. 6 - 13 of this Act.

5 * Sec. 13. DEFINITIONS. In secs. 6 - 13 of this Act,

6 (1) "AFDC" means the program of aid to families with dependent children
7 under AS 47.25.310 - 47.25.420;

8 (2) "department" means the Department of Health and Social Services.

9 * Sec. 14. IMMUNITY FROM LIABILITY. (a) The Department of Health and Social
10 Services, and its employees, agents, and grantees, are not liable for civil damages as a result
11 of an act or omission in the implementation, operation, or administration of an authorized
12 project under secs. 6 - 13 of this Act.

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

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

17 * Sec. 15. AFDC PAYMENT LEVELS. Notwithstanding AS 47.25.320(a)(1) - (3), the
18 maximum amounts of assistance under AS 47.25.320(a) may not exceed the following, subject
19 to adjustments under other laws:

20 (1) dependent child living with nonneedy relative: \$451 a month, plus \$100
21 a month for each additional child;

22 (2) dependent child living with parent:

23 (A) for a parent and one dependent child, a maximum of \$806 a month;

24 (B) for each additional child, or for a second parent, \$100 a month per

25 individual;

26 (3) pregnant woman who is otherwise eligible for assistance under
27 AS 47.25.320 or a single-person household that does not consist of a dependent child: \$505
28 a month.

29 * Sec. 16. REGULATIONS. (a) The Department of Health and Social Services shall
30 adopt regulations necessary to implement secs. 6 - 15 of this Act. The regulations adopted
31 by the department may include

1 (1) eligibility criteria for the projects described in secs. 7 - 11 of this Act that
2 differ from eligibility requirements in AS 47.25.310 - AS 47.25.429 and the regulations
3 adopted under those statutes;

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

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

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

10 (b) The Department of Revenue, child support enforcement agency, may adopt
11 regulations necessary to implement sec. 11 of this Act.

12 * Sec. 17. TRANSITION. The Department of Health and Social Services and the
13 Department of Revenue, child support enforcement agency, may proceed to adopt regulations
14 necessary to implement this Act. The regulations to implement a section of this Act take
15 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the
16 relevant section of this Act.

17 * Sec. 18. Sections 2 - 4, 6, and 12 - 17 of this Act take effect immediately under
18 AS 01.10.070(c).

19 * Sec. 19. (a) Sections 7 - 11 of this Act take effect on the effective date of the federal
20 government's approval of the relevant waiver application made under sec. 6 of this Act.

21 (b) If the Department of Health and Social Services determines that federal statutes
22 do not require waivers for one or more of the projects outlined in secs. 7 - 11 of this Act, the
23 effective date of the relevant section is January 1, 1996, or the effective date of the federal
24 law, whichever is later.

25 (c) The commissioner of health and social services shall notify the revisor of statutes
26 and the lieutenant governor of the effective date of each of secs. 7 - 11 of this Act and of
27 whether the effective date was determined by a waiver approval or a determination that a
28 waiver is not necessary.

29 * Sec. 20. Section 1 of this Act takes effect January 1, 1996.

30 * Sec. 21. Sections 6 - 19 of this Act are repealed July 1, 2001.

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 5, 1995

FURTHER REFERRALS:

Date of Committee Action: 5/1/95

The FINANCE Committee considered:

HB 78

HOUSE BILL NO. 78

PUBLIC ASSIST. DEMO PROJECT & DECREASE

"An Act relating to the maximum amount of assistance that may be granted under the adult public assistance program and the program of aid to families with dependent children; proposing a special demonstration project within the program of aid to families with dependent children and directing the Department of Health and Social Services to seek waivers from the federal government to implement the project."

recommends it be replaced with the following committee substitute CS HB 78 (FIN) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

(1) fiscal note(s) (1) DP3 (1) DOE (1) REV (2) HESS (3) DCED (2) LABOR (2) fiscal note(s) HESS #1 - #12 4/5/95

(1) DEC zero fiscal note(s) zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	FOSTER	X			
<i>Mark Hanley</i>	HANLEY	X			
<i>Alan Mulder</i>	MULDER	X			
<i>Terry Martin</i>	MARTIN			X	
<i>Leah Parnell</i>	PARNELL				X
<i>Kim Kohring</i>	KOHRING	X			
<i>Ben Grussendorf</i>	GRUSSENDORF				X
<i>Tom Brown</i>	BROWN				✓
<i>Willy Navarre</i>	NAVARRE			X	
<i>Craig Theriault</i>	THERIAULT				X

CO CHAIR'S SIGNATURE *Mark Hanley* *Richard Foster*
Hanley FOSTER

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: March 17, 1995 Department: Commerce and Economic Development
 Title: An Act relating to certain licenses.... for persons BRU: Occupational Licensing
who are not in substantial compliance...with child support... Component: Operations
 Sponsor: Senator Ellis
 Requestor: Senator Ellis COMPONENT SERIAL #: 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	41.5	41.5	41.5	41.5	41.5	41.5
TRAVEL	5.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	29.7	29.7	29.7	29.7	29.7	29.7
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	8.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	83.5	77.2	77.2	77.2	77.2	77.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	83.5	77.2	77.2	77.2	77.2	77.2
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (Inter Agency Receipts)	83.5	77.2	77.2	77.2	77.2	77.2
TOTAL	83.5	77.2	77.2	77.2	77.2	77.2

Estimate of any current year (FY 95) cost: \$ 0.0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

SB 109 prohibits the division of occupational licensing from issuing or renewing a license for a person who is not in compliance with orders, judgments, or payment schedules for child support. To comply with this bill, the division will be responsible for adapting the division's computerized licensing records to compare with the records provided by the child support enforcement division, coordinating the notification of applicants who are not in compliance, issuing the temporary licenses provided for in the bill, and responding to inquiries and complaints made to the division for refusing to issue or renew a license. (Continued on attached pages.)

Prepared by: Jennifer Strickler, Admin. Officer Phone: 465-2144
 Division: Occupational Licensing Date: 3/17/95
 Approved by Commissioner: William L. Hensley Date: 3/24/95
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: _____
Title: Child Support Nonpayment/Licensing Ban
Sponsor: Senator Ellis
Requestor: _____

Department: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. _____ #354

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	26.0	21.2	21.2	21.2	21.2	21.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	26.0	21.2	21.2	21.2	21.2	21.2

CAPITAL EXPENDITURES _____

CHANGE IN REVENUES _____

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1007 Interagency Receipts	26.0	21.2	21.2	21.2	21.2	21.2
TOTAL	26.0	21.2	21.2	21.2	21.2	21.2

Estimate of any current year (FY 95) cost: \$ 0.0

POSITIONS	
FULL-TIME	
PART-TIME	
TEMPORARY	

ANALYSIS: (Attach a separate page if necessary)

There are three divisions impacted by this legislation within the Department of Commerce & Economic Development: Insurance; Banking, Securities, & Corp.; and Occupational Licensing. Each division is preparing a fiscal note which reflects one-third of the cost of an Analyst/Programmer IV, R-19 since each of our licensing programs will have to be modified and maintained for the new licensing and notice requirements to be implemented by this legislation. It is the intent of each division to RSA these funds to DCED's Division of Administrative Services since the data processing unit for the department is within that division.

Prepared by: Joan Brown, Administrative Officer *[Signature]* Phone: 465-2597
 Division: Insurance Date: 3/13/95
 Approved by Commissioner: William L. Hensley *[Signature]* Date: 3/24/95
 Agency: Commerce and Economic Development

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: _____
Title: Child Support Nonpayment/Licensing Ban
Sponsor: Senator Ellis
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Banking, Securities and Corporations
Component: Banking, Securities and Corporations
COMPONENT SERIAL NO. 1233

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	29.1	24.3	24.3	24.3	24.3	24.3
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	29.1	24.3	24.3	24.3	24.3	24.3
CAPITAL EXPENDITURES	0	0	0	0	0	0
CHANGE IN REVENUES ()	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1007 Interagency Receipts	29.1	24.3	24.3	24.3	24.3	24.3
TOTAL	29.1	24.3	24.3	24.3	24.3	24.3

Estimate of current year (FY 95) cost: \$ 0

POSITIONS

FULL-TIME	.33	.33	.33	.33	.33	.33
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

- \$26.0 for FY 96 and \$21.2 for the remaining years will be used to fund one-third of an analyst/programmer for the Department of Commerce and Economic Development. This person will be shared by the Division of Banking, Securities and Corporations, Division of Insurance, and the Division of Occupational Licensing. This position is necessary to program and maintain the programs for matching records.
- \$3.1 is the cost of receiving a 9-track ASCII tape, bimonthly, from the Central Registration Depository (CRD). The CRD is the central national agency for licensing security agents and broker dealers. The cost is \$510 per tape x 6 tapes per year.

Prepared by: Willis F. Kirkpatrick, Director
Division: Banking, Securities and Corporations

Phone: 465-2521
Date: 3-10-95

Approved by Commissioner: William L. Hensley
Agency: Commerce and Economic Development

Date: 3-24-95

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STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. 89 HB 78 (FIN)

Revision Date: _____
 Title: Certain licenses for persons who are not
in compliance with child support orders/payments
 Sponsor: Ellis
 Requestor: House STA

Dept. Affected: Health and Social Services
 BRU: State Health Services
 Component: EMS Training & Licensing
 COMPONENT SERIAL NO. 297
 See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	1.0	1.0	1.0	1.0	1.0	1.0
TRAVEL						
CONTRACTUAL	0.5	0.2	0.2	0.2	0.2	0.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1.5	1.2	1.2	1.2	1.2	1.2

CAPITAL EXPENDITURES

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CHANGES IN REVENUES ()

--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify) 1007 I/A	1.5	1.2	1.2	1.2	1.2	1.2
TOTAL	1.5	1.2	1.2	1.2	1.2	1.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY95) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Most of the reviewing of licensing will be done during the renewal period of November through February. During this time, it is estimated that 40 hours of overtime will be required @ \$24.42/hour or \$976.80.

In addition, \$0.2 will be needed for the extra postage and printing of temporary licenses. During the first year \$0.3 will be needed for modifying the data base which will allow for electronic check of records against the list of debtors.

The funds will be transferred from the Department of Revenue, Child Support Enforcement Division for these activities.

There is no impact on FY95.

Prepared by: Peter M. Nakamura, MD, MPH
 Division: Public Health

Phone: (907) 465-3090
 Date: 03/09/95

Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Date: 3/10/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO.:

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS FOR SB 109

Last year, the child support enforcement division estimated the number of licensees not in compliance with child support requirements to be between 1,350 and 5,000. A preliminary match of occupational licensees against the child support database reported a 5,200 match in names although not all of these individuals may be in violation of child support requirements. Therefore, this fiscal note is based on the lower estimate of 1,350.

The estimated costs to the division of occupational licensing to implement SB 109 are as follows:

PERSONAL SERVICES:

\$ 41.5

The request of one position identified below is contingent upon approval of a Paralegal position requested in the division's FY 96 Operating Budget. Although the Paralegal position was requested to implement the student loan default program (a program with similar responsibilities to those established in this bill), the division anticipates utilizing part of that position to provide support to the child enforcement program as well. If the position is not authorized, this fiscal note will be revised to add staff since the one position shown below is not sufficient to fully implement the provisions of this bill alone and the division is unable to absorb further responsibilities without additional staff resources.

1 - Occupational Licensing Examiner I, Range 12, PFT, Juneau

This position will analyze the 1,350 applicants matched by computer with the child support enforcement data and provide further manual analysis to determine which applicants are not in compliance with child enforcement requirements; send notices to the applicants; communicate with child support enforcement for release information; coordinate with other licensing staff for the issuance of a temporary license; coordinate withholding of licenses with enforcement staff, etc.

TRAVEL:

\$ 5.0

The travel associated with SB 109 is for the purpose of checking on licensees who continue to practice without a license after expiration of the 150 day temporary permit. The cost identified is based on four two-day trips between Anchorage and Juneau, three two-day trips between Anchorage and Fairbanks; and trips to other areas of the state as necessary.

CONTRACTUAL:

\$ 29.7

Costs for contractual services covers:

Printing of temporary permits and licenses, \$1.0

Telephone and fax costs, \$3.5

Certified mail and other postage costs, \$4.5

Computer programming costs, \$20.7 (this funding is based on one-third of a programmer position of which full costs are anticipated to be shared with two other divisions)

SUPPLIES:

\$1.0

The cost of supplies is estimated to be \$1.0 for the new position.

EQUIPMENT: (One-time costs)

\$ 6.3

This is a one-time cost for equipment and office set-up for the new position.

TOTAL:

\$83.5

REVENUE: Inter-Agency Receipts to cover program costs.

FUND SOURCE: The division anticipates funding to be provided by inter-agency receipts from the Department of Revenue, which may include federal funding received by that department.

Fees collected by licensees affected by SB 109 can be used to offset the amount of inter-agency receipts from the Department of Revenue. Unlike the general fund program receipts from other licensing programs, the requirements of this bill do not relate to "regulation of the profession", therefore, licensing fees of an occupation will not be increased to pay for compliance with the requirements of this bill.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to certain licenses and child support SFU: Assistance Payments
 Component: AFDC
 Sponsor: Ellis
 Requestor: Senate Finance COMPONENT SERIAL NO. 120

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

'002 Federal Receipts	(90.0)	198.0	(217.9)	(239.6)	(263.5)	(289.9)
'003 GF Match	(1,152.5)	(2,535.5)	(2,389.1)	(3,068.0)	(3,374.3)	(3,712.2)
'004 GF	0.0	0.0	0.0	0.0	0.0	0.0
'005 GF Program Receipts	1,562.5	2,337.5	2,571.3	2,928.4	3,111.2	3,422.3
'006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other '007 VA Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

The Department of Revenue projects increased child support collections as a result of this legislation.

When child support collections cause the total income of an AFDC family to exceed the AFDC program income limit, the family is ineligible for AFDC. In such cases, the child support is paid directly to the family and no AFDC payment is made. Thus, the increased child support collections anticipated as a result of this legislation reduce the cost of the AFDC program.

Prepared by: Jim Nordlund, Director Phone: 465-2680
 Division: Division of Public Assistance Date: 4/21/95
 Approved by Com: Karen Perdue Date: 4/21/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

When they apply, all AFDC applicants assign to the State the right to child support collected on behalf of the AFDC child(ren) as long as the child(re) remain on AFDC. Fifty percent of the amount of child support collected on behalf of AFDC recipient families is transferred to the AFDC component as GF Program Receipts. These funds replace AFDC GF Match funds. Collections made on behalf of children whose families are eligible for AFDC do not reduce the total cost of the AFDC; they shift AFDC program funding from GF Match to GF Program Receipts.

Assumptions:

Calculations are based on the Department of Revenue projection of the increase in child support collections produced by this legislation.

The overall decrease in AFDC program costs is based on the following assumptions:

The monthly AFDC caseload is decreased by an average of 100 cases beginning in January, 1996.

The caseload reduction increases by 10 percent each fiscal year after FY 90.

Average monthly AFDC grant of cases that leave the caseload because of this legislation is \$300.

The shift in funding source calculation is based on the Department of Revenue projection of increased revenues resulting from this legislation.

Calculations**AFDC benefit cost avoidance: AFDC caseload reductions**

	<u>Total</u>	<u>GF Match</u>	<u>Fed Recipients</u>
FY 96:	(180.0)	(90.0)	(90.0)
FY 97:	(396.0)	(198.0)	(198.0)
FY 98:	(435.6)	(217.8)	(217.8)
FY 99:	(479.2)	(239.6)	(239.6)
FY 00:	(527.1)	(263.6)	(263.5)
FY 01:	(579.8)	(289.9)	(289.9)

ANALYSIS (cont.):

Shift in funding source: Collections on behalf of AFDC recipient children

	<u>GF Match</u>	<u>GF/ Prog Receipts</u>
FY 96:	(1,062.5)	1,062.5
FY 97:	(2,337.5)	2,337.5
FY 98:	(2,571.3)	2,571.3
FY 99:	(2,328.4)	2,328.4
FY 00:	(3,111.2)	3,111.2
FY 01:	(3,422.3)	3,422.3

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO: CS HB 78 (FIN)

Revision Date: _____ Dept. Affected: Public Safety
 Title: An Act relating to child support enforcement... ERU: Motor Vehicles
suspending driver's license... Component: Driver Services/Field Services
 Sponsor: Senator Ellis
 Requestor: S L & C COMPONENT SERIAL NO. 0500 & 0502

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
OPERATING						
PERSONAL SERVICES	155.5	22.7	23.2	23.2	23.3	23.3
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	22.9	11.2	11.2	11.2	11.2	11.2
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	222.8	47.7	47.7	47.7	47.7	47.7
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES (1004 Revenue Code)	582.8	183.2	183.2	183.2	183.2	183.2

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	222.8	47.7	47.7	47.7	47.7	47.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	222.8	47.7	47.7	47.7	47.7	47.7

Estimate of current year (FY 95) impact: \$ _____

POSITIONS:

FULL-TIME	4	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Juanita Hensley Phone: 465-2650
 Division: Motor Vehicles Date: 3/30/95
 Approved by Commissioner: *Ronald L. Otte* Date: 4-3-95
 Agency: Ronald L. Otte, Dept. of Public Safety

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Fiscal Note Analysis
CSSB 109 (L&C)

This bill impacts the Division of Motor Vehicles by requiring the suspension of a driver's license of any person who is not in substantial compliance with a child support order. Under the provisions of this bill, the Division of Child Support Enforcement will be required to send the notice of driver license suspension to a person who is found to be in non-compliance with a child support order. The notice will give the person 150 days to comply with the order. If after the 150 days the person is not in compliance, the Division of Child Support Enforcement will notify DMV to suspend the driver's license. Once notice is received from CSED, DMV will take action to suspend the driver's license.

The impact to DMV will be the actual suspending of the driver's license and the process of re-issuing of the license once the person is in compliance with the child support order.

CSED has notified DMV there are approximately 10,702 obligors who are in excess of \$2500.00 or more in arrears. DMV verified through a computer verification that approximately 35% of the obligors driver's licenses are currently suspended, revoked or have warrant warrants for their arrest for some reason. Because of this, it is estimated 3,500 driver's license suspensions will be generated the first year. It is further estimated after the first year's initial suspension action, the number of driver license suspensions will be reduced. It is estimated in the future years, 1,000 driver's licenses will be suspended for non-support.

The impacts from this bill will result in 7,000 updates to the driving record of the persons whose license is being suspended. One computer entry to add the suspension to the driving record; and another entry to end the suspension once the person has complied. Reinstating the driver's license will also impact the DMV field offices. The Motor Vehicle Representative will be required to see proof from CSED that the person is in compliance with their child support order before reinstating the driver's license. It is estimated 90 percent of all persons whose license is suspended will reinstate their driver's license. A \$100.00 reinstatement fee is charged anytime a person has had their license suspended or revoked within a 10 year period preceding application for a driver's license. It is estimated 1,575 individuals will pay the \$100. If the license is suspended or revoked more than one time within a 10 year period preceding application, a \$250 restatement fee is required. It is estimated 1,575 individuals will be required to pay the \$250. It is estimated the amount of additional new general fund program receipt revenue generated by this bill is approximately \$582.8 for FY96 and \$183.2 in the following years.

Total number of suspension notices received from CSED by DMV	3,500
Total number of suspension notices being ended when a person complies	3,150
Total number of license reinstatements	3,150

<u>OPERATING</u>	<u>FY96</u>	<u>FY97</u>
<u>Personal Services</u>	Salary and Benefits	
Driver Services Supervisor R14 (Juneau)	\$47.2	\$47.2
Motor Vehicle Representative II (Juneau)	\$35.1	
2 Motor Vehicle Representative II(Anch) (2 FY96 @ \$36.1)	<u>\$72.2</u>	<u>\$36.1</u>
TOTAL PERSONAL SERVICES	\$155.5	\$83.3
<u>Travel</u>		
Administrative Travel for mainline supervisor	\$1.5	\$1.5
<u>Contractual</u>		
Computer line charges (Mainframe connection) \$0.5 per workstation	\$2.0	\$1.0
Telephone lease and line charges	\$2.2	\$1.1
Office lease space allocation 880 sq ft @\$1.85 per sq ft	<u>\$19.6</u>	<u>\$9.8</u>
TOTAL CONTRACTUAL	\$23.8	\$11.9
<u>Supplies</u>		
Routine office supplies	\$2.0	\$1.0
<u>Equipment</u>		
4 Computer workstations @ \$10.0 each (One time costs)	\$40.0	
TOTAL OPERATING	\$222.8	\$97.7

Fiscal Note Analysis
CSSB 109 (L&C)

<u>REVENUE</u>	<u>FY96</u>	<u>FY97</u>
3,150 Reinstatements: 1,575 @ \$100; 1,575 @ \$250	\$551.3	
3,150 Duplicate license fees @ \$10	\$31.5	
390 Reinstatements: 495 @ \$100; 495 @ \$250		\$173.3
390 Duplicate license fees @ \$10		\$9.9
TOTAL REVENUE	\$582.8	\$183.2

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (ETM)

Revision Date: _____
Title: An act relating to certain licenses and applications for licenses.
Sponsor: Senator Ellis
Requester: Senator Ellis

Department Affected: Education
BRU: Executive Administration
Component: Teacher Certification

COMPONENT SERIAL NO. 1240

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	17.8	17.8	17.8	17.8	17.8	17.8
TRAVEL	2.0					
CONTRACTUAL	1.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	20.8	17.8	17.8	17.8	17.8	17.8
CAPITAL						

REVENUE FUND SOURCE:

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other: 1007 I/A Receipts	20.8	17.8	17.8	17.8	17.8	17.8
TOTAL	20.8	17.8	17.8	17.8	17.8	17.8

POSITIONS:

FULL-TIME	1.0					
PART-TIME	-1					
TEMPORARY						

Estimate of current year (FY95) Impact: \$ _____

ANALYSIS: (Attach a separate page if necessary.) SB 109 would require the Department of Education, Teacher Certification Office, to compare each initial and renewal certificate applicant received daily against a consolidated list of persons in noncompliance provided by the Department of Revenue. The department would need to reclassify and fill an existing vacant part-time Clerk I to an Administrative Clerk II position to assist with the additional processing required in this legislation. SB 109 would also require the State Board to adopt regulations and there would be related travel and advertising costs. Teacher Certification staff would be involved in developing department regulations. Funding would come through a RSA with the Department of Revenue, Child Support Enforcement Agency (CSED) contingent upon approval of the fiscal note for CSED.

Prepared by: Christine Niemi, Teacher Certification Administrator Phone: 465-2857
Division: Administrative Services Date: 3/24/95
Approved by Commissioner: Shirley Holloway
Agency: Education Date: 3/24/95

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FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: _____ Orig. Affecting: Revenue
 Title: Child Support Nonpayment/Licensing Ban BRU: Child Support Enforcement Division
 Sponsor: Senator Eide Component: Child Support Enforcement Division
(S) FIN COMPONENT SERIAL NO. 111

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	169.1	351.7	365.8	380.4	395.7	411.5
TRAVEL						
CONTRACTUAL	264.0	270.2	274.3	279.9	285.1	290.4
SUPPLIES	3.2	5.4	6.4	6.4	6.4	6.4
EQUIPMENT	33.1					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	519.4	628.3	647.1	666.7	687.2	708.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	1,062.5	2,337.5	2,571.3	2,828.4	3,111.2	3,422.3
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	342.8	414.7	427.1	440.0	453.5	467.5
1003 GF Mohn						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1016 Federal Incentive Payments	176.6	213.6	220.0	226.7	233.7	240.8
TOTAL	519.4	628.3	647.1	666.7	687.2	708.3

Estimate of any current year (FY95) cost: \$ 0.0

POSITIONS

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation will increase collections by approximately 25% in the first year. These increased collections will generate \$2,250,000 in AFDC reimbursement, one-half of which will be retained by the state. A fiscal status report that about 45% of the population is employed in non-traditional occupations and their wages are not reported to the Department of Labor. Self-employed obligors have a very low child support payment compliance rate. Currently 54% of Alaska with child support orders pay nothing. More than half of these individuals have the ability to pay, but work in a part or self-employed position. This legislation will insure that self-employed obligors establish a payment plan or pay their arrears to obtain or retain their occupational license. Similar legislation has been enacted in several states and is pending in Congress. (Continued on additional page)

Prepared by: Glenda Straube, Director
 Division: Child Support Enforcement Division
 Approved by: [Signature]
 Commissioner: Wilson Condon
 Agency: Dept. of Revenue

Phone: 269-6801
 Date: 4/2/95
 Date: 4/1/95

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ANALYSIS, CONTINUED:

This analysis assumes an effective date of 1/1/96 and annual cost increases of 4%. Implementation is expected to require 8 Child Support Enforcement Officer I's which will ensure prompt review of proposed license denials. Contractual costs include interdepartmental expenditures as obtained from various affected agencies. Internal operating expenditures are based on estimates used in CSED FY 96 operating budget. (See attached worksheets.) Equipment costs are reflected in FY 98 only. No State general fund contributions are anticipated as program expenditures will be offset by the increase in federal incentives provided from related AFDC collections.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: 3/30/95
 Title: Child Support Nonpayment/
Licensing Ban
 Sponsor: Representative Davies
 Requestor: House State Affairs

Department Affected: Labor
 BRU: Labor Standards & Safety
 Component: Occupational Safety &
Health
 COMPONENT SERIAL NO. 970

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	24.3	25.4	25.6	27.9	29.2	30.7
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	11.6	7.2	7.5	7.9	8.3	8.7
SUPPLIES	0.2	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	36.1	32.8	34.3	36.0	37.7	39.6

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
------------------------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTA						
1007 I/A Receipts	36.1	32.8	34.3	36.0	37.7	39.6
TOTAL	36.1	32.8	34.3	36.0	37.7	39.6

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

This fiscal analysis assumes inflation at 4.83% and an effective date of 1/1/96. We will need to increase staffing six months before effective date in order to implement program as soon as possible after effective date.

