

**HB**

**228**

CS FOR HOUSE BILL NO. 228(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act reducing payment levels for the program of aid to families with  
2 dependent children."

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

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

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

12 (1) dependent child living with nonneedy relative: \$463 [FOR A  
13 DEPENDENT CHILD WHO IS LIVING IN THE HOME OF A NONNEEDY  
14 RELATIVE, \$452], plus \$87 [\$102] for each additional child;

1  
2  
3  
4  
5  
6  
7  
8

(2) dependent child living with parent:

(A) for a parent and one dependent child, a maximum of \$767  
[\$821];

(B) for each additional dependent child, or for a second parent,  
\$87 [\$102] a month per individual;

(3) pregnant woman who is otherwise eligible for assistance under this  
section [, OR A SINGLE-PERSON HOUSEHOLD THAT DOES NOT CONSIST OF  
A DEPENDENT CHILD]: \$437 [\$514] a month.

# HOUSE COMMITTEE REPORT

(7)

Date Referred: March 3, 1995

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/23/95

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 228

HOUSE BILL NO. 228

REDUCTION IN PUBLIC ASSISTANCE PAYMENTS

"An Act reducing payment levels for the program of aid to families with dependent children and the adult public assistance program."

recommends it be replaced with the following committee substitute CS HB 228 (HES)  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)

fiscal note(s) H + SS

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>		<input checked="" type="checkbox"/>		

CHAIR'S SIGNATURE

*[Signature]*

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CS HB228 (HES)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act reducing payment levels for AFDC BRU: Assistance Payments  
 Component: AFDC  
 Sponsor: HES Committee  
 Requestor: HES Committee 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	(6,814.7)	(9,541.0)	(10,018.1)	(10,519.1)	(11,045.1)	(11,597.5)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(6,814.7)</b>	<b>(9,541.0)</b>	<b>(10,018.1)</b>	<b>(10,519.1)</b>	<b>(11,045.1)</b>	<b>(11,597.5)</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	(2,989.4)	(4,331.5)	(4,548.2)	(4,775.7)	(5,014.5)	(5,265.3)
1003 GF Match	(2,989.5)	(4,331.6)	(4,548.2)	(4,775.7)	(5,014.5)	(5,265.3)
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	(835.8)	(877.9)	(921.7)	(967.7)	(1,016.1)	(1,066.9)
<b>TOTAL</b>	<b>(6,814.7)</b>	<b>(9,541.0)</b>	<b>(10,018.1)</b>	<b>(10,519.1)</b>	<b>(11,045.1)</b>	<b>(11,597.5)</b>

**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 amends existing statutes to reduce the AFDC maximum payment levels. The revised payment maximums will reduce the average AFDC benefit by approximately 7.0 percent.

The federal Medicaid Catastrophic Coverage Act of 1988 provides for the disapproval of the Medicaid State Plan of any state that reduces its AFDC payment levels below the levels in effect in May, 1988. The payment levels provided for in this legislation are the lowest allowable under the MCCA.

Under this legislation, the AFDC payment maximums (the amounts paid to AFDC families with no countable income) would be reduced according to the following schedule:

Prepared by: Jim Nordlund, Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 3/28/95  
 Approved by Com: Karen Petruc Date: 3/28/95  
 Agency: Department of Health & Social Services

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## ANALYSIS (cont.):

## Maximum Monthly AFDC Payment

Families with one or two parents

Family Size	Current Law	HB 228	Reduction
2	\$ 821	\$ 767	\$ 54 = 6.58%
3	923	854	69 = 7.48%
4	1025	941	84 = 8.20%
5	1127	1028	99 = 8.78%
Each add'l	102	87	15 = 14.71%

Child-Only Cases

1	452	463	(11) = (2.43%)
2	554	550	4 = 0.72%
3	656	637	19 = 2.90%
Each add'l	102	87	15 = 14.71%

Pregnant Woman/Adult -Only Cases

1	452	437	77 = 14.98%
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This legislation reduces the average monthly AFDC payment from \$788 to \$733, a \$55 reduction.