Interagency Receipts: RSA with Department of Revenue, Child Support Enforcement Division (CSED). Please see additional analysis attached.

Prepared by: John A. Abshire, Director Phone: 269-4914
 Division: Labor Standards and Safety Date: 3/30/95

Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 3/30/95

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Analysis:

SSHB 62 will require additional administrative and clerical time and costs for the Occupational Safety and Health component as follows:

- (1) When individuals apply in person for new or renewal certificates of fitness at any of five offices (Anchorage, Juneau, Fairbanks, Ketchikan, and Kenai) or at approved asbestos abatement worker training courses state-wide, the estimated increase in processing time will be 15 minutes per individual who is in substantial non-compliance with a support order. This does not include testing, proctoring, scoring or discussion of tests. Additional time will be required of program managers, when needed to assist applicants who have special concerns.
- (2) New programming, different procedures, forms, and additional mailing and reporting costs will be incurred to provide the "temporary license" renewal letters and to answer phones calls regarding the change.
- (3) Additional time will be required to process the releases and the permanent certificates, as individuals submit those to our office.
- (4) Additional time/programming to respond to the requirements of SSHB 62 at the 150 day mark.

We have approximately 2,350 renewal or new licenses requested per year by asbestos workers, explosives handlers, and hazardous painters. Of these, we are estimating that approximately 10% may be in arrears on their child support, due to the seasonal nature of many of these positions in Alaska.

In the interest of efficiency, the division is adding only one new PFT position, which will be established in the Mechanical Inspection Section where our photo ID equipment is located. However, some additional time will be required of the program staff in OSH, and it will be necessary to increase the range of the administrative clerk who works with these applicants, from a range 08 to a range 10, because of the complexity of the issues involved.

Line 100 - Personal Services	FY96	FY97
Annual overtime for 1 PFT Admin Clerk III (10F) at 5 hrs per week		
Reclass Admin Clerk II (08) to Admin Clerk III (10)		
Salary	8.8	9.2
Benefits	2.4	2.5
Annual overtime for 1 PFT OSH IH Consultant (19E/F) at 5 hours per week		
Salary	10.4	10.9
Benefits	2.7	2.8
TOTAL	24.3	25.4
Line 200 - Travel	0.0	0.0
Line 300 - Contractual Services		
Professional Services-DP Programming (FY96 one-time)	6.0	0.0
Postage @ 2.52 x 2 x 2,350 x 10% (6 months in FY96)	0.6	1.1
Long Distance, including additional incoming toll free calls	1.0	2.0
Printing - Forms, Notices, and Letterhead	0.5	0.5
DP Operations Overhead	1.2	1.2
Indirect Costs @ 12% of Salaries	2.3	2.4
	11.6	7.2
Line 400 - Commodities		
Office and DP Supplies-Year 1	0.2	0.2
	0.2	0.2
Line 500 - Equipment	0.0	0.0
TOTAL	36.1	32.8

PRESS ENTER TO CONTINUE

02/15/95

Personal Services Cost Calculations Detail

10:55:00

Position: 07-072013	Project: 0	Salary Costs:	25,364.00
Component: 07-06-07-20-16-00	Region:	Benefits Costs:	11,993.65
Scenario: 4 FY: 96	COLA %: 0.000	C.O.L.A. Costs:	0.00
		Total Costs:	37,357.65

Schedule: 2A Range: 3 Step: E & Extra Step: F
 Monthly Base Rate: 2063.00 & Extra Rate: 2127.00 (FROM SALARY SCHEDULE)
 Base Hourly Rate @ 162.50 Hours Per Month: 12.70 (FROM SALARY SCHEDULE)

Salary: for 2.5 months	- COLA	& for 9.5 months	+ COLA	Total
Annual Pay= 5,157.50	0.00	20,206.50	0.00	25,364.00
Premium Pay= 0.00	0.00			0.00
Totals= 5,157.50	0.00	20,206.50	0.00	25,364.00

Benefits:	Est. cost	+ COLA	Seas. Ind.= F	Barg. Unit= GG	Ret. Code= A
SBS=	1,554.81	0.00	SBS rate= 0.06130 * salary;	max= 3861.90	
Medicare=	253.64	0.00	Med rate= 0.01000 * salary;	max= 99999.99	
Retirement=	1,571.25	0.00	Retirement rate	0.14080 * salary	
Variable=	1,415.31	0.00	Variable benefits rate	0.055800 * salary	
Short-term=	0.00	0.00	Nonperm benefits rate	0.000000 * salary	
Fixed Ben.=	5,198.64	N/A	12.0 months @ 433.220 &	0.0 @	0.000

Before OT + Reclass SS HBGE /g

RESS ENTER TO CONTINUE

02/15/95

Personal Services Cost Calculations Detail

16:24:46

Position: 07-072018	Project: 0	Salary Costs:	34,189.70
Component: 07-06-07-20-16-00	Region:	Benefits Costs:	14,358.03
Scenario: 4 FY: 96	COLA %: 0.000	C.O.D.A. Costs:	0.00
		Total Costs:	48,547.73

Schedule: 2A Range: 10 Step: E & Extra Step: F
 Monthly Base Rate: 2328.00 & Extra Rate: 2398.00 (FROM SALARY SCHEDULE)
 Base Hourly Rate @ 162.50 Hours Per Month: 14.33 (FROM SALARY SCHEDULE)

Salary: for 2.5 months	- COLA	& for 9.5 months	+ COLA	Total
Annual Pay= 5,820.00	0.00	22,781.00	0.00	28,601.00
Premium Pay= 5,588.70	0.00			5,588.70
Totals= 11,408.70	0.00	22,781.00	0.00	34,189.70

Benefits:	Est. cost	+ COLA	Seas. Ind.= F	Barg. Unit= GG	Ret. Code= A
SBS=	2,095.82	0.00	SBS rate= 0.06130 * salary;	max= 3861.90	
Medicare=	341.89	0.00	Med rate= 0.01000 * salary;	max= 99999.99	
Retirement=	4,813.90	0.00	Retirement rate	0.14080 * salary	
Variable=	1,907.78	0.00	Variable benefits rate	0.055800 * salary	
Short-term=	0.00	0.00	Nonperm benefits rate	0.000000 * salary	
Fixed Ben.=	5,198.64	N/A	12.0 months @ 433.220 &	0.0 @	0.000

After OT + Reclass SS+B62/g

12/15/95

Position Information Inquiry/Update

10:49:22

Position: 07-072062	Project: 0	Salary Costs: 53,739.50
Component: 07-06-07-20-15-00	Region: -	Benefits Costs: 19,595.44
Scenario: 4 FY: 96	COLA % = 0.000	Total Costs: 73,334.94

Actuals from Payroll	(Status: FILLED)	Retirement Code: A

E	Step: E for 3.5 months & Step: F for 8.5 months (total: 12.00)	
05/10/16	Merit Date; use merit defaults? N (3.5 @ E & 8.5 @ F)	
2	Class/Sched Prefix: 2 Schedule: 2A (actual: 2A)	
GG	Bargaining Unit: GG	Range: 19 (actual: 19)
EBA	Location Code: EBA	Place: ANCHORAGE
P2425	Job Class Code: P2425	Title: INDUSTRIAL HYGIENIST
F	Seasonal Indic.: F	Type: FACL - FULL TIME / OMB AUTH

Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months

Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:

1=Premium pay info	2=Funding info	4=Code Translations	6=Calculations
8=Detail Report	12=Exit w/o update	Selection: 0_	

Before OT SSHB62

7

PRESS ENTER TO CONTINUE

02/15/95

Personal Services Cost Calculations Detail

10:53:41

Position: 07-072062	Project: 0	Salary Costs:	64,019.90
Component: 07-06-07-20-16-00	Region:	Benefits Costs:	22,287.04
Scenario: 4 FY: 96	COLA %: 0.000	C.O.L.A. Costs:	0.00
		Total Costs:	86,306.94

Schedule: 2A Range: 19 Step: E & Extra Step: F
 Monthly Base Rate: 4284.00 & Extra Rate: 4442.00 (FROM SALARY SCHEDULE)
 Base Hourly Rate @ 162.50 Hours Per Month: 26.36 (FROM SALARY SCHEDULE)

Salary: for 3.5 months	+ COLA	&	for 8.5 months	+ COLA	Total
Annual Pay= 14,994.00	0.00		37,757.00	0.00	52,751.00
Premium Pay= 11,268.90	0.00				11,268.90
Totals= 26,262.90	0.00		37,757.00	0.00	64,019.90

Benefits:	Est. cost	+ COLA	Seas. Ind.= F	Barg. Unit= GG	Ret. Code= A
SBC=	3,861.90	0.00	SBS rate= 0.06130 * salary;	max= 3861.90	
Medicare=	640.19	0.00	Med rate= 0.01000 * salary;	max= 99999.99	
Retirement=	9,014.00	0.00	Retirement rate	0.14080 * salary	
Variable=	3,572.31	0.00	Variable benefits rate	0.055800 * salary	
Short-term=	0.00	0.00	Nonperm benefits rate	0.000000 * salary	
Fixed Ben.=	5,198.64	N/A	12.0 months @ 433.220 &	0.0 @	0.000

After OT SSHB62

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: 3/30/95
 Title: Child Support Nonpayment/
Licensing Ban
 Sponsor: Representative Davies
 Requestor: House State Affairs

Department Affected: Labor
 BRU: Labor Standards & Safety
 Component: Mechanical Inspection

COMPONENT SERIAL NO. 346

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	37.1	38.8	40.1	41.3	42.5	43.8
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	11.9	6.7	7.0	7.4	7.7	8.1
SUPPLIES	0.2	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	4.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	53.7	45.7	47.3	48.9	50.4	52.1

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
1007 I/A	53.7	45.7	47.3	48.9	50.4	52.1
TOTAL	53.7	45.7	47.3	48.9	50.4	52.1

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year (FY95) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

This fiscal analysis assumes inflation at 4.83% and an effective date of 1/1/96. We will need to increase staffing six months before effective date in order to implement program as soon as possible after the effective date. Interagency Receipts: RSA with Department of Revenue, Child Support Enforcement Division (CSED). Please see additional analysis attached.

Prepared by: John A. Abshire, Director Phone: 269-4914
 Division: Labor Standards and Safety Date: 3/30/95

Approved by Commissioner: Tom Cashen, Commissioner
 Agency: Department of Labor Date: 3/30/95

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Analysis:

SSHB 62 will require additional administrative and clerical time and costs for the Mechanical Inspection component as follows:

(1) When individuals apply in person for new or renewal certificates of fitness at any of four offices (Anchorage, Juneau, Fairbanks, and Sitka); the estimated increase in processing time will be 15 minutes per individual who is in substantial non-compliance with a support order. This does not include testing, proctoring, scoring or discussion of tests.

(2) Renewal letters are mailed out monthly. New programming, different procedures, forms, and additional mailing and reporting costs will be incurred to provide the 'temporary' renewal letters and to answer phones calls regarding the change.

(3) Additional time will be required to process the releases and the permanent certificates, as individuals submit those to our office.

(4) Additional time/programming to respond to the requirements of SSHB 62 at the 150 day mark.

We have approximately 2,600 renewal or new licenses requested per year by electricians and plumbers, and approximately 700 boiler operator renewals per year. Of these, we are estimating that 10% may be in arrears on their child support, due to the seasonal nature of many of these positions in Alaska.

Costs for this section to implement SSHB 62 include:

	FY96	FY97
Line 100 - Personal Services		
1 PFT Admin Clerk III (10 A/B) Anchorage		
Salary	25.2	26.3
Benefits	11.9	12.5
TOTAL	37.1	38.8
 Line 200 - Travel	 0.0	 0.0
 Line 300 - Contractual Services		
Professional Services-DP Programming (FY96 one-time)	6.0	0.0
Postage @ 2.52 x 2 x 3,300 x 10% (6 months FY96)	0.8	1.7
Printing - Forms, Notices, and Letterhead	0.3	0.3
DP Operations Overhead	1.2	1.2
Telephone Installation (FY96 one-time)	0.3	0.0
Telephone Base Cost	0.3	0.3
Indirect Costs @ 12% of Salaries	3.0	3.2
	11.9	6.7
 Line 400 - Commodities		
Office and DP Supplies-Year 1	0.2	0.2
 Line 500 - Equipment		
Workstation, chair, and computer with software (FY96 one-time)	4.5	0.0
	53.7	45.7
TOTAL		

10/17/95

Position Information Inquiry/Update

12:09:52

Position: 07-07#022	Project: 0_____	Salary Costs: 25,140.00
Component: 07-06-07-20-05-00	Region: _____	Benefits Costs: 11,933.64
Scenario: 4 FY: 96	COLA % = 0.000	Total Costs: 37,073.64

 Actuals not available (Status: UNKNOWN) | Retirement Code: A

10/30/00 | Step: A for _5.0 months & Step: B for _5.0 months (total: 12.00)
 Merit Data; use merit defaults? N (0.0 % & 0.0 %)
 Class/Sched Prefix: 2 Schedule: 2A (actual:)
 Bargaining Unit: GG Range: 10 (actual:)
 Location Code: EBA Place: ANCHORAGE
 Job Class Code: P1135 Title: ADMINISTRATIVE CLERK III _____
 Seasonal Indic.: F Type: -

 Optional Override Salary Rates:
 Monthly Rate: 0.00_____ for _0.0 months & rate of 0.00_____ for _0.0 months
 Hourly Rate: 0.00_____ for _0.0 months Frozen at this rate? (Y/N): N

Press ENTER to update record; enter # or use PF key to go to another screen:
 1=Premium pay info 2=Funding info 4=Code Translations 6=Calculations
 7=MISC NEW POS DATA 8=Detail Report 12=Exit w/o update Selection: 0_

Position: 07-07#022	Project: 0	Salary Costs:	25,140.00
Component: 07-06-07-20-05-00	Region:	Benefits Costs:	11,933.64
Scenario: 4 FY: 96	COLA %: 0.000	C.O.L.A. Costs:	0.00
		Total Costs:	37,073.64

Schedule: 2A Range: 10 Step: A & Extra Step: B
 Monthly Base Rate: 2063.00 & Extra Rate: 2127.00 (FROM SALARY SCHEDULE)
 Base Hourly Rate @ 162.50 Hours Per Month: 12.70 (FROM SALARY SCHEDULE)

Salary: for 6.0 months	+ COLA	& for 6.0 months	+ COLA	Total
Annual Pay= 12,378.00	0.00	12,762.00	0.00	25,140.00
Premium Pay= 0.00	0.00			0.00
Totals= 12,378.00	0.00	12,762.00	0.00	25,140.00

Benefits:	Est. cost	+ COLA	Seas. Ind.= F	Barg. Unit= GG	Ret. Code= A
SBS=	1,541.03	0.00	SBS rate= 0.06130	* salary;	max= 3861.90
Medicare=	251.40	0.00	Med rate= 0.01000	* salary;	max= 99999.99
Retirement=	3,539.71	0.00	Retirement rate	0.14080	* salary
Variable=	1,402.81	0.00	Variable benefits rate	0.055800	* salary
Short-term=	0.00	0.00	Nonperm benefits rate	0.000000	* salary
Fixed Ben.=	5,198.64	N/A	12.0 months @	433.220 &	0.0 @ 0.000

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: _____
 Title: An Act relating to certain licenses and applications
for licenses for persons not in compliance w/ orders
 Sponsor: Representative Davies, B. Davis, Elton
 Requestor: State Affairs, Labor & Commerce, Judiciary, Finance

Department Affected: Environmental
Conservation
 BRU: Environmental Health
 Component: Palmer Laboratory

COMPONENT SERIAL NO. #651

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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 EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

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 Receipt	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

Estimate of any current year (FY95) cost: \$ 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

ANALYSIS: (Attach a separate page if necessary.)

No costs to department would be incurred if list is provided which is compatible with department's electronic capabilities.

Prepared by: Larry Jones
 Division: Director, Information and Administrative Services

Phone: 465-5010
 Date: 2/17/95

Approved by Commissioner: Lawrence Jones
 Agency: Department of Environmental Conservation

Date: _____

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FISCAL NOTE

N-1
 Bill. Version: CSHB 78 (HES)
 (H) Publish Date: 4/5/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program SRU: Assistance Payments
demonstration projects and payment reductions Component: AFDC
 Sponsor: Hanley
 Requestor: House HES COMPONENT SERIAL NO. 220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	(137.9)	(875.1)	(1,782.4)	(1,882.1)	(1,998.6)	(2,111.1)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(137.9)	(875.1)	(1,782.4)	(1,882.1)	(1,998.6)	(2,111.1)

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(62.6)	(398.1)	(811.0)	(856.3)	(909.3)	(960.5)
1003 GF Match	(62.6)	(398.2)	(811.0)	(856.4)	(909.4)	(960.6)
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 1007 I/A Receipts	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)
TOTAL	(137.9)	(875.1)	(1,782.4)	(1,882.1)	(1,998.6)	(2,111.1)

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This bill makes a permanent change to the AFDC program by adopting a federal option that allows states to require, as a condition of eligibility for AFDC benefits, that unmarried minor parents and their children live with a parent or other adult relative or in another suitable adult-supervised living arrangement. This change in law applies to all AFDC cases in the state.

This legislation also creates temporary authority for various demonstration projects designed to reshape the state's AFDC program, and authorizes the Department of Health and Social Services to apply for any federal authority necessary to operate the projects.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perede
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 4/4/95
 Date: 4/4/95

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ANALYSIS (cont.):

UNMARRIED MINOR PARENTS

This legislation adopts the federal option to require unmarried minor parents to live with a parent, adult relative or in another adult-supervised living arrangement.

Assumptions:

We anticipate no additional costs to AFDC program benefits due to this project.

Two hundred AFDC applications per year are received from unwed teen parents.

Seventy AFDC applications from teen parents require investigation each year because the teen claims that the parents' home is unsafe.

Forty percent of the cases investigated are denied benefits because the teen refuses to cooperate in the investigation or does not qualify financially because their parent(s)' income and assets disqualify them when they live at home.

The average monthly AFDC caseload is reduced by 28 cases per month. Average monthly cost per case is \$821.

Regulations take effect January 1, 1996.

FY 96 savings represent 6 months savings because of phased implementation.

Savings Calculation:

FY 96: (137.9)

FY 97 through FY 01: (275.9) per year

ANALYSIS (cont.):

DEMONSTRATION PROJECTS

The demonstration projects involve an array of services and special eligibility provisions that, under current law, require waiver of certain federal AFDC statutes and regulations. The demonstration projects include:

- A **Workfare Project** requires certain members of the experimental group benefit from increased incentives to work whether or not they are assigned to uncompensated work experience. Selected AFDC recipients are required to participate in unpaid work activities for 21 hours a week. Individuals who are employed 15 or more hours a week are exempt from the requirement. Individuals who are required to participate in workfare are subject to fiscal sanction if they do not comply with the requirement.
- An **AFDC Unemployed Parent Demonstration** designed to help two-parent AFDC families achieve economic independence. Families selected as project participants will be subject to a 36-month time limit on AFDC benefits.
- A **Self-Employment Project** provides incentives and support to families with a member who wishes to develop and operate a small business. Participants in this project are allowed to set aside up to \$10,000 to operate a self-employment business and to have up to \$500 per month in non-business income disregarded in the AFDC benefit calculation in order to build up business assets.
- A **Diversion Project** that will provide families an alternative to long-term AFDC dependency by offering job-ready AFDC applicants a one-time lump-sum cash payment to meet critical needs while they obtain employment and/or child support. Diversion projects will operate in two or more areas of the state.

All individuals in the experimental groups for the Unemployed Parent, Workfare, and Self-Employment projects receive increased incentives to work. The federal statute that prevents them from owning a vehicle worth more than \$2,500 is waived and they will instead be allowed to own up to \$5,000 in vehicle equity before the equity is counted against them. They are allowed an additional earned income disregard that increases the current time-limited \$30 and one third of the remainder to \$200 plus one third of the remainder for 24 months. The federal rule that prevents unemployed parents from working more than 100 hours per month is waived.

ANALYSIS (cont.):

General Assumptions - Demonstration Projects: (Specific assumptions for each of the four demonstration projects are set forth below.)

Each of the demonstration projects is operated under the authority of section 1115 (a) of the Social Security Act, which provides for the necessary policy waivers and requires an experimental design and a rigorous evaluation of results.

To comply with federal requirements, 70 percent of cases in each project area are randomly drawn to participate as the experimental group. Demonstration project requirements and waivers apply only to the experimental group.

Thirty percent of cases are maintained as part of the control group; normal AFDC program requirements apply to the control group.

Demonstration project operations begin July 1, 1996 and end June 30, 2001.

Project costs (Measured over the 5-year operation of the project) do not exceed baseline costs of operating the AFDC program without the project. Federal financial participation is therefore available at the AFDC 50 percent federal match rate for all project costs.

Workfare Project:**General Assumptions:**

Workfare operates in one urban area with a total caseload size of approximately 5500 cases per month. An average of 300 AFDC participants per month are engaged in unpaid work activities under workfare.

Savings Assumptions:

Five percent of the experimental group start working as a result of the increase in earned income disregards, and an additional nine percent of the experimental group start working because of the workfare demonstration, at an average of wage of \$800 per month. The average savings per case for participants who become employed is \$463 per month.

One percent of the families in the experimental group leave the AFDC caseload because of increased work incentives. Seven percent of the families in the experimental group leave the AFDC caseload because of the 21 hour-per-week workfare requirement. The average savings for each family that leaves AFDC is \$788 per month.

Three percent of the families in the project are sanctioned or denied for failure to comply with workfare requirements.

ANALYSIS (cont.):

Annual Workfare Savings:

AFDC BENEFIT SAVINGS						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
\$200 + 1/3 Earned Income Disregard & 100-Hour-Rule	0.0	(390.93)	(852.0)	(888.5)	(932.9)	(979.5)
Workfare Sanctions	0.0	(8.8)	(17.6)	(17.6)	(17.6)	(17.6)
Case Closures	0.0	(112.8)	(360.7)	(366.0)	(384.2)	(403.4)
Total Gross Savings	0.0	(796.1)	(1230.3)	(1272.1)	(1334.7)	(1400.5)

Cost Assumptions:

The annual average earned income disregard rises from \$36 per month to \$180 per month for working families.

The eligibility waivers result in 8 more eligible families each year.

Annual Workfare Costs:

AFDC BENEFIT COSTS						
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
\$200 + 1/3 Earned Income Disregard & 100-Hour-Rule	0.0	505.5	499.2	524.1	550.2	577.5
Automobile Allowance	0.0	60.3	80.4	80.4	80.4	80.4
Total Gross Costs	0.0	565.8	579.6	604.5	630.6	657.9

Workfare Project: Cost/Savings Summary

	FY96	FY97	FY98	FY99	FY00	FY01
Savings	0	(796.1)	(1230.3)	(1272.1)	(1334.7)	(1400.5)
Costs	0	(565.8)	(579.6)	(604.5)	(630.6)	(657.9)
Net Savings	0	(230.3)	(650.7)	(667.6)	(704.1)	(742.6)

ANALYSIS (cont.):**Unemployed Parent Project****General Assumptions:**

The Unemployed Parent Project operates in two urban sites with a total AFDC Unemployed Parent caseload of approximately 1100 cases per month.

Four percent of the experimental group is exempt from the project requirements because they are unable to work.

Savings Assumptions:

The project waivers increase the average monthly earnings of project participants who are already working from \$500 to \$800.

Five percent of unemployed project participants become employed at an average wage of \$800 per month as a result of the project requirements.

Savings resulting from case closures because of the 36-month time limit begin to accrue in FY 00.

One percent of families in the experimental group become ineligible for AFDC because of the demonstration project.

Three percent of the families in the project are sanctioned or denied for failure to comply with project requirements.

Cost Assumptions:

The waiver of the 100-hour rule, increase in the vehicle value allowance, and increase in the income disregard produce costs for benefits paid to families that would otherwise receive a reduced AFDC grant or be ineligible.

Calculations:

Unemployed Parent Project: Cost/Savings Summary					
	FY97	FY98	FY99	FY00	FY01
Savings	(671.2)	(887.1)	(941.9)	(603.6)	(1043.6)
Cost	541.7	577.6	603.6	632.9	662.3
Net Savings	(129.5)	(309.5)	(338.4)	(364.3)	(381.3)

ANALYSIS (cont.):**Self-Employment Project:****General Assumptions:**

The Self-Employment Project serves a maximum of 50 AFDC recipients in any month.

The average net self-employment earnings for project participants is \$700 per month.

Thirty AFDC recipients become self-employed in FY 97; 50 recipients become self-employed in each subsequent year.

Savings Assumptions:

The AFDC savings is \$505 per month for each case that becomes employed.

Three AFDC cases become ineligible for AFDC because of successful self-employment operations in FY 97 and 10 cases become ineligible in each subsequent year; the average savings for each family that leaves the caseload is \$5122 per year.

Cost Assumptions:

The new income disregards result in program costs: The average monthly income disregard for project participants is \$344 more than the regular AFDC income disregard. \$200 of this amount is due to the special allowances for self-employed and \$144 is due to the increased earned income disregards.

Calculations:

Self-Employment Project: Costs/Savings Summary					
	FY97	FY98	FY99	FY00	FY01
Savings	(151.7)	(369.6)	(420.8)	(472.0)	(523.2)
Cost	67.1	111.8	111.8	111.8	111.8
Net Savings	(84.6)	(257.8)	(309.0)	(360.2)	(411.4)

ANALYSIS (cont.):**Diversion Project****General Assumptions:**

The Diversion Project operates in two areas of the state.

In FY 97 the experimental group includes approximately 1600 applicant families. The number of applicant families increases by 1 percent per year each year thereafter.

Fifteen percent of the applicants screened into the experimental group meet the criteria for a diversion offer and accept a diversion payment rather than receiving AFDC benefits.

Savings Assumptions:

The average AFDC payment avoided for the 3 month period is \$2,364.

Fifty-five percent of the families that receive diversion payments are diverted from the AFDC program for at least 12 months.

For each Diverted family, an average of 6.5 months of AFDC expenditures is avoided.

Cost Assumptions:

In the implementation year of FY 97, 94 families receive Diversion payments; 179 families receive Diversion payments in FY 98. The number of Diversion recipients increases by 1 percent in each subsequent year.

The average diversion payment is \$1,600 per family.

Calculations:

AFDC Diversion Project: Cost/Savings Summary					
	FY97	FY98	FY99	FY00	FY01
Savings	(358.3)	(667.8)	(673.9)	(680.8)	(687.6)
Cost	203.5	379.3	382.7	386.7	390.5
Net Savings	(154.8)	(288.5)	(291.2)	(294.1)	(297.1)

ANALYSIS (cont.):

**CUMULATIVE IMPACTS OF THIS LEGISLATION ON AFDC ASSISTANCE PAYMENTS
SUMMARY**

	FY96	FY97	FY98	FY99	FY00	FY01	Totals
Minor Parents	(137.9)	(275.9)	(275.9)	(275.9)	(275.9)	(275.9)	(1517.4)
Workfare	0.0	(230.3)	(650.7)	(667.6)	(704.1)	(742.6)	(2995.3)
Unemployed Parent	0.0	(129.5)	(309.5)	(338.4)	(364.3)	(381.3)	(1523.0)
Self Employment	0.0	(84.6)	(257.8)	(309.0)	(360.2)	(411.4)	(1423.0)
Diversion	0.0	(154.8)	(288.5)	(291.2)	(294.1)	(299.9)	(1328.5)
TOTAL	(137.9)	(875.1)	(1782.4)	(1882.1)	(1998.6)	(2111.1)	(8787.2)

FISCAL NOTE

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program BRU: PA Administration
demonstration projects and payment reductions Component: Eligibility Determination
 Sponsor: Hanley
 Requestor: House HES COMPONENT SERIAL NO. 236

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	91.5	182.8	182.8	182.8	182.8	182.8
TRAVEL	1.5	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	2.5	4.0	4.0	4.0	4.0	4.0
SUPPLIES	1.3	2.0	2.0	2.0	2.0	2.0
EQUIPMENT	40.0	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	136.8	188.8	188.8	188.8	188.8	188.8
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	68.4	94.4	94.4	94.4	94.4	94.4
1003 GF Match	68.4	94.4	94.4	94.4	94.4	94.4
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 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	136.8	188.8	188.8	188.8	188.8	188.8

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

Operation of the demonstration projects and the new teen parent requirement produces the need for additional eligibility determination staff. This need is primarily due to the additional time necessary to inform members of the experimental groups of the requirements applicable to them, determine individuals' employability, establish contracts with families, and monitor compliance.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by: Karen Perdue
 Agency: Department of Health & Social Services

Phone: 465-2580
 Date: 4/4/95
 Date: 4/4/95

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ANALYSIS (cont.):Assumptions:

Eligibility staff are trained and in place upon project implementation on July 1, 1996. Training period is 6 months, so eligibility staff costs begin January 1, 1996.

Project components requiring most additional eligibility staff time are the diversion and unemployed parent projects. The community work project, self employment project, and requirement for teen parents at home also impact on the need for field eligibility staff.

The additional workload produces a need for 4 Eligibility Technician II positions statewide; 3 in Anchorage and 1 in Fairbanks.

Federal matching funds are available for demonstration project costs at the AFDC 50% matching rate, based on the projected cost neutrality of the projects.

Calculations:

FY 96:

Personal Services (6 months)	91.5
4 ET II - R14 @ 45.7 yr (6 months)	
Travel (for training)	1.5
Contractual (space, phones, postage)	2.5
Supplies	1.3
Equipment	<u>40.0</u>
Total	136.8

FY 97 through FY01:

Personal Services (12 months)	182.8
4 ET II - R14 @ 45.7 yr (12 months)	
Contractual (space, phones, postage)	4.0
Supplies	<u>2.0</u>
Total	188.8

FISCAL NOTE

Nr 3
 Bill Version: CSHB 78 (HES)
 (H) Publish Date: 4/5/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the APDC program demonstration projects, and payment reductions BRU: PA Administration
 Sponsor: Haaley Component: PA Administration
 Requestor: House HES COMPONENT SERIAL NO. 233

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	114.5	114.5	114.5	114.5	114.5	114.5
TRAVEL	16.0	16.0	16.0	16.0	16.0	16.0
CONTRACTUAL	62.0	27.0	27.0	27.0	27.0	27.0
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	20.0	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	213.5	158.5	158.5	158.5	158.5	158.5
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	106.7	79.2	79.2	79.2	79.2	79.2
1003 GF Match	106.8	79.3	79.3	79.3	79.3	79.3
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 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	213.5	158.5	158.5	158.5	158.5	158.5

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation requires DHSS to design and operate waiver projects under the authority of section 1115 (a) of the Social Security Act.

Project development and management staff are necessary to develop, apply for, monitor, and evaluate the demonstration projects authorized by this legislation. Project management staff will coordinate program and system changes, oversee an evaluation contractor, and maintain relationships with federal officials. Essential project management staff include a project coordinator and a project assistant.

The federal Department of Health and Human Services requires that a demonstration project evaluation be performed by an independent contractor. The evaluation tests the effects of the demonstration on program costs and recipient outcomes.

Prepared by: Jim Nordlund, Director Phone: 465-2680
 Division: Division of Public Assistance Date: 4/4/95
 Approved by Com: Karen Terese, Commissioner Date: 4/4/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):**Assumptions:**

An independent contractor will design, review, and evaluate project requirements to ensure federal approval. Total estimated costs are \$130,000 based on amounts other states paid for evaluation of similar projects.

The services of a private law firm are necessary to develop, write, and prepare for submission to the Attorney General the necessary state regulations.

The demonstration project operates from July 1, 1996 through June 30, 2001. FY96 costs are for project design and implementation.

Federal matching funds are available for demonstration project costs at the AFDC 50 percent matching rate, based on the projected cost neutrality of the project.

Calculations:**FY 96:**

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Regulations contract		25.0
	Evaluation contract		30.0
	Office space, postage, phones, fax		7.0
	Supplies		1.0
	Equipment		20.0
	Travel		<u>16.0</u>
	Total		213.5

FY 97 through FY01

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
	Evaluation Contract		20.0
	Office space		7.0
	Supplies		1.0
	Travel		<u>16.0</u>
	Total		158.5

STATE OF ALASKA
1995 LEGISLATIVE SESSION

FISCAL NOTE

Bill Version: CSHB 78 (HES)
(H) Publish Date: 4/5/95

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act relating to the APDC program demonstration projects, and payment reductions BRU: PA Administration
Sponsor: Haaley Component: PA Data Processing
Requestor: House HES COMPONENT SERIAL NO. 240

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	166.5	114.5	62.5	62.5	62.5	62.5
TRAVEL	16.0	16.0	0.0	0.0	0.0	0.0
CONTRACTUAL	776.4	145.5	3.5	3.5	3.5	3.5
SUPPLIES	1.5	1.0	0.0	0.0	0.0	0.0
EQUIPMENT	12.0	0.0	0.5	0.5	0.5	0.5
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	972.4	277.0	66.5	66.5	66.5	66.5
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	486.2	138.5	33.2	33.2	33.2	33.2
1003 GF Match	486.2	138.5	33.3	33.3	33.3	33.3
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 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	972.4	277.0	66.5	66.5	66.5	66.5

POSITIONS:

FULL-TIME	3	3	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

Modifications to the Division of Public Assistance Eligibility Information System (EIS) are necessary to implement this legislation. Federally approved demonstration projects require simultaneously maintaining control and experimental groups. The computer system must be modified to accommodate both groups. Demonstration project methodology also requires special collection and compilation of data to monitor and evaluate the project.

Continued on page 2

Prepared by: Jim Nordlund, Director
Division: Division of Public Assistance
Approved by Com: Karen Perdue
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 4/4/95
Date: 4/4/95

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ANALYSIS (cont.):

EIS modifications require a system contractor for analysis, design, and oversight of implementation. State staff are necessary during project planning and implementation to procure and direct the contractor, monitor performance, and test the modifications. Once the modifications are in place, a reduced level of staff is required to maintain the system and produce the information necessary for project evaluation.

Assumptions:

The EIS modification project begins when the bill is enacted.

The demonstration project operates for 5 years, from 7/1/96 through 6/30/01.

An independent contractor is necessary to provide system design, programming changes, and oversee implementation of the modification.

A project coordinator is necessary to coordinate project management, acting as a liaison between contractor, waiver project staff, policy experts, and system staff. This position is necessary from initiation through the final evaluation.

Two public assistance analysts are necessary to analyze proposed modifications and test the modifications for state acceptance. These positions will be necessary for 18 months.

Federal matching funds will be available for demonstration project costs at the AFDC 50 percent matching rate, based on the projected cost neutrality of the projects.

Calculations:**FY 96**

1	Project Coordinator	R19	62.5
2	Public Assistance Analysts	R16	104.0
	Travel		16.0
	Equipment		12.0
	Office space, phones, postage, fax		10.5
	Supplies		1.5
	System Contract		<u>765.9</u>
	Total		972.4

ANALYSIS (cont.):

FY 97

1	Project Coordinator	R19	62.5
2	Public Assistance Analysts (6 mo)	R16	52.0
	Travel		16.0
	Office space, phones, postage, fax		7.0
	Supplies		1.0
	System Contract		<u>138.5</u>
Total			277.0

FY 98 thru FY 01:

1	Project Coordinator	R19	62.5
	Office space, phones, postage, fax		3.5
	Supplies		<u>.5</u>
Total			66.5

FISCAL NOTE

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STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: CSHB 78 (HES)
(H) Publish Date: 4/5/95

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act relating to the AFDC program BRU: PA Administration
demonstration projects and payment reductions Component: Alaska Work Program
Sponsor: Hauley
Requestor: House HES COMPONENT SERIAL NO. 138

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	300.0	300.0	300.0	300.0	300.0
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	94.5	136.1	146.0	157.0	170.4
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	394.5	436.1	446.0	457.0	470.4
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	197.2	218.0	223.0	228.5	235.2
1003 GF Match	0.0	197.3	218.1	223.0	228.5	235.2
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
1008 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 IIA Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	394.5	436.1	446.0	457.0	470.4

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for several demonstration projects in which training, education, and work activities are required of certain AFDC applicants and recipients.

Under current AFDC program operations, the Department does not pay for supportive services for individuals who are in training, education, paid or unpaid employment unless the individual is participating in the JOBS program.

The Community Work projects authorized by this bill will be operated by contractors; funding for the contracts is requested in this fiscal note.

Additional funding for supportive services will be necessary for participants in the Unemployed Parent project.

Prepared by: Jim Nordlund, Director
Division: Division of Public Assistance
Approved by Com: Karen Peterson
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 4/4/95
Date: 4/4/95

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ANALYSIS (cont.):**Assumptions:**

- Project are operational July 1, 1996 through June 30, 2001.
- Workfare is operated by a contractor.
- Development of work sites begins July 1, 1996, then continues with monitoring of placement agreements; recruitment of new sites to replace filled or discontinued sites; and terminates with end of project.
- Average monthly number of Workfare participants: 150 in FY97, 300 in FY98 through FY01.
- Workfare contractor will develop work slots; manage cases of individuals referred to workfare; provide participation reports to DPA eligibility offices; pay client transportation and professional licensing costs; pay insurance for clients equivalent to Worker's Compensation; and compile information and report on workfare program outcomes.
- Average cost of managing workfare slots is \$1000/slot/year. In first year (FY97) 50% of contract funds are spent on project startup costs, 50% on operations. 100% of contract funds are spent on operations in FY98 through FY01.

There will be 50 families participating in the self-employment project. Alaska's Dept of Commerce and Economic Development and the US Small Business Administration will provide training and professional planning and reviews for entrepreneurs. These services will not incur new costs to the State.

333 families each month will require transportation services to participate in the Unemployed Parent (UP) Project in FY97, increasing to 350/month in FY98; 368/month in FY99; 386/month in FY00; and 405/month in FY01.

7 families each month will require licenses and/or professional fees to participate in the Unemployed Parent (UP) Project in FY97, increasing to 8/month in FY98 and in FY99; 10/month in FY00; and 11/month in FY01.

ANALYSIS (cont.):

\$37/month average transportation cost for FY97.

\$25/month average license/professional fee cost for FY97.

2.5% inflation rate for each year.

Federal matching funds will be available for demonstration project costs at the AFDC 50% matching rate, based on the projected cost neutrality of the projects.

Unemployed Parent Project - Supportive Service Calculations:

	FY96	FY97	FY98	FY99	FY00	FY01	Totals \$
Transp.	0.0	92.9	133.6	143.5	153.7	166.6	690.3
License	0.0	1.6	2.5	2.5	3.3	3.8	13.7
Total \$	0.0	94.5	136.1	146.0	157.0	170.4	704.0

FISCAL NOTE

Bill Version: CSHB 78 (HES)
 (H) Publish Date: 4/5/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program BRU: PA Administration
demonstration projects and payment reductions Component: Child Care Benefits
 Sponsor: Haaley
 Requestor: House HES COMPONENT SERIAL NO. 1897

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	152.0	272.3	289.3	300.0	308.7
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	152.0	272.3	289.3	300.0	308.7
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	76.0	136.1	144.6	150.0	154.3
1003 GF Match	0.0	76.0	136.2	144.7	150.0	154.4
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 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	152.0	272.3	289.3	300.0	308.7

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 any current year (FY95) cost \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation provides for several demonstration projects in which training, education, and work activities are required of certain AFDC applicants and recipients. A certain number of these families will require child care to participate in the activities.

Under current AFDC program operations, the Department does not pay for child care for individuals in unpaid community service, training, or employment unless the individual is participating in the JOBS program.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Perdue
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 4/4/95
 Date: 4/4/95

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ANALYSIS (cont.):Assumptions:

FY96 is a planning year, with no participants.

Project is operational July 1, 1996.

Nine families each month require child care services to participate in the Unemployed Parent (UP) Project in FY97, increasing to 10 a month in FY98 and FY99, and 11 a month in FY00 and FY01.

Twenty five families require 3 months of child care services to participate in the Diversion Project in FY97, 48 in FY98 through FY00, and 49 in FY01.

Thirty families each month require child care services to participate in the Workfare Project in FY97, increasing to 60 a month each year through FY01.

Average child care is \$280 a month in FY97.

Child care inflation rate is 2/5 % a year.

Federal matching funds are available for demonstration project costs at the AFDC 50% matching rate, based on the projected cost neutrality of the projects.

Child Care Calculations:

Child care	FY96	FY97	FY98	FY99	FY00	FY01	Totals \$
UP	0.0	30.2	24.4	35.3	39.7	40.8	170.4
Diversion	0.0	21.0	41.3	42.3	43.3	45.4	193.3
Workfare	0.0	100.8	206.6	211.7	217.0	222.5	958.6
Total \$	0.0	152.0	272.3	289.3	300.0	308.7	1322.3

FISCAL NOTE

N 7

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: CSHB 78 (HES)
(H) Publish Date: 4/5/95

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act relating to the AFDC program BRU: Assistance Payments
demonstration projects and payment reductions Component: AFDC - Ratable Reductions
Sponsor: Haaley
Requestor: House HES COMPONENT SERIAL NO. 220

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	(1,610.7)	(2,255.1)	(2,367.9)	(2,486.3)	(2,610.7)	(2,741.2)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,610.7)	(2,255.1)	(2,367.9)	(2,486.3)	(2,610.7)	(2,741.2)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(706.5)	(1,023.8)	(1,075.1)	(1,128.8)	(1,185.3)	(1,244.5)
1003 GF Match	(706.5)	(1,023.8)	(1,075.1)	(1,128.8)	(1,185.3)	(1,244.5)
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
1008 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	(197.7)	(207.5)	(217.7)	(228.7)	(240.1)	(252.2)
TOTAL	(1,610.7)	(2,255.1)	(2,367.9)	(2,486.3)	(2,610.7)	(2,741.2)

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

This legislation reduces AFDC maximum payment levels to approximately 1.7 percent below the current maximums.

Prepared by Jim Nordlund, Director
Division: Division of Public Assistance
Approved by Karen Pedersen
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 4/4/95
Date: 4/4/95

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ANALYSIS (cont.):Assumptions:

The reduction takes effect on October 1, 1995, and is repealed July 1, 2001.

Reductions in AFDC payment maximums produce a 1.7 percent savings in AFDC formula costs effective October 1, 1995.

Ratable reductions are imposed statewide.

AFDC caseload size will increase by 5 percent each year.

The average amount of monthly AFDC benefit decrease as a result of ratable reductions will be \$13.00.

Calculations:

	<u>Average AFDC Caseload</u>	<u>Average monthly payment reduction</u>	<u>Total FY Reduction</u>
FY96	13,767	\$13	* \$1,610.7
FY97	14,456	\$13	\$2,255.1
FY98	15,179	\$13	\$2,367.9
FY99	15,938	\$13	\$2,486.3
FY00	16,735	\$13	\$2,610.7
FY01	17,572	\$13	\$2,741.2

* FY96 Total reduction is for 9 months

FISCAL NOTE

NL 8

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: CSHB 78 (HES)

(H) Publish Date: 4/5/95

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act relating to the AFDC program demonstration projects, and payment reductions BRU: PPD Hold Harmless
 Sponsor: Hadley Component: PPD Hold Harmless
 Requestor: House HES COMPONENT SERIAL NO. 225

Expenditures/Revenues:

	(Thousands of Dollars)					
OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
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	(210.4)	(286.3)	(378.1)	(398.1)	(420.0)	(442.2)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(210.4)	(286.3)	(378.1)	(398.1)	(420.0)	(442.2)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE

	(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
1008 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1050 PFD Funds	(210.4)	(286.3)	(378.1)	(398.1)	(420.0)	(442.2)
TOTAL	(210.4)	(286.3)	(378.1)	(398.1)	(420.0)	(442.2)

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 any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

PPD Hold Harmless payments replace AFDC benefits when receiving the dividend causes individuals to lose eligibility or to have benefits reduced. The ratable reductions provided for in this bill reduce costs in the AFDC assistance payments BRU. The AFDC Demonstration project also produces savings in the AFDC Component. PPD Hold Harmless costs change in direct proportion to the costs of the programs held harmless.

Prepared by: Jim Nordlund, Director
 Division: Division of Public Assistance
 Approved by Com: Karen Pettersen
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 4/4/95
 Date: 4/4/95

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ANALYSIS (cont.):**Assumptions:**

The benefit reductions take effect on October 1, 1995.

PFD Hold Harmless costs for AFDC benefits will decrease in direct proportion to the decreases produced by the reductions in AFDC expenditures for each fiscal year.

Calculations:**PFD HOLD HARMLESS SAVINGS**

	AFDC RATABLE REDUCTIONS	AFDC DEMONSTRATION PROJECTS	PFDHH
FY96	\$197.7	\$ 12.7	\$210.4
FY97	\$207.5	\$ 78.8	\$286.3
FY98	\$217.7	\$160.4	\$378.1
FY99	\$228.7	\$169.4	\$398.1
FY00	\$240.1	\$179.9	\$420.0
FY01	\$252.2	\$190.0	\$442.2

STATE OF ALASKA
1995 LEGISLATIVE SESSION

lo. 9
Bill Version: CSHB 78 (HES)
(H) Publish Date: 4/5/95

Revision Date: _____
Title: An Act relating to the AFDC program
demonstration projects and payment reductions
Sponsor: Representative Hanley
Requestor: House (HES)

Dept. Affected: Health and Social Services
BRU: Family and Youth Services
Component: DFYS Central Office
COMPONENT SERIAL NO. 259
See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	58.9	58.9	58.9	58.9	58.9	58.9
TRAVEL	1.1	1.1	1.1	1.1	1.1	1.1
CONTRACTUAL	53.9	53.9	53.9	53.9	53.9	53.9
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	113.9	113.9	113.9	113.9	113.9	113.9

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	113.9	113.9	113.9	113.9	113.9	113.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	113.9	113.9	113.9	113.9	113.9	113.9

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of any current year (FY95) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In order to follow state and federal guidelines, the AFDC parents who are 17 years of age or younger who are living independently from their parent or guardian will need to be assessed for meeting one of the exceptions that are allowed for waiver.

As of October of 1994, there were 141 AFDC parents under age 17. It can be anticipated that 50% of the teen parents' circumstances will need to be fully assessed in order to determine if their living arrangement is suitable and meets the criteria for waiver. Investigations and initial assessments will require an average of 10 hours of contracted social worker time at \$70/hr for each recipient. Maintenance of these cases will require an additional 70 hours of contracted social worker time per year for continued assessment.

Development, implementation and monitoring of this statewide contractual program will necessitate establishing a new SW IV position in the State Office of the Division. A travel allowance for monitoring field sites once a year would

Prepared by: L. Diane Worley, Director
Division: Family & Youth Services
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3191
Date: 03/29/95
Date: 4/4/95

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ANALYSIS (cont.):

also be necessary.

Contract Clinical Social Worker (12 months)

Intake Assessment/Evaluation

70 referrals x 10 hours = 700 hours x \$70/hr = \$49.0

Re-evaluations for maintenance caseload

70 hours x \$70/hr = \$4.9

Social Worker IV Range 18 Juneau State Office \$58.9

Travel: 1 trip to Fairbanks, 1 trip to Anchorage \$1.1

TOTAL \$113.9

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

No. 10
Bill Version: CSHB 78 (HES)
(H) Publish Date: 4/5/95

Revision Date: _____
Title: An Act relating to the payment of
aid to families with dependent children . . .
Sponsor: HANLEY
Requestor: House HESS

Dept. Affected: Health and Social Services
BRU: Medical Assistance Admin
Component: Claims Processing
COMPONENT SERIAL NO. 243
See also (SN#): 229, 230

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	40.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	40.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	20.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	20.0	0.0	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other (please specify)						
TOTAL	40.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY95) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

CSHB 78 (HES) will require the state to secure an 1115(a) waiver from the federal government. One requirement of an 1115(a) waiver is that the state be able to show "cost neutrality" of the waiver program. These means that the federal government will only provide financial participation in the waiver program to the extent that the program cost the federal government the same (neutral) or less than the cost of the conventional AFDC and Medicaid programs. This will require the state to accurately track each recipient participating in the program and the recipient's associated cost. To accomplish this, the department's Eligibility Information System and the Medicaid Management Information System computers must be enhanced to accept additional client identifiers and eligibility codes. Enhancement of the Medicaid Management Information System is done by the Division of Medical Assistance's fiscal intermediary, First Health. There is a one time charge for making such computer programming modifications. This charge will be incurred during fiscal year 1996.