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

- The benefit reductions are implemented on October 1, 1995.
- The FY 97-01 AFDC caseload annual rate of increase is 5.0 percent.

**Calculations:**

AFDC Projected Formula Cost	FY96	FY97	FY98	FY99	FY00	FY01
AFDC Total Cost current law	\$130,259.7	\$138,695.9	\$143,532.6	\$150,709.7	\$158,246.2	\$166,160.8
AFDC Total Cost w/Reduction	\$123,445.0	\$127,155.0	\$133,514.5	\$140,190.6	\$147,201.1	\$154,563.3
Annual Difference	(\$6,814.7)	(\$9,541.0)	(\$10,018.1)	(\$10,519.1)	(\$11,045.1)	(\$11,597.5)
Cummulative Difference	(\$6,814.7)	(\$16,355.6)	(\$26,373.6)	(\$36,892.8)	(\$47,937.9)	(\$59,535.5)
<b>Funding Sources (for reduction)</b>						
Federal	(\$2,989.4)	(\$4,331.5)	(\$4,548.2)	(\$4,775.7)	(\$5,014.5)	(\$5,265.3)
GFM	(\$2,989.4)	(\$4,331.5)	(\$4,548.2)	(\$4,775.7)	(\$5,014.5)	(\$5,265.3)
UA	(\$835.8)	(\$877.9)	(\$921.7)	(\$967.7)	(\$1,016.1)	(\$1,066.9)
Total	(\$6,814.7)	(\$9,541.0)	(\$10,018.1)	(\$10,519.1)	(\$11,045.1)	(\$11,597.5)
<b>Maximum Monthly Payment</b>						
Family of three current law	\$923.0	\$923.0	\$923.0	\$923.0	\$923.0	\$923.0
Family of three w/Ratable	\$854.0	\$854.0	\$854.0	\$854.0	\$854.0	\$854.0
Monthly Payment Difference	(\$69.0)	(\$69.0)	(\$69.0)	(\$69.0)	(\$69.0)	(\$69.0)
<b>Federal Poverty Guideline</b>						
Projected for Family of Three	\$1,351.0	\$1,392.0	\$1,434.0	\$1,477.0	\$1,521.0	\$1,567.0
<b>AFDC Payment as PerCent of the Poverty Guideline</b>						
Family of three current law	68%	66%	64%	63%	61%	59%
Family of three w/Ratable	63%	61%	60%	58%	56%	55%

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CS HB 228 (HES)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act reducing payment levels for AFDC BRU: PFD Hold Harmless  
 Component: PFD Hold Harmless  
 Sponsor: HES Committee  
 Requestor: HES Committee COMPONENT SERIAL NO. 225 *Jim*

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	(835.8)	(877.9)	(921.7)	(967.7)	(1,016.1)	(1,066.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(835.8)</b>	<b>(877.9)</b>	<b>(921.7)</b>	<b>(967.7)</b>	<b>(1,016.1)</b>	<b>(1,066.9)</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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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/Prr gram 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 1050 PFD Fund	(835.8)	(877.9)	(921.7)	(967.7)	(1,016.1)	(1,066.9)
<b>TOTAL</b>	<b>(835.8)</b>	<b>(877.9)</b>	<b>(921.7)</b>	<b>(967.7)</b>	<b>(1,016.1)</b>	<b>(1,066.9)</b>

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)

PFD Hold Harmless benefits replace AFDC benefits which would otherwise be denied because federal law requires that Permanent Fund dividends be treated as income for AFDC purposes.

This legislation reduces AFDC benefit payment levels. The reductions in AFDC produce proportionate reductions in the PFD Hold Harmless component.

PFD Hold Harmless funds are transferred as Interagency Receipts to the AFDC component.