Prepared by: Jon Sherwood
Division: Medical Assistance

Phone: 465-3355
Date: 03/31/95

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 4/4/95

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FISCAL NOTE

No. 11

Bill Version: CSHB 78 (HES)

(H) Publish Date: 4/5/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act relating to the payment of
aid to families with dependent children . . .
Sponsor: HANLEY
Requestor: House HESS

Dept. Affected: Health and Social Services
BRU: Medical Assistance
Component: Medicaid Non-Facility
COMPONENT SERIAL NO. 229
See also (SN#): 230, 243

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	(207.3)	(393.1)	(439.1)	(469.5)	(496.8)
MISCELLANEOUS						
TOTAL OPERATING	0.0	(207.3)	(393.1)	(439.1)	(469.5)	(496.8)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	(103.6)	(196.5)	(219.5)	(234.7)	(248.4)
1003 GF Match	0.0	(103.7)	(196.6)	(219.6)	(234.8)	(248.4)
1004 GF						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other (please specify)						
TOTAL	0.0	(207.3)	(393.1)	(439.1)	(469.5)	(496.8)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY95) cost: 30.0

ANALYSIS: (Attach a separate page if necessary)

CSHB 78 (HES) makes several changes to the Aid to Families with Dependent Children program (AFDC). AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to renewed self sufficiency as a result of the diversion program, failure to cooperate with the requirements of a workfare and AFDC unemployed parent projects, or successful entrepreneurship that increases their net income. Otherwise, participants in the programs created by this legislation will remain Medicaid eligible.

A slight temporary increase in Medicaid spending will occur as a result of individuals becoming AFDC eligible because of the waiver of the 100 hour employment limit and increased asset exclusion for an automobile. However, in the long term, this will be more than offset by the permanent establishment of self sufficiency.

See analysis on the attached pages.

Prepared by: Jon Sherwood
Division: Medical Assistance

Phone: 465-3355
Date: 03/31/95

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 4/4/95

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ANALYSIS (cont.):

GENERAL ASSUMPTIONS

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Average Monthly Cost of Medicaid						
AFDC Adult	\$237	\$247	\$258	\$269	\$281	\$293
AFDC Child	\$137	\$143	\$149	\$156	\$163	\$170

The cost of Medical assistance shows growth of 4.38% annually.

The number of AFDC cases affected by this legislation were provided by Division of Public Assistance.

An AFDC case (household), on average, consist of one adult and two children.

MINOR PARENT ASSISTANCE

A small reduction in Medicaid spending will result from minors who are parents and who lose Medicaid eligibility as a result of losing AFDC eligibility. The Division of Public Assistance estimates that in FY 97, 30 AFDC cases per month will be denied under this provision. We estimate that only 5 of those cases will lose Medicaid eligibility by the minor parent returning to her parent's household. Despite the loss of AFDC, 25 of these minor parents would likely still qualify for Medicaid under existing Medicaid only coverage. It is likely that all of the children of a minor parent would continue to qualify for Medicaid under newborn, healthy child or other Medicaid only eligibility categories.

Average number of cases per month ineligible for Medicaid in FY 97 = 5

Total decrease in months of Medicaid eligibility in FY 97 = 60 (5 cases per month x 12 months)

Case load will increase 1% per year.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Decreased months of Medicaid	0	60	61	62	63	64
MINOR PARENT SAVINGS	0	(8,580)	(9,089)	(9,672)	(10,269)	(10,880)

INCOME DISREGARD: "100-HOUR" RULE WAIVER; AUTO ALLOWANCE

The increase in the earned income disregard, waiver of the 100 hour employment limit, and increasing the vehicle exclusion to \$5000 will allow a small number of individuals to qualify for AFDC and Medicaid that would not have qualified otherwise. DPA estimates that 4 cases per year will become eligible for AFDC. In FY 97, cases are assumed to be eligible for an average of 9 months, and for 12 months thereafter.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults Added Because of New Limits	0	4	4	4	4	4
Children Added Because of New Limits	0	4	4	4	4	4
Adult Expenditures (9 mo. only FY97)	\$0	\$8,892	\$12,384	\$12,912	\$13,488	\$14,064
Child Expenditures (9 mo. only FY 97)	\$0	\$5,148	\$7,152	\$7,488	\$7,824	\$8,160
NEW EXPENDITURES	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224

ANALYSIS (cont.):

WORKFARE

Families participating in a workfare project retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of program sanctions, denials, and closures. It is estimated that sanctions, denials, and closures will generally cause Medicaid eligibility for an average of 6.5 months per year. Approximately one-half of the children of these families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC under the workfare project, on average one adult and 1 child lose Medicaid. Sanctions apply only to adults.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	9	9	9	9	9
Adult Denials (1 adult)	0	9	9	9	9	9
Adult Closures (1 adult)	0	42	42	42	42	42
Child Denials (1 child)	0	9	9	9	9	9
Child Closures (1 child)	0	42	42	42	42	42
Adults Going Off Caseload for 6.5 mo.	\$0	(\$96,330)	(\$100,620)	(\$104,910)	(\$109,590)	(\$114,270)
Children Going of Caseload for 6.5 mo.	\$0	(\$47,405)	(\$49,394)	(\$61,714)	(\$54,035)	(\$56,355)
WORKFARE SAVINGS	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,625)

AFDC UNEMPLOYED PARENT PROJECT

Families participating in the AFDC unemployed parent (UP) project retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of program sanctions, denials, and closures. It is estimated that sanctions, denials, and closures will result in some individuals losing Medicaid eligibility for an average of 6.5 months per year.

This program also waives the 100 hour employment limit and raises the vehicle exemption to \$5000. This will allow a small number of individuals to qualify for AFDC and Medicaid that would not have qualified otherwise. DPA estimates that 8 cases per month will become eligible for AFDC-UP due to these provisions. A UP case (household) includes 2 adults and an average of 2.6 children.

Approximately one-half of the children of UP families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a UP project household loses AFDC, two adults and an average of 1.3 children will lose Medicaid eligibility. Sanctions apply only to adults.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	22	24	33	34	36
Adult Denials (2 adults)	0	44	46	48	52	54
Adult Closures (2 adults)	0	14	16	16	18	18
Child Denials (1.3 children)	0	29	30	31	34	35
Child Closures (1.3 children)	0	9	10	10	12	12
Adults Going Off Caseload for 6.5 mo.	\$0	(\$128,440)	(\$144,222)	(\$169,606)	(\$189,956)	(\$206,686)
Children Going of Caseload for 6.5 mo.	\$0	(\$36,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
UP PROJECT SAVINGS	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)

ANALYSIS (cont.):**SELF-EMPLOYMENT PROGRAM**

Families participating in the self-employment program retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of self-employment earnings. Approximately one-half of the children of these families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, an average of one adult and 1 child per household will lose Medicaid eligibility. In FY 97 and 98, 7 households will still qualify for transitional Medicaid.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Closures (1 adult)	0	3	3	10	10	10
Child Closures (1 child)	0	3	3	10	10	10
Adult Medicaid Savings	\$0	(\$8,892)	(\$9,288)	(\$32,280)	(\$33,720)	(\$35,160)
Children Medicaid Savings	\$0	(\$6,148)	(\$6,364)	(\$18,720)	(\$19,560)	(\$20,400)
SELF-EMPLOYMENT SAVINGS	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)

DIVERSION PROGRAM:

DPA estimates that in FY 98, 239 cases (households) annually will participate in the diversion program; this number is expected to grow by 1% per year. During FY 97, the start-up year, 120 cases will participate. These are households that would otherwise have continued on AFDC, on average, for at least another year. We estimate that approximately one-half of the children will continue to be eligible of Medicaid under a poverty level Medicaid-only eligibility category. Therefore, when a household is successfully diverted, 1 child and 1 adult will lose eligibility. Of those initially placed in the diversion program, it is estimated that 45% of them will return to regular AFDC within the initial three months and will continue to receive Medicaid benefits. The remaining 55% are expected to move off of AFDC at the end of the three month diversion program for a variety of reasons, including achieving self sufficiency, increased earned income, or the diversion payment having met the emergent need. These households will effectively lose 9 months of Medicaid eligibility they would have otherwise had if they remained on AFDC. In FY 97, we estimate clients will lose Medicaid eligibility for an average of 4.5 months. In FY 98 - 01, clients will lose Medicaid eligibility for 9 month per year.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults in Diversion Program	0	120	239	241	243	245
Children in Diversion Program	0	120	239	241	243	245
Total Diversion Participants	0	240	478	482	486	490
55% Complete Diversion Program	0	132	263	265	267	270
Adult Medicaid Savings	\$0	(\$73,369)	(\$305,343)	(\$320,783)	(\$337,622)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,845)	(\$206,550)
DIVERSION PROGRAM SAVINGS	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)

SUMMARY OF DIVISION SAVINGS

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Mino: Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,872)	(\$10,269)	(\$10,880)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$166,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$183,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,852)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
TOTAL SAVINGS	\$0	(\$431,906)	(\$818,866)	(\$914,888)	(\$978,022)	(\$1,035,007)
MEDICAID FACILITIES (52%)	\$0	(\$224,591)	(\$425,810)	(\$475,742)	(\$508,571)	(\$538,204)
MEDICAID NON-FACILITIES (48%)	\$0	(\$207,315)	(\$393,056)	(\$439,146)	(\$469,451)	(\$496,803)

FISCAL NOTE

No. 12

Bill Version: CSHB 78 (HES)

(H) Publish Date: 4/5/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act relating to the payment of
aid to families with dependent children
Sponsor: HANLEY
Requestor: House HESS

Dept. Affected: Health and Social Services
BRU: Medical Assistance
Component: Medicaid-Facilities
COMPONENT SERIAL NO. 230
See also (SN#): 229, 243

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	(224.6)	(425.8)	(475.7)	(508.6)	(538.2)
MISCELLANEOUS						
TOTAL OPERATING	0.0	(224.6)	(425.8)	(475.7)	(508.6)	(538.2)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	0.0	(112.3)	(212.9)	(237.8)	(254.3)	(269.1)
1003 GF Match	0.0	(112.3)	(212.9)	(237.9)	(254.3)	(269.1)
1004 GF						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other (please specify)						
TOTAL	0.0	(224.6)	(425.8)	(475.7)	(508.6)	(538.2)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY96) cost: 50.0

ANALYSIS: (Attach a separate page if necessary)

CSHB 78 (HES) makes several changes to the Aid to Families with Dependent Children program (AFDC). AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to renewed self sufficiency as a result of the diversion program, failure to cooperate with the requirements of a workfare and AFDC unemployed parent projects, or successful entrepreneurship that increases their net income. Otherwise, participants in the programs created by this legislation will remain Medicaid eligible.

A slight temporary increase in Medicaid spending will occur as a result of individuals becoming AFDC eligible because of the waiver of the 100 hour employment limit and increased asset exclusion for an automobile. However, in the long term, this will be more than offset by the permanent establishment of self sufficiency.

See analysis on the attached pages.

Prepared by: Jon Sherwood
Division: Medical Assistance

Phone: 465-3355
Date: 03/31/95

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 4/4/95

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ANALYSIS (cont.):

GENERAL ASSUMPTIONS

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Average Monthly Cost of Medicaid						
AFDC Adult	\$237	\$247	\$258	\$269	\$281	\$293
AFDC Child	\$137	\$143	\$149	\$156	\$163	\$170

The cost of Medical assistance shows growth of 4.38% annually.

The number of AFDC cases affected by this legislation were provided by Division of Public Assistance.

An AFDC case (household), on average, consist of one adult and two children.

MINOR PARENT ASSISTANCE

A small reduction in Medicaid spending will result from minors who are parents and who lose Medicaid eligibility as a result of losing AFDC eligibility. The Division of Public Assistance estimates that in FY 97, 30 AFDC cases per month will be denied under this provision. We estimate that only 5 of those cases will lose Medicaid eligibility by the minor parent returning to her parent's household. Despite the loss of AFDC, 25 of these minor parents would likely still qualify for Medicaid under existing Medicaid only coverage. It is likely that all of the children of a minor parent would continue to qualify for Medicaid under newborn, healthy child or other Medicaid only eligibility categories.

Average number of cases per month ineligible for Medicaid in FY 97 = 5

Total decrease in months of Medicaid eligibility in FY 97 = 60 (5 cases per month x 12 months)

Case load will increase 1% per year.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Decreased months of Medicaid	0	60	61	62	63	64
MINOR PARENT SAVINGS	0	(8,580)	(9,089)	(9,672)	(10,269)	(10,880)

INCOME DISREGARD; "100-HOUR" RULE WAIVER; AUTO ALLOWANCE

The increase in the earned income disregard, waiver of the 100 hour employment limit, and increasing the vehicle exclusion to \$5000 will allow a small number of individuals to qualify for AFDC and Medicaid that would not have qualified otherwise. DPA estimates that 4 cases per year will become eligible for AFDC. In FY 97, cases are assumed to be eligible for an average of 9 months, and for 12 months thereafter.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults Added Because of New Limits	0	4	4	4	4	4
Children Added Because of New Limits	0	4	4	4	4	4
Adult Expenditures (9 mo. only FY97)	\$0	\$8,892	\$12,384	\$12,912	\$13,488	\$14,064
Child Expenditures (9 mo. only FY 97)	\$0	\$5,148	\$7,152	\$7,488	\$7,824	\$8,160
NEW EXPENDITURES	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224

ANALYSIS (cont.):

WORKFARE

Families participating in a workfare project retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of program sanctions, denials, and closures. It is estimated that sanctions, denials, and closures will generally cause Medicaid eligibility for an average of 6.5 months per year. Approximately one-half of the children of these families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC under the workfare project, on average one adult and 1 child lose Medicaid. Sanctions apply only to adults.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	9	9	9	9	9
Adult Denials (1 adult)	0	9	9	9	9	9
Adult Closures (1 adult)	0	42	42	42	42	42
Child Denials (1 child)	0	9	9	9	9	9
Child Closures (1 child)	0	42	42	42	42	42
Adults Going Off Caseload for 6.5 mo.	\$0	(\$96,330)	(\$100,620)	(\$104,910)	(\$109,590)	(\$114,270)
Children Going of Caseload for 6.5 mo.	\$0	(\$47,405)	(\$49,394)	(\$51,714)	(\$54,035)	(\$56,355)
WORKFARE SAVINGS	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,625)

AFDC UNEMPLOYED PARENT PROJECT

Families participating in the AFDC unemployed parent (UP) project retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of program sanctions, denials, and closures. It is estimated that sanctions, denials, and closures will result in some individuals losing Medicaid eligibility for an average of 6.5 months per year.

This program also waives the 100 hour employment limit and raises the vehicle exemption to \$6000. This will allow a small number of individuals to qualify for AFDC and Medicaid that would not have qualified otherwise. DPA estimates that 8 cases per month will become eligible for AFDC-UP due to these provisions. A UP case (household) includes 2 adults and an average of 2.6 children.

Approximately one-half of the children of UP families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a UP project household loses AFDC, two adults and an average of 1.3 children will lose Medicaid eligibility. Sanctions apply only to adults.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Sanctions	0	22	24	33	34	36
Adult Denials (2 adults)	0	44	46	48	52	54
Adult Closures (2 adults)	0	14	16	16	18	18
Child Denials (1.3 children)	0	29	30	31	34	35
Child Closures (1.3 children)	0	9	10	10	12	12
Adults Going Off Caseload for 6.5 mo.	\$0	(\$128,440)	(\$144,222)	(\$168,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
UP PROJECT SAVINGS	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)

ANALYSIS (cont.):**SELF-EMPLOYMENT PROGRAM**

Families participating in the self-employment program retain eligibility for Medicaid for the duration of their participation. Medicaid eligibility will be lost by those families who lose AFDC eligibility because of self-employment earnings. Approximately one-half of the children of these families will continue to be eligible of Medicaid under a poverty level Medicaid only eligibility category. Therefore, an average of one adult and 1 child per household will lose Medicaid eligibility. In FY 97 and 98, 7 households will still qualify for transitional Medicaid.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adult Closures (1 adult)	0	3	3	10	10	10
Child Closures (1 child)	0	3	3	10	10	10
Adult Medicaid Savings	\$0	(\$8,892)	(\$9,288)	(\$32,280)	(\$33,720)	(\$35,160)
Children Medicaid Savings	\$0	(\$5,148)	(\$5,364)	(\$18,720)	(\$19,560)	(\$20,400)
SELF-EMPLOYMENT SAVINGS	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)

DIVERSION PROGRAM:

DPA estimates that in FY 98, 239 cases (households) annually will participate in the diversion program; this number is expected to grow by 1% per year. During FY 97, the start-up year, 120 cases will participate. These are households that would otherwise have continued on AFDC, on average, for at least another year. We estimate that approximately one-half of the children will continue to be eligible of Medicaid under a poverty level Medicaid-only eligibility category. Therefore, when a household is successfully diverted, 1 child and 1 adult will lose eligibility. Of those initially placed in the diversion program, it is estimated that 45% of them will return to regular AFDC with in the initial three months and will continue to receive Medicaid benefits. The remaining 55% are expected to move off of AFDC at the end of the three month diversion program for a variety of reasons, including achieving self sufficiency, increased earned income, or the diversion payment having met the emergent need. These households will effectively lose 9 months of Medicaid eligibility they would have otherwise had if they remained on AFDC. In FY 97, we estimate clients will lose Medicaid eligibility for an average of 4.5 months. In FY 98 - 01, clients will lose Medicaid eligibility for 9 month per year.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
Adults in Diversion Program	0	120	239	241	243	245
Children in Diversion Program	0	120	239	241	243	245
Total Diversion Participants	0	240	478	482	486	490
55% Complete Diversion Program	0	132	263	265	267	270
Adult Medicaid Savings	\$0	(\$73,359)	(\$305,343)	(\$320,783)	(\$337,622)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,845)	(\$206,550)
DIVERSION PROGRAM SAVINGS	\$0	(\$115,830)	(\$481,686)	(\$506,813)	(\$533,467)	(\$562,545)

SUMMARY OF DIVISION SAVINGS

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,880)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,538	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,893)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$63,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,686)	(\$506,813)	(\$533,467)	(\$562,545)
TOTAL SAVINGS	\$0	(\$431,906)	(\$818,866)	(\$914,888)	(\$978,022)	(\$1,035,007)
MEDICAID FACILITIES (52%)	\$0	(\$224,591)	(\$425,810)	(\$475,742)	(\$608,571)	(\$638,204)
MEDICAID NON-FACILITIES (48%)	\$0	(\$207,315)	(\$393,056)	(\$439,146)	(\$469,451)	(\$496,803)



Representative Mark Hanley **Alaska State Legislature**

SPONSOR STATEMENT

CS for HOUSE BILL 78

It has been said, the best way to reform welfare is to get people off welfare. According to a recent survey by the State Department of Health and Social Services, 88% of AFDC clients in Alaska said they would rather work than be on welfare. Most families on welfare want a way off -- they want the self-sufficiency and pride that job training and employment bring.

CSHB 78 directs the Department of Health and Social Services to apply for a series of waivers from the usual provisions governing AFDC programs. One would establish a "workfare" demonstration project, which would require able-bodied AFDC recipients not working at least 15 hours a week to perform community service, or have their benefits reduced.

The unemployed parent demonstration project would assist two-parent families achieve self-sufficiency in three years; the self-employment demonstration project would allow recipients to set up microenterprises. A diversion project would offer lump-sum payments for short-term assistance in an effort to avoid ongoing financial support.

This bill provides positive incentives to work in the form of higher income-disregards and a higher vehicle allowance. The costs of child care and transportation necessary for participation will be covered by the department. Those in the demonstration groups who choose not to participate would face sanctions, such as reductions in their benefits.

America is ready to "end welfare as we know it". Many states are using waiver projects to develop alternatives to the tradition of welfare; it is time for Alaska, with its growing

welfare rolls and dwindling revenues, to step up to the plate. CSHB 78 is an important piece of legislation; a step towards breaking the cycle of dependence on welfare by rewarding hard work.

Congress is currently hearing a plethora of welfare reform measures. One proposal would authorize federal block grants for welfare funding, giving states the flexibility to design their own programs. CSHB 78 would allow the state a look into what may or may not work in Alaska, giving us an advantage in this process.

ALASKA NETWORK ON DOMESTIC VIOLENCE AND SEXUAL ASSAULT

130 Seward Street, No. 501 • Juneau, Alaska 99801 • (907) 586-3650

Abused Women's Aid in Crisis (AWAIC); Advocates for Victims of Violence (AVV);
Aiding Women in Abuse and Rape Emergencies (AWARE);
Alaska Women's Resource Center (AWRC); Arctic Women in Crisis (AWIC);
Bering Sea Women's Group (BSWG); Emmonak Women's Shelter;
Kodiak Women's Resource & Crisis Center (KWRC);
Maniilaq Regional Women's Crisis Program; Parent Aid Family Support Center;
Safe & Fear-Free Environment (SAFE); Seward Life Action Council (SLAC);
Sitkans Against Family Violence (SAFV); South Peninsula Women's Services (SPWS);
Standing Together Against Rape (STAR);
Tongass Community Counseling Center; Tundra Women's Coalition (TWC);
Unalaskans Against Sexual Assault & Family Violence (USAFV);
Valley Women's Resource Center (VWRC);
Women in Crisis Counseling & Assistance (WCCA);
Women in Safe Homes (WISH); Women's Resource & Crisis Center (WRCC)

WELFARE REFORM

The Alaska Network on Domestic Violence and Sexual Assault (Network) is a statewide coalition of 22 nonprofit programs. Shelter, advocacy, crisis intervention and counseling, and referral services are offered by member programs to victims of domestic violence and sexual assault. During FY94, over 9,500 victims and minor children sought and received services from member programs.

Responsive restructuring of the existing welfare system could help domestic violence victims fleeing from their abusers establish independent and safe lives for themselves and their children. Unfortunately, many of the welfare measures proposed in both the Alaskan House and Senate would endanger victims.

Battered women, regardless of their economic status within the abusive relationship, often must leave behind assets, employment, health insurance, vehicles, housing, clothes and furniture when seeking safety. They seldom have access to savings or other bank accounts. Public assistance has been a vital support for victims fleeing violent relationships.

Welfare policy should not force women into making the untenable choice of living in poverty versus remaining with or returning to their abusers in order to support their children. The Network wishes to express our concern regarding the following:

Family Cap

The provision to deny cash assistance for a child born to a mother on welfare assumes that all women have a choice in child bearing. Coercive sexual activity is very much a part of the power and control dynamic in an abusive relationship, as is the denial of health care.

Moreover, this proposal places "easy answers" above sound public policy. Research does not support the notion that women plan babies to receive a

meager increase in assistance. In fact, a recently released eight-year study by Washington University professor, Mark Rank, shows that there is no correlation between birth rates and benefits.

The circumstances of a child's birth should not disqualify her or him from receiving aid needed to sustain life. We have moved beyond the days when society classified children as "legitimate" or "illegitimate" using the latter designation to stigmatize the child as less worthy.

Durational residency-requirements

A two-tier system would penalize domestic violence victims and their children who relocate for safety reasons. Restricting benefits for new state residents to the level in their prior state of residence is based upon the misconception that families uproot themselves in pursuit of higher benefits. Continued stalking, harassment and abuse by batterers forces families to move frequently. Women and children from twenty-four (24) states fled to shelters in Alaska during FY94. Restricting benefits punishes women and children who relocate to escape violence by forcing them to subsist on reduced benefits, and by placing them at risk of becoming homeless.

Child Support Enforcement

Well-intentioned efforts to improve child support collection could endanger domestic violence victims and their children. Measures are being discussed that would make the receipt of welfare benefits contingent upon one's cooperation in establishing paternity for the purpose of collecting child support. Merely conducting a paternity search could reveal the victim's whereabouts to her abuser, and further endanger her. Successful paternity establishment would allow the abuser to sue for custody or physical placement rights, thereby allowing for the use of the child as a bargaining chip to reestablish control over the victim.

Initiatives to tie child support enforcement programs to welfare reform must include a "good cause" exemption for a parent whose cooperation would result in physical or emotional harm to her or to the child. Moreover, caseworkers must be required to inform recipients about this legal option early, especially if in-hospital paternity establishment programs are initiated.

Time-Limiting AFDC

The dynamics of domestic violence must be taken into consideration when applying time-limits and welfare-to-work programs to AFDC recipients. The study, *Domestic Violence: Telling the Untold Welfare-to-Work Story*, is a

report provided by the TAYLORINSTITUTE and is the first attachment to this paper. The report raises serious questions about barriers victims face in participating in welfare-to-work programs. The Network concurs with the report's recommendation to exempt battered women from the time-limit provision.