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

Phone: 465-2680  
 Date: 3/28/95  
 Date: 3/28/95

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

This legislation takes effect on October 1, 1995.

**Calculations:**

Reduced need for Interagency Receipts in the AFDC program produces PFD Hold Harmless savings according to the following schedule:

	FY96	FY97	FY98	FY99	FY00	FY01
AFDC	(835.8)	(877.9)	(921.7)	(967.7)	(1016.1)	(1066.9)
PFD HH	(835.8)	(877.9)	(921.7)	(967.7)	(1016.1)	(1066.9)

**ASSISTANCE AVAILABLE TO A TYPICAL DISABLED INDIVIDUAL  
LIVING IN NON-SUBSIDIZED HOUSING IN ANCHORAGE**

**Assumptions:**

- Household consists of a single disabled individual residing in one-bedroom non-subsidized housing unit in Anchorage.
- Typical utilities expense for an inexpensive one-bedroom housing unit is \$150 (includes heat expense).
- Typical unsubsidized rental charge for an inexpensive one-bedroom housing unit in Anchorage is \$548 (does not include utilities).
- Typical monthly food costs for a one-person household in Anchorage is \$147.00/month.

	Existing Law	HB228/SB98
Adult Public Assistance	\$362	\$325
Supplemental Security Income	\$458	\$458
Food Stamps	\$85	\$112
Energy Assistance	\$191.50/yr (\$15.96/mo)	\$191.50/yr (\$15.96/mo)
<b>Net Income</b>	<b>\$820</b>	<b>\$783</b>
Food <sup>1</sup>	\$62	\$35
Rent	\$548	\$548
Utilities <sup>2</sup>	\$134	\$134
<b>Total Food/Shelter Expense</b>	<b>\$744</b>	<b>\$717</b>
<b>Balance for remaining need: (for transportation, clothing, household, and personal care items)</b>	<b>\$76</b>	<b>\$48</b>
<b>1. Gross food</b>	<b>\$147</b>	<b>\$147</b>
Less Food Stamps	\$85	\$112
<b>Net food cost</b>	<b>\$62</b>	<b>\$35</b>
<b>2. Gross Utilities Expense</b>	<b>\$150</b>	<b>\$150</b>
Less Energy Assistance	\$16	\$16
<b>Net utilities expense</b>	<b>\$134</b>	<b>\$134</b>

**ASSISTANCE AVAILABLE TO A TYPICAL DISABLED INDIVIDUAL  
LIVING IN SUBSIDIZED HOUSING IN ANCHORAGE**

**Assumptions:**

- Household consists of a single disabled individual residing in one-bedroom subsidized housing unit in Anchorage.
- Typical utilities expense for an inexpensive one-bedroom housing unit is \$150 (includes heat expense).
- Typical unsubsidized rental charge for an inexpensive one-bedroom housing unit in Anchorage is \$548 (does not include utilities).
- Typical monthly food costs for a one-person household in Anchorage is \$147.00/month.

	Existing Law	HB228/SB98
Adult Public Assistance	\$362	\$325
Supplemental Security Income	\$458	\$458
Food Stamps	\$10	\$26
Energy Assistance	\$191.50/yr (\$15.96/mo)	\$191.50/yr (\$15.96/mo)
Net Income	\$820	\$783
Food <sup>1</sup>	\$137	\$121
Rent <sup>2</sup>	\$261	\$250
Utilities <sup>3</sup>	\$134	\$134
Total Food/Shelter Expense	\$532	\$505
Balance for remaining need: (for transportation, clothing, household, and personal care items)	\$288	\$258
1. Gross food	\$147	\$147
Less Food Stamps	\$10	\$26
Net food cost	\$137	\$121
2. Unsubsidized rent cost	\$548	\$548
Less rental subsidy	\$287	\$298
Rental Liability	\$261	\$250
3. Gross Utilities Expense	\$150	\$150
Less Energy Assistance	\$16	\$16
Net utilities expense	\$134	\$134

A M E N D M E N T

OFFERED IN THE HOUSE BY REPRESENTATIVES TOOHEY AND BUNDE  
TO: CSHB 228( ); Draft 9-LS0831NF

- 1 Page 1, line 2:
- 2 Delete "and the adult public assistance program"
  
- 3 Page 2, lines 9 - 20:
- 4 Delete all material.