Having asked for the exemption, the Network recognizes exemptions and extensions do not solve all the problems created by time limits. Exempting some families from time limits and extending time limits for others would prevent some harm. But no matter how carefully and broadly drawn, such provisions will not address the problems of all families that need them because:

- * not every situation can be anticipated;
- * it is often the most troubled families that have the most difficulty making their case before the agency; and,
- * agencies often fail to give meaningful notice to families of their rights.

How can our concerns be addressed?

Dispel the myths surrounding AFDC recipients

The second attachment to this paper is *Facts That Refute Common Myths About AFDC, Publication No. 171 of the Center on Social Welfare Policy and Law*. Acknowledging that most AFDC recipients do not take advantage of the system allows the discussion to focus on encouraging change through support instead of force.

Choose to reframe the discussion

What basic provisions do we want to make available to each person in our society? How do we call the best of a person into being? What steps are we taking to end violence against women? How do the answers to these questions get put together to offer a comprehensive approach to adequately providing food, shelter, and basic necessities to those who are hungry, cold, and destitute?

Ask welfare recipients what they need to be self-sufficient

Time-limiting, denying benefits, and trying to restrict birth rates will not raise families from poverty. Ending violence perpetrated against women by their partners, providing comprehensive health care and adequate child care, and allowing for an expanded definition of work are steps that would bring us closer to the goal.

DOMESTIC VIOLENCE: TELLING THE UNTOLD
WELFARE-TO-WORK STORY

A TAYLOR INSTITUTE REPORT

BY JODY RAPHAEL, ADMINISTRATIVE PARTNER

JANUARY 30, 1995

Funded by Woods Fund of Chicago

TAYLORINSTITUTE
RESEARCH FOR REAL CHANGE

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Introduction: Welfare Receipt and Domestic Violence

Welfare-to-work public policy recommendations continue to be based on a key factual misconception- that female welfare participants are indeed single heads of households. In actuality, grass roots social service providers are finding that, in many cases, there is a male in the picture who frequently sabotages the woman's efforts to become self-sufficient-- often with violence. Several model welfare-to-work programs have made the crucial connection between domestic violence and long-term welfare receipt-- a connection which must be recognized before meaningful progress can be made in the struggle to free women from welfare dependency.

The problem looks something like this: Due to low grant levels, welfare participants cannot live on welfare alone. Accordingly, high school dropouts who become teen parents-- with the attendant low skill levels and negligible work history-- become embroiled in relationships with males who promise to support them. In return, say community workers, these males want complete dependency. Threatened by educational and self-help programs, these men frequently resort to violence and emotional coercion to prevent their partners from gaining education and employment. This finding flies in the face of the current assertion that women go on welfare to escape abusive relationships.

This cycle is becoming more familiar to those in the field, who are disheartened by their inability to effectively intercede. "We can do everything we can, but if we don't get the partner to but in, he will sabotage it every single time. It is so frustrating because we can't control it," explains Angie Barnett of the Maryland Friends of the Family Program.

Although practitioners are becoming increasingly aware of the problem, the issue of domestic violence as a barrier to training and employment does not surface in national welfare-to-work policy discussions. Nor has there been any solid research completed to inform the welfare reform debate. This report takes a first step at determining the extent of the problem within the AFDC caseload and analyzing its implications for public policy.

Taylor Institute, a public policy research and advocacy organization in Chicago, has been working with the Chicago Commons Employment Training center (ETC) to quantify and analyze ETC data regarding the relationship of domestic violence to long-term welfare receipt. Recently Taylor Institute undertook a nation-wide telephone survey to determine just what is known about the problem by grass roots welfare-to-work programs around the country. Although most programs do not explicitly track this data, there is a mounting body of evidence supporting the connection between domestic violence and welfare dependency-- enough to cause grave concern about the drift of the national welfare reform discussion and to mandate additional research.

What Grass Roots Welfare-to-Work Programs Say About Domestic Violence

The Problem

For the purpose of this report, domestic violence is defined as verbal and physical abuse and coercion by men directed at adult women in intimate relations, which is meant to take in the full range of physical and nonphysical means used by men to coercively control women.

The stories about domestic violence are all the same, numbing in their repetition and remarkable in their similarity.

* Participants do not come to basic skills classes regularly because their attendance provokes violent behavior against them. Their decision to improve their skills and seek employment threatens their abusers, who prefer them to stay dependent. Coming to the program itself is an act of resistance which most often exacerbates the violence. When visiting participants who have dropped out of training programs, staff routinely find women with visible bruises, black eyes and cigarette burns-- injuries inflicted by abusers in the hope that their victims will be too embarrassed to go to school. Abusers may also come to the program itself, making belligerent threats of violence in the hope that their behavior will result in the participant being barred from participation. For many women, it is easier to take the path of least resistance and drop out.

* Participants describe a variety of techniques employed by their partners to sabotage their efforts to become educated or employed. For example, the night before a key test, entrance exam, or job interview, boyfriends will engage their partners in night-long quarrels, leaving the women sleep-deprived and unable to perform well. In addition, participants report over and over again that their abusers will promise to provide key child care services or transportation, only to disappear on the morning of the exam, or become inebriated-- and therefore incapable of helping-- when needed. Abusers may also hide their partners' clothing and winter coats so that the women are unable to leave the house either to take a test or to attend school. At the extreme, abusers will inflict black eyes or other injuries the night before their partners are to start a new job, or will visit the job site and create an embarrassing or threatening situation, causing their partners to lose their job. Such harassing visits and/or telephone calls often wear down the participant, who decides to quit the program or job and devote herself to her partner's needs and interests.

* Participants also report that their abusers are terribly concerned about them meeting other men and forming new relationships. One woman recalled that her partner appeared every day at work to take her to lunch, lest she meet and fraternize with anyone new. Another woman related that her partner let her come to school because only women were involved on site. The same woman was

certain that her partner was unlikely to let her get a job, because she would meet other men at the work place.

The Statistics

At the Chicago Commons West Humboldt Employment Training Center (ETC), a comprehensive welfare-to-work program which has provided services to over 600 welfare women since 1991 in Chicago, 58% of participants who entered ETC between July 1, 1993 and June 30, 1994 were current victims of domestic violence when they entered the program; an additional 26% were past domestic violence victims; 17% of all participants were incest survivors or past victims of sexual assault; 21% were currently addicted to drugs or abusing alcohol; and an additional 9% were recovering from past substance abuse. ETC provides services to participants who are long-term welfare recipients (the average time on welfare is 6.7 years) and low basic skills (43% were reading at 6th grade or below upon entry).

The Washington State Institute for Public Policy undertook a five-year Family Income Study which interviewed a representative sample of the entire AFDC population in the State of Washington. In the fifth year of the study, administered in 1992, women were asked if they had been physically or sexually abused as adults.

60% reported some type of abuse (physical and/or sexual), compared to 35% for a comparison group of women drawn randomly from neighborhoods that were more likely to have high rates of public assistance receipt. The study did not, unfortunately, differentiate between current and past abuse.)

55% reported being physically abused by a spouse or boyfriend, compared to 28% for the at risk sample.

30% reported being sexually abused by anyone, compared to 19% for the at risk sample.

Two years ago, Mid-Iowa Community Action (MICA), a comprehensive family development and self-sufficiency program in rural Marshalltown Iowa conducted a survey of 91 heads of household participating in its family development program who had been on welfare for two years or longer.

22% were current domestic violence victims;
51% were past domestic violence victims;
11% were current substance abusers; and,
31% were past substance abusers.

MICA states, "What these families want is a partner who can skillfully elicit the history of the family; acknowledge the pain that has been part of the family's history; and connect the family with resources and experiences that will help the family to heal and move forward."

In December 1991 Manpower Demonstration Research Corporation (MDRC) published the results of a study of 617 young women (age 16-22) participating in **New Chance** program sites throughout the county between August 1989 and September 1990. Case management staff were instructed to report various problems only if they interfered with program participation.

16% of enrollees across all sites told program staff that they had been battered by their boyfriends or came to the program with a black eye or other visible signs of abuse; 6% reported being abused by someone other than their partner. In addition, 15% reported discouragement of program participation by their partner and 9% discouragement of program participation by their mother or other close relative.

Janet Quint of MDRC states that these statistics are probably low estimates and represent only the cases known by the staff. She adds that "tension-fraught relationships with significant others mean that some women can't fully take advantage or benefit from programs otherwise available to them."

The problem has also surfaced in **Jackson County, Missouri (Kansas City)** in the **FUTURES** program, where the JOBS caseloads are 35-1, "the lowest in the nation," according to Barbara Hubbell. In March 1994 an evaluation of the program by the University of Missouri at Kansas City found that "FUTURES graduates less frequently report the presence of a significant other in the household than do dropouts and those currently in the program." Carmen Schulze, Director of the Missouri Department of Social Services, Division of Family Services, concurs, that "the significant other has a key impact on decisions that lead to self-sufficiency."

In Denver, Mitzi Kennedy of the **Clayton Mile High Family Futures Project** estimates that 50% of its mothers are struggling with issues of domestic violence.

The **Women's Employment Network** in **Kansas City, Missouri** estimates that 75-80% of its participants self-report domestic violence during the course of the program.

At least 20% of the participants in the **Family Support and Education Center** in **Cecil County Maryland** (where the population is 95% White) are affected by the problem, according to Angie Barnett. Because of the direct relationship between domestic violence and self-sufficiency, the program persuaded the local domestic violence center to provide services directly at the jobs program site.

At the **Denver Family Opportunity Program**, operated by the Department of Social Services, Sue Boyd has also uncovered domestic violence as the "biggest issue for successful transition into the workplace. There is no doubt whatsoever. This is the biggest problem that you have. We are trying to build new strategies for dealing with this, other than exempting battered women from participation," which the program is currently doing.

Jennifer Levine with the Project Esteem program of Family Dynamics Inc, in New York City states that its caseload contains an equal number of supportive relationships and abusive ones. Project Esteem, which provides a 12-week career planning/parenting education program, explains that "in many ways social realities have not caught up with the economic realities in that women are still expected to stay home and care for children. In some cases if the male can't support the family very well, it is a blow to his self-esteem to have the female doing so." Levine also states that parents and other siblings are often, for whatever reason, not supportive of the effort to get off welfare and often sabotage the welfare participant by failing to provide needed child care and other support at key moments.

Cleveland Works, another comprehensive program providing a host of family support services, including on-site child care and legal assistance, also reports that "this silent issue is a major problem." Deborah Lucci explains that participants may not be willing to say they are being beaten up, but "it all comes out as they progress through the program and try to become independent."

As part of its holistic, multi-disciplinary approach to service provision, in November 1994 the Hawaii JOBS program quantified what the department calls "psycho-social" and health barriers which "very much interfere with the transition from welfare to work. Domestic violence is a major barrier for our clients in Hawaii," says Marge Sheehan, Social Work Supervisor. Psycho-social and health barriers were found in 54.4% of the caseload.

The University of Wisconsin-Milwaukee has also found a connection between domestic violence and child abuse and the ability to stay in school in an analysis of the "Learnfare" Program in Milwaukee County. Under "Learnfare" teen parents receiving welfare are financially sanctioned for missing more than two days of school each month by losing a portion of their benefits.

The study, which analyzed over four million client computer records at Children's Court for a ten year period ending in 1989, found that 36% of the 1,562 Milwaukee County teen parents sanctioned under "Learnfare" during the sixteen month period from September 1988-December 1989 had child abuse or neglect indicators for their immediate family. This means that at a minimum a case worker had investigated one or more members of the family for physical or sexual abuse or child neglect and had indicated in the social service file that this is a problem which should be monitored.

In the words of Lois Quinn, one of the authors of the study, "Preliminary analysis suggests troubling questions regarding the high numbers of families with histories of domestic violence or neglect who are sanctioned in Milwaukee County and the potential for negative consequences, including escalated violence, in these and other families. More research is needed in other states now implementing 'Learnfare'-type initiatives on these experiments impact within families and follow-up is needed in Wisconsin on any subsequent violence which has occurred in threatened or sanctioned

families."

Implications for Public Policy and Welfare Reform

1. Determine the extent of the problem

It is time for the issue of domestic violence to come out of the closet. The secret cannot continue to be kept. Patricia Murphy, author of the path-breaking book "Making the Connections: Women, Work and Abuse," believes domestic violence, while a crime, is also an economic crime. Domestic violence occurs during the ages of 13-26, she explains, the time when young women should be building their skills and developing their work identity. These are key developmental years. "The loss of work identity in either the waged or unwaged work lives of women is a kind of death. When this loss occurs as a result of abuse, it is a kind of murder, soul murder."

The reasons for the secret are not difficult to fathom. Since the existence of a male in the house providing economic support has not been and cannot be reported to the welfare department, it is no wonder that welfare participants strive mightily to keep the existence of the live-in relationship a secret. Participants are also deeply ashamed that they are beaten. Many are afraid to get needed help for themselves or their children because they fear that they might lose their children due to their failure to provide a violence-free home environment. For this reason, the problem is unlikely ever to be shared with a welfare department case manager or other professional with a duty under state law to report potential child abuse or neglect.

The secret gets kept with the connivance of those in the helping professions who often do not believe it is their place to ask about such personal matters. "Don't ask, don't tell", appears to be the operative rule. Mitzi Kennedy, in the Denver program explains that "You have to know enough to recognize the code. Participants will give out hints, like, 'He holds me down,' or 'I have a man problem,' or 'The man is no good.' That is the signal to probe more deeply."

The enormity of the problem (Why do so many men batter their partners?) causes discomfort and denial, and the difficulty and messiness of the issue cause dismay (Why don't the women just leave?) The result is that domestic violence remains an issue "owned" only by feminists and/or those in the domestic violence service network. These programs generally do not interface with the welfare-to-work service delivery system. As an issue domestic violence remains dangerously disconnected from welfare reform and other anti-poverty policy initiatives.

A corrective course is urgently needed.

* All aspects of the social service delivery system, including job training programs, need sensitization to the issue of domestic violence and training in assessment tools and techniques to serve the needs of battered women.

- * The extent of the problem within the AFDC caseload needs to be verified and the accompanying characteristics of the women better understood.
- * Grass roots welfare-to-work programs need to begin immediately assessing and tracking the incidence of the problem.
- * Program evaluators also need training in domestic violence and domestic violence assessment. All evaluations of experimental welfare-to-work programs must take domestic violence into account.
- * Academic researchers need to work hand-in-hand with program providers at the grass roots level to better quantify and understand the implications of domestic violence for the development of women across their life spans.

2. Identify specialized support needed for current and past victims and provide it.

Unlike any of the current theories regarding welfare dependency, the incidence of domestic violence in the lives of welfare recipients striving to become self-sufficient appears to explain the failure of current welfare reform policies and programs.

The "culture of poverty," identified by many academics as characterizing long-term welfare participants--"learned helplessness," apathy, resignation and inability to recognize and respond to new opportunity caused by lack of control over their lives--may, in many cases, be post traumatic stress disorder, mandating a totally different public policy and service approach.

Many past victims have incurred permanent injuries such as damage to joints, partial loss of hearing or vision as well as emotional injuries which compromise their capacity to become and stay employed. To recover from post traumatic stress disorder they need specialized intervention to deal with their poor concentration, markedly diminished interest in significant activities and sense of a foreshortened future. General lack of knowledge about post traumatic stress disorder and its connection with domestic violence, rape, childhood sexual assault and substance abuse often means totally inadequate services for welfare women (Murphy).

Current victims must grapple with all of these problems as they struggle to avoid physical harm. The fact is that domestic violence victims have generally found their identity in their relationship with their partners, have acceded to their wishes, and have failed to develop any sense of themselves as independent persons with a possible role in the economy. Fears for safety, when combined with the effects of post traumatic stress disorder, cause a problem which often requires a great deal of time and outside support to favorably resolve. In most localities, shelters, which provide a needed safe haven, lack the resources to provide assistance with needed career planning and skills development necessary for employment.

Many domestic violence victims also suffer retarded intellectual development as a result of the verbal-emotional abuse they have suffered. Along with children raised in abusive situations, domestic violence victims often believe they are stupid and helpless. "The ever-present fear of such volcanic eruptions and catastrophic events leaves children speechless- numbed, unwilling to develop their capacities for hearing or learning" (Belenky, et. al. "Women's Ways of Knowing"). It is through speaking and listening, writes Belenky,, that we develop our capacities to talk curtail their voice may account for the greater prevalence of clinical depression among women than men.

This analysis suggests the need to combine intellectual development with emotional recovery. Program models combining domestic violence support services with basic skills training are desperately needed.

3. Exempt current victims.

The paradigm of the single female headed household cannot continue to be exclusively used as the basis upon which to build welfare policy. The connection between domestic violence and long term welfare remains poorly understood. We do not yet understand the implications of requiring women to get off of welfare within an allotted time. Will abusers permit women to work if that is the only means of ensuring income? Or, as anecdotal evidence suggests, do partners' fears that working women will either meet new men or refuse to turn over hard-earned paychecks simply cause domestic violence to escalate?

Some former domestic violence victims categorically state that their abusers would not let them go out to work regardless of the financial consequences to the household. They believe that more poverty and more crime will occur if time-limited programs are implemented without temporarily exempting domestic violence victims from participation and providing special services to them. With no prospect of welfare, young teens without skills or prospects become ever more likely to fall prey to older men who promise to take care of them.

However, it would appear to be the prevailing view that the abuser will allow his partner to go to work because the family unit has become dependent upon the income represented by the welfare check and Food Stamps. However, even if abusers permit their partners to work, the experience of some welfare women suggests that starting a low-wage job increases the stress on the household, prompting further levels of violence. Moreover, it is unlikely that the welfare participant will be able to maintain the job given the levels of that stress, the accompanying violence, and her inability to concentrate on the job.

Admittedly, little research has been done and not much is known about the effects of changed public policy on households where domestic violence occurs. A chilling episode in Milwaukee almost two years ago demonstrates the possible bloody cycle. As reported by the Milwaukee Sentinel, when Roberta Lee Russell, 18, had to attend

school or risk losing some of her benefits, her partner, David Hall, 24, was at home providing child care. When seven month year old Jemeale wouldn't stop crying after being given a bottle, he asked Russell to stop attending school to take care of the children. She said she couldn't because she wanted to continue receiving monthly welfare.

Although Hall told her that he had enough of taking care of the kids, Russell went to school anyway. On that day the baby's father was awakened from a nap by the baby's crying. He lost his temper and punched the boy three times in the stomach and the child stopped crying. Then Hall pushed in the boy's distended stomach, thinking he needed to be burped. The next day, Jemeale stopped breathing and died.

Because it is often difficult to make an assessment of domestic violence, it is essential that all long-term welfare participants with low skills be required to participate in literacy or job training programs which have the capacity to assess and provide the specialized services current and past victims need. Program participants who show meaningful progress should be exempted from time limits which would otherwise sever their benefits.

4. Prevent domestic violence from occurring.

Preventing the formation of relationships which are violent during the teen years is the only response true and deep enough to make fundamental changes in the ways in which many low-income young women live and raise their children today. Although domestic violence is the single greatest cause of injury to American women and a major health problem, we are only just now beginning to figure out what we can do to make domestic violence unacceptable. Prevention requires developing a community-wide response to the problem- community-wide information and discussion, coupled with the availability of visible, accessible services to current victims at the neighborhood level. Leadership development in our low-income communities is a prerequisite. There are some promising curricula and training projects aimed at pre-teens in our nation's schools, but these fledgling efforts are poorly funded and supported.

The undeniable link between domestic violence and long term welfare dependency also mandates a focus on male abusers. Even if welfare is made transitional, the issue of domestic violence will remain, blighting women's and children's efforts to become fully developed, independent persons. Little is known about effective interventions with male abusers, who up until now have remained the important missing piece in the welfare policy puzzle.

ABOUT TAYLOR INSTITUTE

Taylor Institute is a non-profit public policy research center established in Chicago, Illinois in 1975. Taylor Institute seeks to improve the quality of life of low-income and other disadvantaged people and communities by improving public policies that affect them. Taylor Institute conducts demonstrations, research, technical assistance, training, and evaluation projects that involve and are informed by the experience of low-income persons themselves.

Taylor Institute projects are informed by the experience of the grass roots. All initiatives include direction from people in low-income communities who: work with Taylor Institute staff to identify and research issues and questions; participate in interviews and focus groups; and, help design and lead research-related community organizing and advocacy activities.

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Facts That Refute Common Myths About AFDC

March 1992

Center on Social Welfare Policy and Law

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The Center on Social Welfare Policy and Law is a national legal and policy organization with offices in New York City and Washington, D.C. Its work focuses on means-tested cash public assistance programs that currently provide subsistence benefits to more than 14 million destitute persons, of whom most are young children and their single parents. These programs are the Aid to Families with Dependent Children (AFDC) and state and local general assistance (GA) programs.

The Center provides representation for poor people in litigation and before administrative and legislative bodies, and analyses of developments in welfare law, training and individualized assistance for local advocates providing representation on welfare matters. The Center also engages in nonpartisan analysis of welfare policy issues and public education designed to increase understanding of the public assistance programs and the needy families and individuals they serve.

This publication was prepared by Barbara Leyser, Senior Policy Analyst, and Adele Blong, Associate Director of the Center.

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FACTS THAT REFUTE THE MOST COMMON MYTHS ABOUT AFDC ¹

March 1992

MYTH: *Once on AFDC, always on AFDC.*

FACT: The vast majority of AFDC cases are open for less than two years, and most of these cases are closed within a year. The best evidence is that no more than 20 percent to 24 percent of the families that receive AFDC receive it in more than 9 separate years over the course of their lives, and the family may not be receiving benefits for a full year in each of those years.² Moreover, there is no evidence that those who grow up receiving welfare as children are instilled with a different set of values or attitudes which make them more likely to receive welfare as adults than others who grew up in families with similar income levels.³

MYTH: *The AFDC rolls are full of able-bodied adults who don't want to work.*

FACT: More than two-thirds of all recipients of AFDC are children. All of the adults who receive AFDC are caring for children and the vast majority are doing so as single parents. Thirty-five percent of all AFDC families include a child under the age of three. Less than 15 percent of all AFDC families have no child under 12. The vast majority of the adults receiving AFDC also face obstacles to employment at a living wage that result from limited education and job skills. In addition, a significant number of adult recipients do work outside the home at some point during the year. On average, in fiscal year 1989, nearly 15 percent of the adult women receiving aid and more than 22 percent of the adult men were either employed or in school while receiving aid and another 65 percent of the men and nearly 40 percent of the women were enrolled in work and training programs.⁴

MYTH: *Women receiving AFDC have lots of children and keep having more just to get more money.*

FACT: 42 percent of all AFDC families include only one child and another 30 percent have two; less than ten percent of the families receiving AFDC include four or more children.⁵ In addition, there is no evidence that the availability of AFDC benefits is an inducement to women to have children.⁶ In fact, the AFDC benefit structure in most states effectively penalizes those families with more children by failing to increase benefits by an amount sufficient to cover the costs of providing for an additional child.

MYTH: *Families can live well on AFDC benefits.*

FACT: The combined benefit from AFDC and food stamps is below the poverty level in every state and below 75% of the poverty level in almost four-fifths of the states. It is less than 35% of median family income in every state. As of January 1992, the maximum AFDC benefit available to a family of three with no other income is under \$400 in 29 states and half of these states provided less than \$300 per month to such families.⁷

MYTH: *AFDC families receive benefits under a multitude of programs which fill any gaps left by inadequate AFDC benefits.*

FACT: The figures given in the preceding fact represent the combined value of AFDC and food stamps. Families receiving AFDC can qualify for other benefits as well, but generally the assistance provided by such benefits does not increase the income available to meet the basic subsistence needs that are supposed to be covered by AFDC and food stamps, i.e., food, clothing, shelter, personal need items. Payment for medical care does not give the family additional money for food; housing assistance may or may not reduce the amount that the family has to spend on housing. In addition, not all AFDC families receive benefits under other programs. For example, approximately 15 percent of AFDC families do not receive food stamps and 63 percent live in private rental housing for which they receive no housing assistance.⁸

MYTH: *AFDC benefits are generally lower in the South and Southwest because it costs so much less to live in these regions of the country.*

FACT: While there are wide variations in AFDC benefit levels from region to region, the available data shows very little regional variation in the minimum income a family needs and only small differences in median family incomes. For the nation as a whole, AFDC benefit levels average about 14 percent of state median income, while in eight southern states plus Texas benefit levels equal ten percent or less of state median income.⁹

MYTH: *Poor people migrate to states with "high" AFDC benefits just so they can receive these higher benefits.*

FACT: Poor people tend to migrate in the same direction as the population as a whole - overall trends show movement out of the Northeastern and Midwestern states and into the Southern and Sunbelt states, where AFDC benefits are generally lower.¹⁰ Moreover, the small percentage of AFDC families that do move out of state tend to migrate for the same major reason as the rest of the population - to improve their family's quality of life - and the availability of potentially higher welfare benefits in and of itself appears not to be a significant drawing point.

MYTH: *Many AFDC recipients are receiving benefits they are not entitled to and nothing is being done to bring this under control.*

FACT: Erroneous payments in the AFDC program account for less than 6% of the benefits paid¹¹ and all states are required to and do have systems designed to control and reduce errors.

MYTH: *The federal government is faced with such a large budget deficit because so much money is being spent on programs like AFDC.*

FACT: Federal expenditures for AFDC in fiscal year 1991 represented less than 1% of the total federal budget amounting to approximately \$12.5 billion.¹² Total state spending on the program was a little less. AFDC expenditures have been at about this same percentage for over 10 years.

ENDNOTES

1. Aid to Families with Dependent Children is a joint federal/state program under which the federal government pays from 50% to 80% of the costs of state operated programs that provide cash assistance to needy families with children if one parent is absent, incapacitated, or meets a very narrow definition of unemployment.
- 2 See for example: David T. Ellwood, Targeting 'Would Be' Long Term Recipients of AFDC, *Mathematica*, Jan. '86; Ellwood, *Understanding Dependency: Choices, Confidence or Culture?*, HHS, Nov. 1987; O'Neill et. al., *An Analysis of Time on Welfare*, Urban Institute, June, 1984.
- 3 See for example: Ellwood, *Understanding Dependency ...*; Hill and Ponza, *Does Welfare Dependency Beget Dependency?*, U. of Mich. Institute for Social Research, 1984; Hill et. al., *Motivation and Economic Mobility*, U. of Mich. Institute for Social Research, 1985; Rein and Rainwater, "Patterns of Welfare Use", in *Social Services Review*, Dec. 1978; Hill and Ponza, "Poverty and Welfare Dependence Across Generations", in *Economic Outlook USA*, Summer 1983.
- 4 *Characteristics and Financial Circumstances of AFDC Recipients - FY 1989*, HHS, Administration for Children and Families, Office of Family Assistance, Washington, DC 20447 (hereafter referred to as "FY '89 Characteristics Study"); and 1988 unpublished Census data showing that 39% of all families reporting receipt of AFDC for 1987 also reported that the family head worked at some point during the year and that the mean number of weeks worked was 30.4. The same Census data source also shows that 50% of all families reporting receipt of AFDC also reported receipt of earnings within the same year.
- 5 *Characteristics, supra*.
- 6 David Ellwood and Mary Jo Bane, *The Impact of AFDC on Family Structure and Living Arrangements*, prepared for the Department of Health and Human Services under Grant # 92A-82, March 1984; Robert Moffitt, *Incentive Effects of the U.S. Welfare System: A Review*, Institute for Research on Poverty Special Report no. 48, March 1990, University of Wisconsin-Madison.
- 7 Forthcoming Center on Social Welfare Policy and Law report on state AFDC benefit levels.
- 8 *Characteristics, supra*.
- 9 Forthcoming Center report on state AFDC benefit levels.
- 10 General information with respect to migration patterns of the population is reported by the Bureau of the Census in the P-20 Series of the Current Population Reports entitled *Geographical Mobility: ...*; most recent such report is No. 456 and contains data for March 1987 to March 1990.
- 11 U.S. Department of Health and Human Services, FSA-IM-91-7, FY '90 payment error rate of 5.98%.
- 12 *The Budget of the United States Government: Fiscal Year 1993*.

Barbara Ehrenreich

Battered Welfare Syndrome

HARDLY ANYONE THESE DAYS RECOMMENDS PUNCHING and slapping as a way of settling marital disputes. On the daytime talk shows, audiences go into frenzies of outrage over batterers and any batterees who dawdle before calling the hotline. In California and Massachusetts, Governors who are feverishly cutting programs that aid women in poverty are proposing actual increases in funds to combat domestic violence. Thanks to Nicole Brown Simpson's sad fate, we tell ourselves, we're all painfully aware of the problem. So why, a rational observer might inquire, are we simultaneously hell-bent on policies that will lock millions of women into violent and abusive relationships?

Because this will be one undeniable effect of welfare reform, as passed by the House and contemplated in many states. One of the first things a woman is likely to do when fleeing an abusive relationship is apply for welfare; officials at some battered-women's shelters report that 60% to 95% of the women they help go on welfare, at least for the short term. These are such women as the San Antonio mother of three profiled in the *Houston Chronicle*, who fled when her otherwise straight-living, Baptist, teetotaler husband took to slapping her in front of the children. She fled to a shelter, got on welfare and eventually became single and self-sufficient.

Reforms that make welfare harder to get and worth less when you get it will leave this escape hatch a lot narrower. Residency requirements, for example, effectively bar women from fleeing their abusers from one state to another, and work requirements will discourage the woman with no child care from escaping her—and possibly her children's—tormentor.

No one knows exactly what portion of the welfare rolls is made up of refugees from domestic violence, but knowledgeable estimates are startlingly high. In preliminary research on a small sample of Chicago welfare recipients, Susan Lloyd at Northwestern University found nearly half mentioned abusive relationships as a factor in their need for welfare. Arlene McAtee, associate director of Mid-Iowa Community Action, estimates three-quarters of the women she sees come to welfare as a way out of domestic violence. And in some surveys of women in homeless shelters, half the respondents say they're homeless because they fled from a violent mate.

In fact, abuse at any point in a woman's life appears to increase the odds for future welfare enrollment. A recent study by the Washington State Institute for Public Policy found that 60% of women on public assistance had experienced some form of abuse, physical or sexual, as adults. Abuse experienced in

childhood was, if anything, even more damaging—predisposing girls to early sexual activity, teenage motherhood and, again, the eventual need for welfare.

All this suggests the "cycle of dependency" that needs to be cured is not so much one of the dependency on government "handouts" as one of dependency on abusive men. Abuse, even of the verbal kind, saps self-esteem; physical abuse can imprison a woman at home, too ashamed to show up for work with a black eye or cigarette burns. No matter where they start out in the socioeconomic spectrum, victims of abuse are especially vulnerable to poverty and—to round out the cycle—poor women are especially vulnerable to abuse.

Welfare can and sometimes does free women from dependency on predatory males, as plenty of welfare alumnae can testify. But welfare benefits have been shrinking for two decades, to a level—a little less than \$400 a month per family, on average—that forces many recipients into financial reliance on any man who can help pay for the groceries. This, according to the researchers, is why one recent study found that 58% of the women enrolled in a Chicago welfare-to-work-training program were current victims of domestic violence.

Some women, of course, can escape their abusers with no help from welfare, and plenty of women who go on welfare have been battered by poverty alone. But only a fool, or a smug male legislator, could think of crafting welfare policy as if domestic violence doesn't exist. The closer you look at the real narratives of women's lives, the more you realize that there is a war going on, a hidden war of men against women—fought with fists and blunt objects, over such issues as why the baby makes so much noise or dinner wasn't ready on time. In this war the wounded don't get much help; they're often stigmatized and reviled for seeking it.

Enter, stage right, the welfare reformers, full of helpful advice for downtrodden women. Get a job, they say, not noticing that some batterers will do anything to prevent that, including stalking their victims at job sites. Get married, they say, not noticing that the potential bridegroom may be a practicing sadist. Even a reasonable-sounding "reform," such as requiring recipients to identify the father of their children, can be enough to trigger his rage and precipitate a new round of abuse.

The fact is that domestic violence, ugly as we pretend to find it, seems to be becoming part of our national policy. Despite our pious concern for the battered, the message from the welfare reformers is clear and cold: stand by your man, they're saying, even when he's knocked you to the floor. ■



COST/SAVINGS ANALYSIS
CSHB 78 (HES)
 Prepared by the Department of Health and Social Services
 Division of Public Assistance
 April 4, 1995

	FY96	FY97	FY98	FY99	FY00	FY01	TOTAL
OPERATING EXPENDITURES							
AFDC Payments - Project	(137.9)	(875.1)	(1,782.4)	(1,882.1)	(1,998.6)	(2,111.1)	(8,787.2)
Eligibility Determination	136.8	188.8	188.8	188.8	188.8	188.8	1,080.8
PA Administration	213.5	158.5	158.5	158.5	158.5	158.5	1,006.0
PA Data Processing	972.4	277.0	66.5	66.5	66.5	66.5	1,515.4
Alaska Work Programs	0.0	394.5	436.1	446.0	457.0	470.4	2,204.0
Child Care Benefits	0.0	152.0	272.3	289.3	300.0	308.7	1,322.3
Medical Assistance	40.0	(431.9)	(818.9)	(914.8)	(978.1)	(1,035.0)	(4,138.7)
Family and Youth Services	113.9	113.9	113.9	113.9	113.9	113.9	683.4
Gross Project Cost	1,338.7	(22.3)	(1,365.2)	(1,533.9)	(1,692.0)	(1,839.3)	(5,114.0)
Less Federal Receipts for Project Costs	618.7	(28.7)	(659.5)	(739.2)	(813.0)	(881.7)	(2,503.4)
Less I/A Receipts for Project Costs (PFD Hold Harmless)	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)	(791.2)
Net GF/GF Match Project Cost	732.7	85.2	(545.3)	(625.3)	(699.1)	(767.6)	(1,819.4)
Less Ratable Reduction GF Match Savings	(706.5)	(1,023.8)	(1,075.1)	(1,128.8)	(1,185.3)	(1,244.5)	(6,364.0)
Net GF Budget Impact	26.2	(938.6)	(1,620.4)	(1,754.1)	(1,884.4)	(2,012.1)	(8,183.4)

RATABLE REDUCTION SAVINGS							
GF Match	(706.5)	(1,023.8)	(1,075.1)	(1,128.8)	(1,185.3)	(1,244.5)	(6,364.0)
Federal Receipts	(706.5)	(1,023.8)	(1,075.1)	(1,128.8)	(1,185.3)	(1,244.5)	(6,364.0)
I/A Receipts (PFD Hold Harmless)	(197.7)	(207.5)	(217.7)	(228.7)	(240.1)	(252.2)	(1,343.9)

AID TO FAMILIES WITH DEPENDENT CHILDREN
Maximum Monthly AFDC for Family of Three Persons
Standard of Need and Maximum Benefit Payment as of October 1, 1994

State	Need Standard 3 Persons*	Maximum Benefits 3 Persons	Maximum Benefits Ranking	Benefit as a Percent of Poverty*	Rank by Percent of Poverty
Alabama	673	160	51	15.6%	51*
Alaska	975	923	1	71.9%	1
Arizona	954	347	33	33.8%	33
Arkansas	705	204	47	19.9%	47
California	715	607	6	59.2%	6
Colorado	421	421	20	41.0%	20
Connecticut	735	735	2	71.6%	2
Delaware	338	338	35	32.9%	35
Dist. Of Columbia	712	420	21	40.9%	21
Florida	991	303	40	29.5%	40
Georgia	424	280	43	27.3%	43
Hawaii	1,140	712	4	60.3%	5
Idaho	991	317	38	30.9%	38
Illinois	890	367	29	35.8%	29
Indiana	320	320	37	31.2%	37
Iowa	849	426	18	41.5%	18
Kansas	396	396	25	38.6%	25
Kentucky	526	228	46	22.2%	46
Louisiana	658	190	48	18.5%	48
Maine	553	418	22	40.7%	22
Maryland	507	366	30	35.7%	30
Massachusetts	579	579	7	56.4%	7
Michigan	509	424	19	41.3%	19
Minnesota	532	532	11	51.9%	11
Mississippi	368	368	28	35.9%	28
Missouri	312	285	42	27.8%	42
Montana	478	389	26	37.9%	26
Nebraska	364	364	31	35.5%	31
Nevada	699	348	32	33.9%	32
New Hampshire	1,405	307	39	29.9%	39
New Jersey	985	443	16	43.2%	16
New Mexico	381	381	27	37.1%	27
New York	577	577	8	56.2%	8
North Carolina	544	266	44	25.9%	44
North Dakota	501	501	13	48.8%	13
Ohio	901	341	34	33.2%	34
Oklahoma	645	324	36	31.6%	36
Oregon	460	460	15	44.8%	15
Pennsylvania	527	403	24	39.3%	24
Rhode Island	554	554	9	54.0%	9
South Carolina	440	440	17	42.9%	17
South Dakota	491	491	14	47.9%	14
Tennessee	500	185	50	18.0%	50
Texas	751	188	49	18.3%	49
Utah	553	415	23	40.4%	23
Vermont	724	724	3	70.6%	3
Virginia	322	291	41	28.4%	41
Washington	1,158	546	10	53.2%	10
West Virginia	497	249	45	24.3%	45
Wisconsin	647	517	12	50.4%	12
Wyoming	674	674	5	65.7%	4

Note*

Need standard is the maximum monthly allowable income as defined in state and federal regulations.

The percent of poverty is based on the 1994 Federal Poverty Guideline (FPG) for a family of three persons converted to a monthly rate.

The FPG for all states is \$1,026, except Alaska, which is increased 25 percent to \$1,284, and Hawaii which is increased 15 percent to \$1,180.

Source: U. S. Department of Health and Human Services, Administration for Children and Family Services, untitled draft document dated December 1994.

THE NEW DEMOCRAT

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I AM WORKING

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ANTHONY ANASTAS	ANTHONY ANASTAS	ANTHONY ANASTAS			



MAKING WELFARE WORK

*Will Marshall
Lyn A. Hogan
Theresa Funicello
Andrew Cooper
Lee A. Bowes*

MAKING WELFARE WORK

INVESTMENT ♦ FROM ON THE MIDDLE CLASS

UNDER INDICTMENT

Americans Want To Change, But Not Demolish, the Welfare System

BY WILL MARSHALL

Nothing better exemplified candidate Bill Clinton's commitment to fundamental change than his promise to "end welfare as we know it." More than any other, this pledge defined him as a New Democrat determined to move beyond an exhausted left-right debate that is failing to confront America's most pressing problems.

In calling for a two-year limit on welfare, Clinton proposed the most radical reform in U.S. social policy since the New Deal. The notion that welfare should offer poor Americans transitional support en route to a job—rather than subsidize a way of life widely seen as divorced from work and responsibility—clearly struck a responsive chord with the public.

Recent surveys confirm that Americans, regardless of class or race, overwhelmingly want to change—but not demolish—the welfare system. People are less concerned about costs than about welfare's failure to encourage and reward the values most Americans live by: work and saving, marriage and family, individual initiative and a sense of responsibility to one's community. More than 90 percent of the public thinks that making welfare recipients self-sufficient is more important than removing them from the rolls to cut costs. Nearly as many support work requirements, even for mothers with young children.

Despite near-unanimous support for sweeping reform, the administration has been curiously slow off the mark. In a questionable strategic judgment, the White House delayed action on welfare and instead pressed ahead with a far more complicated and costly plan to overhaul the nation's health care system. The downgrading of welfare reform as a presidential priority has heartened both liberal defenders of the status quo and conservative opponents of new public efforts to help the poor. It also has blurred the president's New Democrat image even as his economic and health care initiatives define him in more traditional terms.

Still, as Lyn A. Hogan notes in this section, the administration deserves credit for giving Wisconsin approval to test a two-year limit on welfare eligibility in two counties. Other states likewise have proposed using a combi-

nation of carrots and sticks to move welfare recipients into jobs.

The indictment against America's welfare system has four main counts:

It undercuts incentives to work and isolates the poor in a separate welfare economy; it penalizes marriage and underwrites out-of-wedlock births and single parenthood; it empowers bureaucracies and social service providers rather than poor citizens; and, it undermines values held by most Americans, rich and poor, perversely rewarding failure rather than success.

Although virtually every president in the last two decades has vowed to fix these defects, their tries at reform have foundered on ideological gridlock. Conservative resistance to spending more on social programs, coupled with liberal reluctance to demand more of welfare recipients, has ruled out anything more dramatic than marginal adjustments in the status quo. We are left with a welfare system that seems impossible to defend yet impossible to change fundamentally.

Apart from the fact that it comes from a Democrat, President Clinton's call for time-limited assistance is striking because it represents a great conceptual leap forward. Time limits would ensure that the requirement to work replaces the right to income maintenance as the organizing principle of welfare policy. Such a policy casts welfare not as an entitlement but as a compact of mutual obligation: **While society owes everyone a chance to work, the beneficiaries of public aid have a corresponding responsibility to strive to support themselves.** This approach says that all work confers moral dignity and can lead to self-sufficient citizenship.

Time limits, however, are not enough. Simply mandating a two-year limit, without other reforms, would only worsen the plight of 14 million welfare recipients, 9 million of who are children. Helping people develop their capacities—especially those with few resources and many problems—is an expensive proposition. Hence, a radical redesign of social welfare will cost more, not less, in the short run. In fact, the current welfare system has survived successive bouts of reform

precisely because it is a relatively cheap way to deal with the poor.

But spending more now to enable people to work will reap large dividends down the road: fewer people on public aid, more people working and paying taxes, and fewer children trapped in an underclass characterized by rampant unemployment, crime and illegitimacy.

President Clinton will have to strike a political bargain with the left and the right if he is to achieve his goal of making welfare "a second chance, not a way of life." Liberals will have to accept time limits, and con-

servatives will have to accept higher social costs.

In addition to time limits, a progressive, work-based social policy requires five key policy shifts:

- First and most important, we must make work pay. Low-wage jobs simply can't compete with the package of benefits available in the welfare economy. For example, a welfare recipient in Ohio may collect a maximum basic welfare grant (Aid to Families with Dependent Children plus food stamps) of \$633 a month, or \$7,596 a year. However, she also is eligible for valuable Medicaid and child care assistance and possibly housing subsi-

PAPA, PREACH!

The Link Between Illegitimacy and Dependency

BY LYN A. HOGAN.

While politicians and policy experts wrestle with ways to end welfare dependency, a pandemic of illegitimate births guarantees rising demand for social services. More teen-agers than ever are having babies out of wedlock, and the majority of those teens and their children are ending up on welfare, often for very long spells.

In the past, widowed and divorced mothers were the primary beneficiaries of the main welfare program, Aid to Families with Dependent Children. Since the 1980s, though, the divorce rate has stabilized while the trend toward illegitimacy has skyrocketed. The proportion of all families with children that are headed by single women grew from 18 percent in 1980 to 30 percent in 1991. The Congressional Budget Office attributes 81 percent of the growth in female-headed families during 1991 to never-married

mothers; many of them teen-agers. That same year there were roughly 376,000 births to unmarried teens, and the number keeps growing.

Never-married motherhood causes a host of problems, especially for teen-agers, that fosters welfare dependence. In 1990, for example, the average income of a family headed by a never-married woman was \$8,337, compared with \$15,762 for a family headed by a divorced mother and \$39,076 for a two-parent family. Never-married mothers are the least likely to earn high school diplomas, and only 20 percent collect child support from absent fathers, compared with 74 percent of divorced mothers. According to Douglas J. Besharov of the American Enterprise Institute, at least 40 percent of never-married mothers receiving AFDC will remain on the rolls for 10 years or more, compared with 14 percent of

divorced women.

Teen-age mothers, who never marry, have the highest risk of becoming long-term welfare dependents. A 1990 report by the CBO shows that half of all unmarried teen mothers receive AFDC within a year of the birth of their first child, and three-fourths receive AFDC by the time their first child turns 5. Child Trends, Inc. estimates that 43 percent of all mothers who receive welfare for 10 years or more started their families as unwed teens.

Even if tax payers of a family head in welfare is venormous—almost 200 billion dollars. The General Social Survey. Given the current trend, these costs will only spiral upward.

Lyn A. Hogan is the social policy analyst for the Progressive Policy Institute.

dies. Yet, if she takes a 40-hour-a-week job at the minimum wage of \$4.25, she will make only \$8,840 a year, nearly \$3,000 below the poverty line for a typical family of three. It makes little sense to exhort welfare recipients to work if that means lowering their standard of living or leaving them without health care.

The alternative is to shift public subsidies from welfare to work, so that what people earn from low-wage jobs and subsidies always exceeds what they collect for not working. At the president's request, Congress this year took a giant step in this direction by expanding the earned income tax credit, a subsidy to low-wage workers. Together with food stamps, the EITC should be sufficient so that even a minimum-wage job would lift a full-time worker and her family out of poverty. Working mothers also will need more transitional assistance for child care and perhaps housing as they move from welfare to private jobs.

- Second, we must assure universal access to health care. When welfare recipients take a job, they soon lose Medicaid benefits worth about \$3,000 a year. The jobs they are most likely to take rarely offer health insurance or pay enough to let them buy their own policy. Health care reform must guarantee universal access and so remove a serious obstacle to work.

- Third, we must strengthen child support enforcement to supplement the income of poor families. Even with expanded subsidies for work, many single mothers who lack education and skills will remain on the financial edge. Their children deserve the support of both parents, yet only 20 percent of never-married mothers collect child support from absent fathers. We need to crack down on deadbeat dads and encourage mothers to cooperate by letting them keep more of their child support payments.

- Fourth, we must expand welfare-to-work efforts by public agencies, nonprofit groups and even private businesses. As Lee A. Bowes notes in this issue, while studies show that education and training programs can lead to marginal increases in earnings, such gains are rarely enough to lift a family out of poverty. On the other hand, innovative ventures such as America Works and Chicago's Project Match, profiled in this issue by Andrew Cooper, show that with intensive support, even long-term welfare recipients can get and hold private jobs with decent pay and benefits.

This is not to deny that many welfare recipients need more education and training. The question is, should their entry into the job market be delayed while they attend training classes? That may make sense for some—especially teen-age mothers who dropped out of school when they became pregnant. But for adults, get-

ting a job is usually a better bet than getting generic training that may be irrelevant to the local job market.

A recent Manpower Demonstration Research Corporation study of California's GAIN program confirms this view. The study found that programs that stress work, offer intensive job placement and work closely with local employers to determine training needs have been more successful at both reducing welfare rolls and increasing earnings than programs that stress education and training. This should not be surprising: Most people learn their jobs on the job. What welfare recipients need more than anything else is to be reconnected to the world of work. Moreover, such efforts should begin when a person joins the welfare rolls, not when she reaches the two-year limit. The best time-limited welfare system is one in which no one ever hits the limit, as David Ellwood, assistant secretary of planning and evaluation at the Department of Health and Human Services, has said.

- Fifth, we must offer community-service jobs for people who can't find or keep private jobs. If society is to require work as a condition of public assistance, it must guarantee the opportunity to work. But community-service jobs at a minimum wage should be a last resort. Wage subsidies for private jobs, and other transitional benefits, should create a differential that always makes private work a better paying proposition. Our new social welfare system should be characterized above all by closer ties with private employers and should work to reduce the stigma now attached to welfare recipients as they seek employment.

These five initiatives would move us from a system centered on income maintenance and consumption to a system oriented around work and the development of personal assets. In addition, welfare reform should be reinforced by an array of empowering initiatives, including individual development accounts to encourage saving and asset-building; microenterprise to encourage self-employment; tenant management and ownership, to encourage public housing residents to handle their own affairs; and social service vouchers, to give poor people more control over the services created for them.

It's impossible, of course, to subsidize private jobs that don't exist. A crucial question for backers of the time-limited approach is whether there will be enough jobs for welfare recipients seeking work. Liberals say expanding welfare rolls show that jobs are not available; conservatives point to the want ads and the fact that immigrants seem to find jobs here. In truth, however, no one knows the answer because the supply of jobs is

dynamic, always expanding and contracting. Time limits are the only way to find out whether our labor markets can absorb the estimated 1.5 million people who would need jobs two years after the limit was imposed.

Finally, as we figure out how to help people leave welfare, we need to redouble efforts to prevent them from entering the system in the first place. A serious prevention strategy must take aim squarely at the explosion of out-of-wedlock births to teen-age mothers. As Hogan details in an accompanying article, illegitimacy is closely linked to welfare dependency.

There are lots of devilish details to be worked out,

and a work-based social policy will be no more immune to the law of unintended consequences than others. All this suggests the need for a lengthy transition, lots of state experiments with ways to move people into private jobs and to create and monitor community service jobs, and much more rigorous evaluation of these efforts. Nonetheless, President Clinton should press ahead. If he makes 1994 the year of replacing welfare with work, he will find a public eager for change and ready to support his resolve. ♦

Will Marshall is president of the Progressive Policy Institute.

THE SOUP KITCHEN ELITE

'Good Guys' Always Find a Way To Get Money for Themselves

BY THERESA FUNICIELLO

WOODSTOCK, N.Y.

Poverty in America is a megabusiness. With remarkable creativity, every time our social welfare institutions discover or redefine a need of poor people, the "nonprofit" agencies find a way to get money for themselves. In the meantime, poor people have become increasingly poor. It was not quite by accident. Or quite by design.