9-LS0831VF  
Lauterbach  
3/13/95

CS FOR HOUSE BILL NO. 228( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act reducing payment levels for the program of aid to families with  
2 dependent children and the adult public assistance program."

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

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

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

12 (1) dependent child living with nonneedy relative: \$463 [FOR A  
13 DEPENDENT CHILD WHO IS LIVING IN THE HOME OF A NONNEEDY  
14 RELATIVE, \$452], plus \$87 [\$102] for each additional child;

1 (2) dependent child living with parent:

2 (A) for a parent and one dependent child, a maximum of \$767  
3 [\$821];

4 (B) for each additional dependent child, or for a second parent,  
5 \$87 [\$102] a month per individual;

6 (3) pregnant woman who is otherwise eligible for assistance under this  
7 section [, OR A SINGLE-PERSON HOUSEHOLD THAT DOES NOT CONSIST OF  
8 A DEPENDENT CHILD]: \$437 [\$514] a month.

9 \* Sec. 2. AS 47.25.430(e) is amended to read:

10 (e) Notwithstanding (a) and (b) of this section, the department shall, in a  
11 manner that complies with federal requirements, reduce the maximum state  
12 contribution to recipients otherwise payable on the effective date of this Act  
13 [AUGUST 24, 1993] to the maximum state contribution to recipients that was in effect  
14 on the day before the effective date of this Act, minus 10 percent [JANUARY 1,  
15 1992]. On and after the effective date of this Act [AUGUST 24, 1993], the  
16 department shall, in a manner that complies with federal requirements, calculate the  
17 amount of monthly assistance for a recipient based on the maximum state contribution  
18 to recipients that takes [IN] effect on the effective date of this Act [JANUARY 1,  
19 1992], as modified by any increase under (b) of this section that takes effect after the  
20 effective date of this Act.

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES

STATE CAPITOL, JUNEAU 99801  
(907) 465-3759



## SPONSOR STATEMENT

### House Bill No. 228

#### "An Act reducing payment levels for the program of AFDC and APA"

---

**HB 228** is an integral part of the House Finance Five-Year Budget Plan, designed to reduce the State of Alaska operating budget by \$250 million dollars. The State is facing a fiscal gap of \$522 million dollars for FY96.

Health and Social Services, along with education and state employee salaries and benefits, has traditionally been left out of budget reductions. These categories, however, comprise 75% of the budget. In order to reach the target reduction of \$70 million for FY96, reductions must be made in these categories as well as the remaining 25%.

**HB 228** reduces benefits in the Aid to Families with Dependent Children program by 15%, and Adult Public Assistance by 10%. Alaska provides the highest level of public assistance benefits in the country, a level we can no longer afford. The maximum AFDC payment for a family of three in Connecticut would have to be raised 25% to equal Alaska's; Minnesota's would have to be raised 73%. APA is an optional state-funded supplement to Federal SSI (Supplemental Security Income) recipients. The benefits to an individual in Connecticut would have to be raised 20% to equal Alaska's; Minnesota's would have to be raised 360%.

We are not alone in the need to reduce benefits; states across the nation, and indeed the federal government, have experienced the tightening of budgets that expanding welfare roles have created.



# Alaska State Legislature

House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: MARCH 16, 1995

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 HB 228: REDUCTION IN  
 PUBLIC ASSISTANCE  
 PAYMENTS

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
Tim Nordlund	Publ Asst.	DHSS			465-3690	Y	N	Award for Posters
Robert Hensley						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	