Instead of helping the poor directly by spending enough money to provide them with adequate benefits, the social welfare system is indirect. Instead of offering a welfare mother enough money to buy decent food and housing for her children, the system offers her food pantries and homeless shelters and information and referral services. The idea, of course, is that she can't be trusted to use money wisely and that it is more prudent to offer her services. The result, however, is an elaborate series of poverty bureaucracies that are wasteful and inefficient. But because the people who run these bureaucracies are "good guys," their motives are rarely questioned and their effectiveness is rarely evaluated.

A triad of interests converged to create this perverse exchange. These three are the nonprofit agencies that lobby for services and later deliver them, the for-profit corporate sector and wealthy individuals who fund nonprofits to influence government policy, and the government officials and bureaucrats whose stars rise and fall

with each wave of public policy. The nonprofits and for-profits interface with government as personnel rotate in and out of staff positions. They are also frequently linked through interlocking directorates. And layers of elected officials influence the contracting-out process in a covert exchange for an array of future campaign contributions. Each of the "helping hands" washes the others while counting the bounty of its good intentions.

Their power is directly proportional to the amount of money they control, the size of their bureaucracies and the successes they claim. Since they are the "good guys," the media tend to report their self-representations uncritically. The result is social policy fashioned by relatively few individuals. Often irrational even on its face, it is the public consequence of virtually private decision-making.

The system fails us all, not by spending too much money on poor people, but by spending so much on their surrogate: the social welfare establishment that purports to represent these people. In particular, by using welfare mothers as public punching bags and ascribing multiple failures to them, the players position themselves to "fix" the women. Those now referred to as the "underclass" are regular subjects of social scientists (biased only by the sources of their paychecks) and the objects of innumerable cures by social welfare charlatans.

Single mothers, in spite of being employed outside the home in ever greater numbers, have become more frequently and more desperately poor. Federal Aid to Families with Dependent Children benefits nationwide have plummeted in purchasing power in the last two decades. In part, the decline in the value of AFDC was a direct consequence of the expansion of the non-profit world. For instance, every time a charity fought for government money to increase the distribution of surplus food and other commodities, poor people's modest political power was squandered. But the money went neither to food purchases (for the most part) nor to the people who needed some. It paid for offices and warehouses and trucks and stoves and salaries and amenities for the soup-kitchen elite.

Consider the example of Second Harvest, a Chicago-based nonprofit corporation controlled by some of the country's biggest consumer product manufacturers and distributors, including the Kellogg Co., the Stop & Shop Cos. and McDonald's Corp. Second Harvest's operating expenses—supported by corporate and individual donations, government contracts and grants—are reported at \$14 million. But Second Harvest is not a warehouse for groceries. It is a set of polished offices where discarded corporate donations are brokered to food banks. Second Harvest's cash is used for salaries, rents, computers and accountants.

Second Harvest assists corporations by taking products that they cannot sell because they have reached their expiration date, have been poorly packaged, short-weighted, overproduced or damaged. Before the advent of organizations like Second Harvest, most of these items would have been dumped at corporate expense. Now, the corporations get a tax break, regardless of the quality of the products they are donating. Half of what is accepted as tax-deductible is immediately dumped by the food-bankers—in local landfills, also on the taxpayers' tab. The rest is only partly food and only partly nutritious. Items such as meat tenderizer, Cocoa Puffs, hair spray and diet soda top the list. The "cost" of getting an actual head of lettuce to a family can be as much as three times the retail value. Frankly, most mothers would rather have the cash.

At its best, our patchwork of social policies tends to focus on symptoms rather than solutions. For example, advocates agree that the common denominator of low-birthweight babies is the poverty of the mothers. You would think that the solution would address that. Yet advocates merely propose more prenatal care. More jobs for health-care professionals will not change the unalterable fact that mothers need to eat enough food

to have healthy birthweight babies. Food cannot be prescribed by a physician or dispensed by a pharmacist, nor is it ever likely to be distributed through an IRS-driven garbage market. Giving mothers money to buy food will ensure that they get it. But for some reason, health-care advocates generally leave the income/resource distribution issue alone.

In spite of a relentless pursuit of government contracts and donated dollars, the poverty industry, unlike the welfare mother, is rarely subjected to serious scrutiny. It is accountable to no one. Unless a provider is caught with a hand in the till, it is free to do virtually anything. No one is forced to measure and produce X amount of anything. And not a soul will ask the people who receive the services to evaluate their quality.

When affluent people decide a service isn't up to snuff, they vote with their feet and their pocketbooks. Poor people have no similar recourse to the power of the market: They are denied a say about which services they need and which providers can best satisfy those needs.

Shouldn't we be just as angry about a child raised in foster care to the tune of \$50,000 annually who ages out of the system without being able to live independently as we were about the \$600 hammers procured by the Pentagon? Shouldn't we be angrier? One-third of the children in foster care are there because their mothers are homeless.

There is more than enough money wasted in this nonprofit patronage game on unwanted, unneeded and incompetently delivered services than it would take to provide income security to everyone. Last year, the nonprofit sector in this country took in \$125 billion in tax-deductible contributions alone. Money isn't the problem. Politics are. After all, a young widow with children can get Social Security survivors' benefits at four times the average rate of AFDC payments, and she will stay on the rolls many more years than her welfare counterpart. No one worries about her "dependency" or about the costs to the U.S. Treasury, or whether her children will grow up seeing the proper connections between "work" and income.

It's time to start asking real questions about ourselves as a people, the limits of our system of resource distribution, the abuses of power inherent in contracting out and our mean-spirited policies that save one family and throw another away. It's our tyranny of kindness. ♦

Theresa Funicello, a former welfare mother and welfare rights advocate, is the author of Tyranny of Kindness—Dismantling the Welfare System To End Poverty in America.

THE TRAINING TRAP

Research Shows the Best Path From Welfare to Work Is a Straight Line

BY LEE A. BOWES

President Clinton's plan to revamp the welfare system has rekindled a debate between those who believe education and training is the best route from welfare to work, and those who believe in a direct path—placing people in jobs that offer decent pay and benefits.

The argument has been going on for a long time, and the education-and-training camp has had the upper hand for most of it. This is beginning to change, and none too soon. The president's plan will succeed only if it puts welfare recipients into jobs where they can get experience. A growing body of research backs this view.

Previous federal stabs at welfare reform have been disappointing, to say the least. The Aid to Families with Dependent Children program had an education and training component that began in the 1960s. The Work Incentive program, or WIN, technically required women to participate once their youngest child turned 6. Partly because of inadequate funding, it never really worked.

The federal government vastly expanded job training for the disadvantaged in the '70s and '80s through the Comprehensive Employment and Training Act and its successor, the Job Training Partnership Act. Studies of both found that they have largely ignored the needs of the most disadvantaged. Just last year, for example, the Labor Department issued new regulations for JTPA to address concerns that the program benefits white men almost exclusively.

By the late '80s, welfare caseloads were growing, and a consensus was emerging that recipients should be obliged to engage in some sort of activity leading to self-sufficiency. Congress responded by passing the Family Support Act, which required states to enroll a certain percentage of their caseloads in education, job training or job search programs. The program's overwhelming emphasis, however, has been on education and training rather than placement in jobs.

Recent research supports the view that a strategy focused on finding people jobs first rather than on enrolling them in training classes is the answer. In their

study, Judith Gueron and Edward Pauly found little evidence that education and training helps welfare recipients get jobs. And government-sponsored programs such as CETA, JTPA and proprietary and vocational schools failed to prepare people for the labor market, according to researcher Paul Osterman. Unlike apprenticeship programs in Germany and Japan, he says, the American programs fail to integrate themselves in companies' recruitment and employment systems. Other findings:

Previous federal stabs at welfare reform have been disappointing, to say the least.

The Work Incentive program, or WIN, technically required women to participate once their youngest child turned 6.

Partly because of inadequate funding, it never really worked.

- A recent analysis of a Rockefeller Foundation-funded job-training demonstration program for single minority mothers found that only one of four sites, in San Diego, was showing positive results. The researchers attributed its success to an aggressive approach to job-specific training and marketing to employers.

- The Manpower Demonstration Research Corporation recently finished a two-year study of California's GAIN program, which tries to move welfare recipients into activities leading toward independence. It found that Riverside County had the greatest success in getting candidates into jobs. The researchers said this was

because the program focused on getting jobs, kept up relationships with area employers and encouraged welfare recipients to be flexible about taking jobs.

- The Urban Institute recently published a study of Washington state's Family Independence Program, a voluntary training program. The researchers said the program is failing to increase employment because it lacks ties to the job market.

- Michael Dowling, New York state's newly appointed commissioner of social services, has redirected all welfare department activities and funds into a jobs-first strategy. Education and training are considered secondary.

My own research, published as *No One Need Apply: Getting and Keeping the Best Workers*, indicates that employers hire largely through networks and informal systems. The adage "it's who you know, not what you know" is alive and well in American business. Welfare-reform policies without a strategy aimed at penetrating the job market are doomed to fail.

The adage "it's who you know, not what you know" is alive and well in American business. Welfare-reform policies without a strategy aimed at penetrating the job market are doomed to fail.

America Works, the for-profit company I founded with my husband, is rooted in the belief that the job-finding service is distinct from the education and training service. (See *The New Democrat*, May 1993.) The America Works model was created to help people find jobs, support their transition to work and remove disincentives to work. We have contracts with New York, Connecticut and Indiana and with Indianapolis.

Here's how America Works works. People on welfare hear about us through word of mouth. We screen people only to make sure they're eligible for our services. We believe strongly in motivation. Participants must be on time and have perfect attendance the first week of the program. After about five weeks in classes—where they learn interview techniques, appropriate dress and behavior, basic office skills, etc.—we get them a job at a company, but on our payroll.

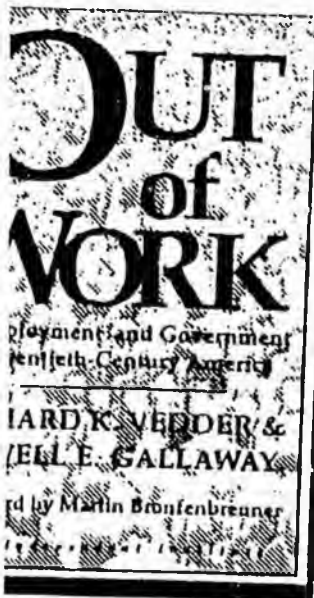
In a traditional welfare-to-work program, people get classroom training and help writing a resume, and then they are expected to find the job themselves. At America Works, half of our staff members are selling a service to corporations—a four-month trial employee in which the businesses save up to \$2,500 in combined benefits and taxes. During the trial an America Works staff member acts as a full-service human-resource department for the worker, arranging day care, child care, helping to pay overdue bills—you name it.

We're paid a fee only if the person gets a job and stays on a company payroll an average of six months. According to a study by Ernst and Young, 85 percent of the first 750 people we placed in jobs are still employed. Their average stay on welfare had been five years. Their average annual pay was \$15,000, and more than a third had received promotions and raises.

The evidence is clear: If you want to move people from welfare to work, you have to help them find jobs. It's time for classroom training to take a back seat. ♦

Lee A. Bowes is chief executive officer of America Works.

most comprehensive book ever on unemployment in the United States." — GEORGE GILDER



ork is a triple hit: an engaging century of U.S. economic history that cal wage rates adjusted for productivity explain unemployment patterns; an e mythology that high wage rates and spending reduce unemployment; a rought-headed public policies since 1930 used unemployment levels."
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RICHARD A. KUDLOW
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ork is essential for economists, her social scientists, and especially s who are interested in and concerned employment."
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The specter of unemployment is increasingly used to justify ever bigger government programs — from continuing high military expenditures to a return to New Deal-type make-work agencies. Now, *Out of Work* amasses relentless and devastating evidence that the major cause of high unemployment, both cyclical and secular, is government itself.

Out of Work challenges Keynesian fiscal demand-management and shows that such policies as minimum wages, legal privileges for unions, civil rights legislation, unemployment compensation, and welfare have all played significant roles in generating joblessness. Too, *Out of Work* lucidly and absorbingly recounts the history of American unemployment. It demonstrates, for example, that the policies of both presidents Herbert Hoover and Franklin Roosevelt not only prolonged and exacerbated the unemployment of the Great Depression, but directly contributed to the depression's banking crisis as well.

In short, *Out of Work* redefines the way we think about one of the most explosive issues of the twentieth century.

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 Joint Economic Committee of Congress

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Welfare Reform, Dependency Reduction, and Labor Market Entry

ROBERT RECTOR

The Heritage Foundation, Washington, DC 20002

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Dependency reduction requires altering the welfare incentive structure: reducing the rewards for nonwork and increasing the rewards for work. Requiring welfare recipients to work in exchange for welfare benefits reduces the attractiveness of welfare and is crucial to dependency reduction. However, most current workfare programs impose minimal requirements on welfare recipients and are ineffectual. This paper proposes methods for improving workfare as well as other reforms.

1. Introduction

Today nearly one out of eight American children is being raised on welfare under the Aid to Families with Dependent Children (AFDC) program. Almost one out of ten Americans receives Food Stamps. With total means-tested welfare spending exceeding \$225 billion annually, or around \$7,000 for every poor person in the U.S., welfare now consumes four percent of the Gross National Product—the same level as during the Great Depression, when a quarter of the labor force was unemployed (Rector, 1992b).

Not only has the cost of welfare become exorbitant, but many also believe that the present system has greatly contributed, over the last 25 years, to the rise of a new set of "behavioral poverty" problems including eroded work ethic and dependency, lack of educational aspiration and achievement, increased single parenthood and illegitimacy, criminal activity, and drug and alcohol abuse.

The onset of the War on Poverty directly coincided with the disintegration of the low-income family—the black family in particular. During the mid-1960s when the War on Poverty began, the black illegitimate birth rate was roughly 25 percent—today it has risen to 65 percent and, if current trends continue, will reach 75 percent in ten years. Similar trends are found among low-income whites. A second key problem in welfare policy is long-term dependence: 65 percent of the 4.3 million families currently on AFDC will stay on for over 8 years; 82 percent will be on for over five years. Only 7 percent will receive welfare for less than two years (Committee on Ways and Means, 1992, p. 685). This pattern of dependence is passed from one generation to another. With all other socioeconomic variables held constant, being raised in a single-parent AFDC family doubles the probability that a woman will give birth

re dependency they should reduce welfare benefit levels or at least not increase those benefits in real dollar terms.

Altering Benefit Reduction Rates

As noted, means-tested programs provide benefits to households below specified income levels. In theory, a program could offer full benefits to all households with earnings below, say, \$10,000 per year and no benefits to households with earnings above that level. In practice, this is seldom done because an abrupt termination of benefits creates a "notch" effect in which net income falls as earnings rise. For example, assume a welfare program provided \$2,000 in benefits to households with annual earnings below \$10,000, and zero benefits to those with earnings above \$10,000. If a household had earnings of exactly \$10,000, its net income, combining earnings and welfare, would equal \$12,000. If the household's earnings, however, rose by one dollar to \$10,001, all welfare benefits would be eliminated. Net income would fall to \$1,999 as a result of one dollar of extra earnings. For this reason, welfare benefits are usually lowered incrementally as earnings rise. The benefit reduction rate (sometimes called the marginal tax rate of the program) measures the cut in benefits per dollar of earnings. Although the rules are detailed and technical, basically AFDC benefits are cut by one dollar for each dollar of earnings. Food stamps are cut by 10 cents for every dollar of earnings.

Lowering benefit reduction rates (cutting benefits less per dollar of added earnings) is a perennial favorite proposal of legislators seeking to promote work effort. However, both theory and empirical evidence indicate that this policy will not achieve its intended result. While higher maximum benefit levels have an unambiguous income effect which reduces labor, lowering benefit reduction rates generates both income and substitution effects which offset each other. Contrary to the conceptions of most legislators, SIME/DIME in fact showed that lower benefit reduction rates yielded lower labor force participation, i.e., the income effect dominated the substitution effect (SRI International, 1983, p. 127).

The history of the AFDC program shows that lower benefit reduction rates have little or no effect in reducing dependence. Prior to the 1970s, the AFDC program had a benefit reduction rate of roughly 100 percent; during the 1970s, the benefit reduction rate was cut to around 66 percent; in 1981, it was returned to 100 percent. That the lower benefit reduction rate in the 1970s did not reduce dependence. While some AFDC mothers may have been induced to work more, the lower benefit reduction rate made AFDC more attractive and drew more mothers into the welfare program to start with. And the lower benefit reduction rate also encouraged mothers who otherwise would have worked full time and exited from AFDC entirely to work part time, combining wage and welfare income, and thereby remain on welfare longer (Levy, 1979).

However, one program where benefit rate reductions could have a pro-labor effect is Medicaid, the only major welfare program with a substantial "notch."

Historically, a welfare mother lost all Medicaid coverage when she lost AFDC eligibility. Thus, each dollar of added earnings reduced AFDC benefits by one dollar, but the marginal dollar of earnings which eliminates the last dollar of AFDC payments simultaneously rendered the mother's family ineligible for Medicaid coverage worth between \$3,000 and \$4,000 per year. Although Congress has attempted to assuage this dilemma through several measures, including transition benefits which allow a family to retain Medicaid coverage for 12 months after losing AFDC eligibility, a substantial "notch" problem still remains (Ellwood, 1990).

Some analysts have maintained that providing Medicaid-type coverage to all working single mothers would spark an exodus of AFDC mothers into the labor force, dropping the AFDC caseload as much as 16 percent (Moffitt, 1989). However, providing medical coverage of unlimited duration only to single mothers or only to families which have previously been on AFDC would create critical equity problems vis-à-vis low-income, working, two-parent families who have never been on welfare but currently lack medical coverage. Also providing long-term, free medical coverage to those exiting from AFDC poses an invitation to many families to enroll in AFDC precisely to obtain such coverage. (This issue will be discussed further in the section on wage supplements below.)

V. Performance Requirements

Most welfare programs today have no performance requirements; persons who meet the categorical and income criteria are simply given assistance and are expected to contribute nothing in exchange for the aid given.⁵ This practice represents a sharp break from the past; during the Great Depression, for example, beneficiaries were expected to work for aid received through programs such as the Civilian Conservation Corps and the Works Progress Administration.

Most discussion of welfare reform today involves returning to earlier principles by requiring beneficiaries to work or engage in other activities for the aid they receive. A Gallup poll conducted in November 1991 showed that most Americans favored requiring welfare recipients to work in exchange for the benefits given them. A full 79 percent of those polled agreed that the government should require "able bodied people on welfare, including women with small children, to do work for their welfare checks" (Marshall, 1992, p. 225). As a candidate, President Clinton proposed to require welfare recipients to work in exchange for benefits after two years on the rolls.

Under the impetus of the Reagan reforms of 1981 and the Family Support Act of 1988, states are experimenting with a variety of performance requirements under the loose and somewhat misleading term of "workfare." Workfare, in fact, refers to three distinct types of required activity.

Job Search. These programs require welfare recipients to seek employment. In a group job search program, for example, an individual will be required to receive up to a week's training on how to find a job. This may be followed by several weeks of participation in a phone bank where recipients are required to report to the wel-

biased in favor of programs that offer extensive education, childcare, and support services—and are oblivious to the possibility that such generous services may actually attract more people onto the welfare rolls (O'Neill, 1990, p. 100).⁸ The MDRC method now almost monopolizes workfare evaluation. While this method yields useful information on welfare exits, it should be complemented by other techniques capable of measuring dissuasion effects.

VI. Examples of Effective Workfare Programs

Although most discussion of workfare is presently dominated by the MDRC evaluations, showing modest results, studies of several less-known workfare programs show dramatically higher impacts on dependency. These programs impose much more rigorous performance requirements on welfare recipients, and were evaluated either by time series data or through county by county comparisons which capture dissuasion effects.

The importance of *dissuasion effects* can be seen quite clearly in an experiment conducted in Washington state in the early 1980s (Fiedler, 1983). Under the Intensive Applicant Employment Services (IAES) project, new applicants to AFDC were placed immediately in organized job search for up to 30 days before the initial AFDC grant was awarded. Those applicants who failed to obtain employment during the initial month were subsequently enrolled in AFDC. The project sent a clear message that work was expected and that welfare was to be a last resort.

IAES was carefully evaluated as a pilot project. Some fifty counties and other jurisdictions were sorted into pairs in which each county was matched with another county as similar as possible demographically, socially, and economically. Random assignment was then used to designate an experimental and a control county within each matched pair. Within the experimental counties some 80 percent of new applicants were exempted from the IAES job search requirements because they were mothers with children under three or because the family's financial straits made postponing the initial welfare check impossible. Despite the fact that the number of new applicants who were required to search for work before receiving welfare was limited, the IAES requirements and the moral message they conveyed had a striking effect in discouraging new AFDC applications. During the evaluation period, the number of AFDC applications rose sharply throughout Washington state, but the increase was far less in IAES counties. When compared to control counties without the IAES program, the job search requirement was found to have reduced new AFDC applications by 15 percent.

The message conveyed by the IAES program also appeared to linger in the minds of new welfare applicants even after they were enrolled in AFDC and the IAES requirements were terminated. New AFDC enrollees in IAES counties were more likely to leave AFDC within the first year after enrolling, reducing the new applicant caseload by another 7 percent. Thus, the combined dissuasion and exit

effects of the IAES program cut first year welfare costs of new applicants to AFDC by one-fifth overall.

Recent research on pilot projects in Ohio also shows that rigorous workfare programs can dramatically reduce welfare dependence (Schiller and Brasher, 1993). In the Ohio programs, primary emphasis was placed on community service work rather than job search or training. At any given point in time roughly two-thirds of participants were performing mandatory community service work for up to 40 hours per week. Work requirements were continued as long as the individual received welfare benefits; this approach differed greatly from conventional short-term workfare programs which require recipients to work for a few months but then suspend the work obligation and allow the recipient to continue to receive benefits without further work obligation.

Around 25 percent of single mothers on AFDC were required to perform community service work in exchange for the welfare benefits they received; the requirement resulted in an overall reduction in the AFDC single-mother caseload of 11.3 percent. For every 100 AFDC single mothers placed in the workfare program, the AFDC rolls were reduced by some 45 cases. Similar reductions were seen in the AFDC-Unemployed Parent program (AFDC-UP), which provides welfare to two-parent families. Eighty percent of AFDC-UP fathers were required to participate in workfare, resulting in a 34 percent reduction in the AFDC-UP caseload. For every 100 AFDC-UP fathers required to work, the AFDC-UP rolls were reduced by some 42 cases. The Ohio workfare programs are, by far, the most successful dependency reduction programs so far evaluated. The effects on both AFDC and AFDC-UP caseloads are four to five times greater than the effects reported for conventional job search and training programs elsewhere in the country.⁹

Other states have shown that work requirements can dramatically reduce welfare dependence, at least in the AFDC-UP program. In 1983, Utah established the Emergency Work Program (EWP) in place of traditional AFDC-UP program for two-parent families (Janzen and Taylor, 1991). EWP established one of the most stringent and comprehensive workfare systems yet known. Male parents of welfare families were required to participate in organized activities for 40 hours per week: 8 hours of job search and 32 hours of community service work or education and training. These requirements were rigorously enforced, some 20 percent of families were terminated each year for noncompliance. Among the remaining male parents, EWP achieved an effective participation rate in mandatory activities of 100 percent.

As noted, EWP offered some education and skills training in addition to community service work and job search. However, education and training did not increase the employability of welfare recipients relative to participation in other activities. A final unusual feature of EWP was a work/job search requirement imposed on both spouses in some families. Work requirements on both spouses rose from 5 percent of caseload initially to 61 percent in EWP's third year. It is unclear to what extent this extra requirement added to EWP's success in reducing dependency

welfare benefits in exchange for a full year's labor. By contrast, once an individual is required to work as a condition for receiving welfare payments, the attractiveness of welfare is greatly reduced, and the incentives to leave welfare through employment or marriage are greatly enhanced.

At present we have few models of successful work requirement programs, but the available evidence suggests that successful programs would have the following components. (1) The requirement to work or participate in other activities should be permanent, not temporary, and should last as long as the recipient receives welfare. (2) The requirement to work or participate in other activities should be continuous, not intermittent. There should be no intervals of inactivity as recipients are shuttled between different sub-components of the program. (3) The emphasis should be on mandatory community service work; job search and training should be de-emphasized. (4) Recipients should be required to work or perform other activities for a minimum of 30 hours per week. (5) Welfare benefits should be contingent on and paid only after the fully successful completion of relevant performance requirements. (6) The ethos of the welfare office is very important; caseworkers must sincerely and persistently inform recipients that they have a moral obligation to themselves and the community to get a private sector job or, if jobs are not available, to perform community service work. (7) Opposition to workfare by public sector unions currently results in prohibitions on welfare recipients undertaking much public sector work which they are capable of performing; such prohibitions must be lifted.

Finally, work requirements should be imposed first on those who are most readily employable. More specifically, work requirements of the sort outlined above should be established for all fathers in two-parent AFDC-UP families and for single mothers who have no children under age five or who have been on welfare for over four years.¹⁴ If such a regime were instituted nationwide, some two million adult welfare recipients would be engaged in continuous work activities. The result would be a gradual, but profound, reduction in dependence.

NOTES

¹This calculation is for a mother with no earnings and no persons who are not part of the AFDC unit living in the household. Data available from the author on request.

²This penalty occurs because when a single mother on welfare marries an employed male, the man's earnings are included in the calculation of the mother's welfare eligibility; upon marriage, welfare benefits are eliminated or cut significantly and the joint income of the man and the woman falls dramatically.

³For a review of the effects of welfare on family structure see Murray (forthcoming).

⁴Critics charge that the SIME/DIME findings cannot be applied to the existing welfare system because the SIME/DIME benefit levels were much higher than those of existing welfare programs. In reality, the SIME/DIME benefit levels ranged between 95 and 140 percent of the poverty income thresholds, a range of benefit levels very similar to the average combined benefits packages provided to AFDC families by different states under the existing welfare system.

⁵In addition to income criteria, some welfare programs also have categorical criteria which define eligibility, such as having dependent children, being elderly, or being disabled.

⁶Data provided by the Office of Family Assistance, Department of Health and Human Services.

⁷Among the population required to participate, SWIM reduced caseloads by 7 percent and AFDC costs by 15 percent. Since the group eligible for participation comprised a third of the total AFDC caseload, reductions as a percentage of the entire AFDC population would be about 5 percent for costs and 2 to 3 percent for cases (Hamilton and Friedlander, 1989, p. 52).

⁸These comments simply point out the limits of the MIRC studies and are not intended to criticize the studies themselves which provide useful information on many important questions. The National Supported Work Demonstrations, in particular, provide invaluable data to social scientists.

⁹The key factors explaining the success of the Ohio experiments appear to be the heavy emphasis on required work, the seriousness of the work obligations, and the severity of the sanctions provided for non-compliance. Also the Ohio evaluation included an unusually long (five-year) evaluation period and found that the effects cumulatively increased over time. Dissuasion effects, however, did not appear to have a major role.

¹⁰The study compared the AFDC-UP program in 1980-1981 and the EWP program in 1984-1987. Utah's unemployment rate was 6.8 percent in the AFDC-UP comparison period and 6.2 percent in the EWP period.

¹¹Work requirements also appear to be very effective in reducing caseloads in General Assistance programs which largely aid single, nonelderly adults (Bernstein, 1982, pp. 48-49).

¹²There are key differences between wage supplementation and benefit rate reduction. In wage supplementation the value of government aid provided is relatively low; this encourages families to combine higher earnings with moderate amounts of government aid. In the benefit rate reduction approach, initial welfare benefits are high, encouraging families to combine high levels of welfare receipt with modest supplemental wage income.

¹³Legislation enacted in 1990 established an incremental series of increases to the EITC over future years, the figures given in the text are for 1994 when the increases are completed.

¹⁴If work requirements are established for mothers with children over age five, it is also necessary to establish requirements for mothers who have been on the welfare rolls for over four years. Otherwise, mothers would have an incentive to continue to have children to avoid the work obligation.

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

- 1 Page 1, lines 1 - 2:
2 Delete "relating to the payment of aid to families with dependent children in the
3 case of pregnant minors and minors who are parents:"
- 4 Page 1, line 9, through page 3, line 5:
5 Delete all material.
- 6 Page 3, line 6:
7 Delete "* Sec. 4"
8 Insert "* Section 1"
- 9 Renumber the following bill sections accordingly.
- 10 Page 3, line 8:
11 Delete "5 - 9"
12 Insert "2 - 6"
- 13 Page 3, line 12:
14 Delete "6 - 9"
15 Insert "3 - 6"
- 16 Page 4, line 2:
17 Delete "6 - 8"
18 Insert "3 - 5"

1 Page 4, line 17:

2 Delete "6 - 7"

3 Insert "3 - 4"

4 Page 11, line 11:

5 Delete "4 - 11"

6 Insert "1 - 8"

7 Page 11, line 12:

8 Delete "4 - 11"

9 Insert "1 - 8"

10 Page 11, line 19:

11 Delete "4 - 11"

12 Insert "1 - 8"

13 Page 12, line 5:

14 Delete "4 - 13"

15 Insert "1 - 10"

16 Page 12, line 7:

17 Delete "5 - 9"

18 Insert "2 - 6"

19 Page 12, line 17:

20 Delete "sec. 9"

21 Insert "sec. 6"

22 Page 12, line 23:

23 Delete "1 - 4 and 10 - 15"

24 Insert "1 and 7 - 12"

1 Page 12, line 25:

2 Delete "5 - 9"

3 Insert "2 - 6"

4 Page 12, line 26:

5 Delete "sec. 4"

6 Insert "sec. 1"

7 Page 12, line 28:

8 Delete "5 - 9"

9 Insert "2 - 6"

10 Page 13, line 1:

11 Delete "5 - 9"

12 Insert "2 - 6"

13 Page 13, line 4:

14 Delete "Sections 4 - 17 of this Act are"

15 Insert "This Act is"

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

1 Page 2, after line 30:

2 Insert a new subsection to read:

3 "(d) When determining eligibility for, and the amount of, assistance in the
4 case of a minor parent who is required to live in a household or living arrangement
5 with an adult under (a) of this section, the department shall, to the extent allowed
6 under federal law or under a waiver of federal law, disregard the income and
7 resources of the adults in the household or living arrangement. If the department
8 determines that a waiver of federal law is necessary before this subsection may be
9 implemented, the department shall promptly seek a waiver."

10 Reletter the following subsection accordingly.



Representative Mark Hanley

Alaska State Legislature

SECTIONAL ANALYSIS

House Bill No. 78
April 17, 1995

HB 78 amends existing statutes for the Aid to Families with Dependent Children [AFDC] program. This legislation authorizes the Department of Health & Social Services [DHSS] to seek federal approval to operate four experimental AFDC demonstration projects under the authority of section 1115(a) of the Social Security Act, authorizes imposition of certain modified AFDC eligibility criteria and requirements for participation in a mandatory work program on project participants, and establishes a ratable reduction in benefit payments for the AFDC and program statewide.

Secs. 1-3 Requires unmarried teen parents to live at home, with an adult relative or in a safe, adult-supervised environment in order to be eligible for AFDC.

Sec. 4 (a) Directs DHSS to seek authority from the federal government by December 31, 1995, to operate the demonstration projects in secs. 5-9. It provides DHSS discretionary authority to implement the project in the event of only partial federal approval of the waiver application. (b) requires a minimum of four projects be operated in at least four areas; one with a population over 25,000, one under 25,000, and one under 5,000. (c) allows the department to modify or discontinue the waiver application or project if federal law or regulation changes substantially affect it. It also directs DHSS to recommend to the legislature any changes in statute needed to operate a fiscally responsible project.

Sec. 5 makes changes in AFDC eligibility provisions for purposes of operating the experimental demonstration projects authorized under sections 6-8.

(1) provides for an increase of the federally-set earnings disregard from the current short-term level of \$30 plus one-third of the remainder for two years to \$200 plus one-third of the remainder for a period of two years.

(2) waives the federal AFDC-Unemployed Parent "100 hour rule" that currently disqualifies two-parent families with a principal wage-earner working over 100 hours a month, allowing the recipient to work more hours and retain more income.

(3) waives the federal vehicle equity limit that disqualifies AFDC families who own a single vehicle worth more than \$2500, and substitutes a modified rule that allows possession of a combination of vehicles worth up to \$5000 before their value is counted in the \$1000 maximum resource asset test.

The modified requirements of Section 2 would apply in the project areas defined in section 4(b). AFDC families living in the project area would be randomly assigned to experimental or control groups. Members of the control group would be subject to normal AFDC eligibility requirements.

Sec. 6 establishes a "workfare" demonstration project in which AFDC families would be randomly assigned to experimental and control groups. (a) requires adult AFDC recipients in the project area 18 and older to participate in uncompensated work activities {including community work, education, etc.} for 21 hours per week. It requires DHSS to sanction those who fail to participate as required by not including them as a member of the family in the eligibility determination for AFDC assistance.

(b) directs DHSS to subcontract with organizations in the project area to administer subsection (a) of this section if the organizations have had successful experience in the required areas. The department is required to determine who must participate in the activity as detailed in subsections (c) and (d).

(c) establishes exemptions from the workfare requirements for certain individuals participating in the demonstration, including:

- Individuals employed at least 15 hours per week - if they are working less than 15 hours, work time is credited toward the 21 hour requirement.

- Individuals determined by DHSS to be physically or mentally incapable of performing workfare activities.
- A parent caring for a child under 6 years old.
- A parent caring for a child with a developmental disability.

It also prohibits DHSS from requiring individuals to participate in workfare unless childcare and transportation costs are paid.

Sec. 7 Establishes an AFDC unemployed parent demonstration project, to assist two-parent families establish self-sufficiency within three years.

Sec. 8 Establishes a self-employment demonstration project to assist AFDC recipients in reducing their need for benefits by allowing them to establish and operate a microenterprise.

Sec. 9 directs the department to establish a "diversion" demonstration project, which would offer short-term financial assistance to job-ready AFDC applicants in order to avoid long-term financial support.

Sec. 10 requires state agencies to work with the department to implement sections 4-11 of this act.

Sec. 11 defines "AFDC: as the program of aid to families with dependent children, and "department" as the Department of Health and Social Services.

Sec. 12 provides the department immunity from liability for civil damages in administration of the authorized demonstration projects.

Sec. 13 reduces AFDC payment levels 1.7% across the board 90 days after the Act is signed.

Sec. 14 directs the department to adopt regulations necessary to implement secs. 4-13.

Sec. 15 allows DHSS and Department of Revenue to adopt regulations necessary to implement this Act, not before the effective date of the relevant section.

Sec. 18 repeals the entire act July 1, 2001.



Representative Mark Hanley

Alaska State Legislature

SPONSOR STATEMENT

CS for HOUSE BILL 78

It has been said, the best way to reform welfare is to get people off welfare. According to a recent survey by the State Department of Health and Social Services, 88% of AFDC clients in Alaska said they would rather work than be on welfare. Most families on welfare want a way off -- they want the self-sufficiency and pride that job training and employment bring.

CSHB 78 directs the Department of Health and Social Services to apply for a series of waivers from the usual provisions governing AFDC programs. One would establish a "workfare" demonstration project, which would require able-bodied AFDC recipients not working at least 15 hours a week to perform community service, or have their benefits reduced.

The unemployed parent demonstration project would assist two-parent families achieve self-sufficiency in three years; the self-employment demonstration project would allow recipients to set up microenterprises. A diversion project would offer lump-sum payments for short-term assistance in an effort to avoid ongoing financial support.

This bill provides positive incentives to work in the form of higher income-disregards and a higher vehicle allowance. The costs of child care and transportation necessary for participation will be covered by the department. Those in the demonstration groups who choose not to participate would face sanctions, such as reductions in their benefits.

America is ready to "end welfare as we know it". Many states are using waiver projects to develop alternatives to the tradition of welfare; it is time for Alaska, with its growing

welfare rolls and dwindling revenues, to step up to the plate. CSHB 78 is an important piece of legislation; a step towards breaking the cycle of dependence on welfare by rewarding hard work.

Congress is currently hearing a plethora of welfare reform measures. One proposal would authorize federal block grants for welfare funding, giving states the flexibility to design their own programs. CSHB 78 would allow the state a look into what may or may not work in Alaska, giving us an advantage in this process.

STATE OF ALASKA
DEPARTMENT OF REVENUE
 CHILD SUPPORT ENFORCEMENT DIVISION

TONY KNOWLES, GOVERNOR

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March 2, 1995

Rep. John Davies
 State Capitol
 Juneau, AK 99801

Dear Rep. Davies:

The Child Support Enforcement Division (CSED) of the Alaska Department of Revenue supports the Sponsor Substitute for House Bill 62. With the passage of SSHB62, Alaska will join 17 other states in asserting the rights of children to be supported by their parents.

CSED anticipates that, because of this legislation, Alaskan children will see a dramatic increase in the collection of support from parents who otherwise would not pay. Additionally, this bill will help to decrease the AFDC rolls, thereby reducing the state's costs of supporting children for whom an absent parent refuses to support.


The success of this type of program enacted in other states has been significant. Many states dramatically increased collections, while minimizing the number of instances where people lost their licenses.

This legislation wins on all counts. Approximately 88% of the costs of enacting SSHB62 will be paid by the federal government and the remainder will be offset by increased revenues to the state through AFDC collections. It is a readily implemented, cost-effective strategy for returning responsibility where it belongs - to the parents.

SSHB62 also provides for fairness in support enforcement. Under present statutes, it is much easier to collect child support from a parent who works for wages and pays taxes than it is to collect from someone who works under the table or owns a business or professional practice. Ironically, child support is often avoided by those who are most able to pay. SSHB62 would ensure that those who have been able to hide their income will no longer be rewarded for such activity.

Finally, we believe that SSHB62 represents the future of America. Serious discussions of welfare reform at all levels of government include issues of personal responsibility and the basic right of children to be supported by their parents. Licensing suspension and/or non-renewal is an effective method to enforce compliance with the law.

Sincerely,


 Glenda J. Straube
 Director

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April 24, 1995

Honorable Steve Frank
Co-Chairman
Senate Finance Committee
Room 518 Capitol
Juneau, AK 99801-1182

Dear Senator Frank:

Committee Substitute for Senate Bill 109 (L&C) is currently in the Senate Finance Committee.

The legislation will allow for withholding of occupational licenses and driver's licenses from individuals who are in arrears on an obligation to pay child support and are not adhering to an established payment schedule. The Department of Revenue projects increased child support collections as a result of this legislation.

At the time of application, all Aid to Families with Dependent Children clients assign to the State the right to child support collected on behalf of any children in the family as long as Aid to Families with Dependent Children benefits are received. Fifty percent of the amount of child support collected on behalf of the Aid to Families with Dependent Children recipient is transferred to the Department of Health and Social Services to offset the cost of benefits paid. In FY 96, the legislation would result in an offset of over one million dollars in Aid to Families with Dependent Children benefits.

The Department of Health and Social Services strongly endorses this legislation as an integral part of a welfare reform strategy and urges your support.

Sincerely,



Karen Perdue
Commissioner



Representative Mark Hanley

Alaska State Legislature

SECTIONAL ANALYSIS

CS for House Bill No. 78
May 1, 1995

CSHB 78 amends statutes to require the agency [Child Support Enforcement Division] to maintain a list of delinquent obligors for licensing entities, who may not issue or renew a license to persons on the list. CSHB 78 amends existing statutes for the Aid to Families with Dependent Children [AFDC] program. This legislation authorizes the Department of Health & Social Services [DHSS] to seek federal approval to operate four experimental AFDC demonstration projects under the authority of section 1115(a) of the Social Security Act, authorizes imposition of certain modified AFDC eligibility criteria and requirements for participation in a mandatory work program on project participants, and establishes a ratable reduction in benefit payments for the AFDC and program statewide.

*Section 1. AS 25.27 is amended by adding new sections to read:

Sec. 25.27.244. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S OCCUPATIONAL LICENSE. (a) Requires agency to maintain, on a monthly basis, an updated certified list of obligors who are not in substantial compliance with a support order

(b) Requires agency to compile above lists and provide copies, within 30 days, to each licensing entity. Licensing entities may not issue or renew a license to a person on the list, except as provided under this section.

(c) Requires agency to compare applicant to most recent list and, if found, immediately notify the applicant of the licensing entity's intent to withhold issuance or renewal of the license.

(d) Requires licensing entity to issue a 150-day temporary permit if applicant otherwise qualified. No extensions or additional temporary permits are allowed.

(e) Provides notification guidelines.

(f) Requires agency to establish review procedures so an applicant may have his/her case investigated, modify an order, or receive assistance in establishing a payment schedule.

(g) Provides guidelines for applicant that challenges being included on the list. Requires agency to send a release to licensing entity if: (1) applicant is found to be in compliance or negotiates an agreement; (2) agency is too slow, through no fault of the applicant, in responding so that applicant is unable to request judicial relief before expiration of temporary license; (3) request for judicial relief, through no fault of the applicant, will not be resolved before expiration of the temporary license, or (4) applicant obtains judicial finding of compliance.

(h) Requires applicant to act diligently in responding to notices. Applicant's delay in acting, without good cause, does not justify an issuance or a release.

(i) Forbids an agency to issue a release except as provided in this section. Requires agency to notify applicant of options.

(j) Provides requirements for a request for judicial relief from the agency's decision. Requires court to hold hearing within 20 days. Limits issues on which the court may base its decision.

(k) Requires agency to issue a release if court finds obligor to be in substantial compliance.

(l) Provides guidelines for handling a release.

(m) Allows agency to enter into interagency agreements with other state agencies to implement this section.

(n) Requires licensing entities to charge a fee for temporary licenses to cover costs of this section.

(o) Subsection (g) is the only administrative remedy available. Administrative Procedure Act does not apply.

(p) Requires appropriate agencies and departments to adopt regulations to implement this section.

(q) Definitions. List of licenses included and excluded.

Sec. 25.27.246. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S DRIVER'S LICENSE. (a) Requires agency (CSED) to maintain, on a monthly basis, an updated certified list of obligors who have a driver's license and are not in substantial compliance with a support order.

(b) Requires agency to serve notice under (d) of this section that the obligor's driver's license will be suspended in 150 days and will not be reissued or renewed unless the licensee receives a release from the agency.

(c) If the licensee fails to obtain a release during the 150-day period following notice under (b) and (d) of this section, requires agency to notify department (Public Safety) that the licensee's driver's license should be suspended and further renewals or

applications should be denied until the agency sends the department a release for the licensee. Funds paid for a suspended or denied license may not be refunded.

(d) Provides notification guidelines.

(e) Requires agency to establish review procedures so that an applicant may have his/her case investigated, modify an order, or receive assistance in establishing a payment schedule.

(f) Provides guidelines for applicant that challenges being included on the list. Requires agency to send a release to licensing entity if: (1) applicant is found to be in compliance or negotiates an agreement; (2) agency is too slow, through no fault of the applicant, in responding so that applicant is unable to request judicial relief before expiration of temporary license; (3) request for judicial relief, through no fault of the applicant, will not be resolved before expiration of the temporary license; or (4) applicant obtains judicial finding of compliance.

(g) Requires applicant to act diligently in responding to notices. Applicant's delay in acting, without good cause, does not justify an issuance or a release.

(h) Does not allow agency to issue a release except as provided in this section. Requires agency to notify applicant of options.

(i) Provides requirements for a request for judicial relief from the agency's decision. Requires court to hold hearing within 20 days. Limits issues on which the court may base its decision.

(j) Requires agency to issue a release if court finds obligor to be in substantial compliance.

(k) Provides guidelines for handling a release.

(l) Subsection (f) is the only administrative remedy available. Administrative Procedure Act does not apply.

(m) Requires appropriate agencies and departments to adopt regulations to implement this section.

(n) Definitions. List of licenses included and excluded.

Section 2. GRANTING OF ASSISTANCE. Amends AS. 47.25.360 to allow the department to pay assistance to someone other than the person having custody of the child.

Section 3. AS. 47.25 is amended by adding a new section to read:

Sec. 47.25.362. ASSISTANCE TO MINORS WITH CHILDREN. (a) With exceptions, requires a minor parent (under 18) of a dependent child to live at home with an adult relative, or in a safe, adult-supervised environment, in order to be eligible for AFDC.

(b) The department shall pay assistance to the parent/legal guardian on behalf of the minor.

(c) Exceptions to provision.

(d) Defines minor parent as a person under 18 who has never married, and is the natural parent of a dependent child living in the same house, or a pregnant woman.

Section 4. Repeals AS 47.25.310(c), which does not allow the department to require a minor parent to reside in a particular household to be eligible for benefits.

Section 5. REPORT. Requires the agency to submit a report to the legislature by 1/1/98 providing statistics to demonstrate the effectiveness of this measure (Section 1).

Section 6. WAIVER APPLICATION. (a) Directs DHSS to seek authority from the federal government by February 15, 1996, to operate the demonstration projects in secs. 7-11. It provides DHSS discretionary authority to implement the project in the event of only partial federal approval of the waiver application.

(b) requires a minimum of four projects be operated in at least four areas; one with a population over 25,000, one under 25,000, and one under 5,000.

(c) allows the department to modify or discontinue the waiver application or project if federal law or regulation changes substantially affect it. It also directs DHSS to recommend to the legislature any changes in statute needed to operate a fiscally responsible project.

Section 7. EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO ALLOWANCE. Makes changes in AFDC eligibility provisions for purposes of operating the experimental demonstration projects authorized under sections 8-10.

(1) provides for an increase of the federally-set earnings disregard from the current short-term level of \$30 plus one-third of the remainder for two years to \$200 plus one-third of the remainder for a period of two years.

(2) waives the federal AFDC-Unemployed Parent "100 hour rule" that currently disqualifies two-parent families with a principal wage-earner working over 100 hours a month, allowing the recipient to work more hours and retain more income.

(3) waives the federal vehicle equity limit that disqualifies AFDC families who own a single vehicle worth more than \$2500, and substitutes a modified rule that allows possession of a combination of vehicles worth up to \$5000 before their value is counted in the \$1000 maximum resource asset test.

The modified requirements of Section 3 would apply in the project areas defined in section 6(b). AFDC families living in the project area would be randomly assigned to experimental or control groups. Members of the control group would be subject to normal AFDC eligibility requirements.

Section 8. WORKFARE. Establishes a "workfare" demonstration project in which AFDC families would be randomly assigned to experimental and control groups. (a) requires adult AFDC recipients in the project area 18 and older to participate in uncompensated work activities {including community work, education, etc.} for 21 hours per week. It requires DHSS to sanction those who fail to participate as required by not including them as a member of the family in the eligibility determination for AFDC assistance.

(b) directs DHSS to subcontract with organizations in the project area to administer subsection (a) of this section if the organizations have had successful experience in the required areas. The department is required to determine who must participate in the activity as detailed in subsections (c) and (d).

(c) requirement for participation does not include persons who are:

(1) employed at least 15 hours per week - if they are working less than 15 hours, work time is credited toward the 21 hour requirement.

(2) exempt from participation under the JOBS program.

(3) enrolled as full-time students in good standing in a career education program, college or university.

(4) A parent caring for a child under 6 years old.

(5) Individuals determined by DHSS to be physically or mentally incapable of performing workfare activities.

(6) A parent caring for a child with a developmental disability.

(d) prohibits DHSS from requiring individuals to participate in workfare unless childcare and transportation costs are paid.

Section 9. AFDC UNEMPLOYED PARENT PROJECT. Establishes a transition-to-work project to assist two-parent families receiving

AFDC to achieve self-sufficiency within three years. Cash benefits will be available for no more than 36 months, but medical benefits may be available as long as the family is eligible under AFDC.

Section 10. SELF-EMPLOYMENT PROJECT. Establishes a demonstration project to assist AFDC recipients in reducing their need for public assistance by allowing them to establish and operate a microenterprise.

Section 11. DIVERSION PROJECT. Directs the department to establish a "diversion" demonstration project, which would offer short-term financial assistance to job-ready AFDC applicants in order to avoid long-term financial support.

Section 12. COOPERATION. Requires state agencies to work with the department to implement sections 4-11 of this act.

Section 13. DEFINITIONS.

Section 14. IMMUNITY FROM LIABILITY. Provides the department immunity from liability for civil damages in administration of the authorized demonstration projects.

Section 15. AFDC PAYMENT LEVELS. reduces AFDC payment levels 1.7% across the board 90 days after the Act is signed.

Section 16. REGULATIONS. Directs the department to adopt regulations necessary to implement secs. 6-15.

Section 17. TRANSITION. Allows DHSS and Department of Revenue, child support enforcement agency to adopt regulations necessary to implement this Act, not before the effective date of the relevant section.

Section 18. sets an immediate effective date for sections 2-4, 6, and 12-17.

Section 19. Sections 7-11 take effect on the effective date of the approval of the waivers.

Section 20. Section 1 (CSED measure) takes effect January 1, 1996.

Section 21. Repeals sections 6-19 July 1, 2001.

A M E N D M E N T 3

OFFERED IN THE HOUSE
TO: CSHB 78(HES)

BY REPRESENTATIVE BROWN

- 1 Page 1, lines 2 - 4:
- 2 Delete "relating to the maximum amount of assistance that may be granted under
- 3 the program of aid to families with dependent children;"

- 4 Page 11, line 24, through page 12, line 3:
- 5 Delete all material.

- 6 Renumber the following bill sections accordingly.

- 7 Page 12, line 5:
- 8 Delete "4 - 13"
- 9 Insert "4 - 12"

- 10 Page 12, line 23:
- 11 Delete "10 - 15"
- 12 Insert "10 - 14"

- 13 Page 13, line 4:
- 14 Delete "4 - 17"
- 15 Insert "4 - 16"