

**HB**

**78**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/5/95

FURTHER:

DATE TURNED INTO OFFICE: 5-6-95

The Finance Committee considered CS HB 78(FIN) am

Licenses and applications for licenses for persons who are not in substantial compliance with orders, judgments, or payment schedules for child support; amending Alaska Rule of Civil Procedure 90.3; efd.

and recommends:

- be replaced with 5 CS CS HB 78 (Fin)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:
- same title
  - new title
- House Bill:
- same title
  - technical change
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>		<i>[Signature]</i>	✓		
<i>[Signature]</i>		<i>[Signature]</i>	✓		
<i>[Signature]</i>		<i>[Signature]</i>		✓	
Co-Chair: <i>[Signature]</i>		Co-Chair:			
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
Court System	5/5/95		80.8
DOLabor (W+H)	5/5/95	0	
2 DOLabor			✓
3 DECED			✓
DOR			✓
DOE			✓
DPS			✓

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
#23 DEC (Palmer) <i>[Signature]</i>	2/17/95	0	
#9 DHSS (FYS)	4/4/95		113.9
#17 DHSS (EMS training)	3/10/95		1.5

APPROPRIATION -- no fiscal note  
*12 new DHSS notes ✓*

\*include fiscal notes accompanying Governor's bill

See Attached Sheet of Fiscal Notes.

5-6-95  
 Fiscal Notes  
 to Accompany  
 HB 78 (Fix)

FISCAL NOTES

Re: HB 78 - Public Assist. Demo Project & Decrease

<u>No.</u>	<u>Dept.</u>	<u>Date</u>	<u>U.D.</u>	<u>Amount</u>
2.	DH&SS (PA-Elig.Deter.)	4/04/95		136.8
3.	DH&SS (PA-Admin.)	4/04/95		213.5
4.	DH&SS (PA-Data Proc.)	4/04/95		972.4
5.	DH&SS (Ak.Work Prog.)	4/04/95		0 394.5 FY97
6.	DH&SS (Child Care)	4/04/95		0 152.0 FY97
7.	DH&SS (AFDC-Ratable Red)	<del>4/04/95</del> 5/7/95		(1,610.7)
8.	DH&SS (PFD Hold Harm)	4/04/95		(210.4)
9.	DH&SS (FYS Central)	4/04/95		113.9
10.	DH&SS (Med.Asst.Claims)	4/04/95		40.0
13.34	DPS (Driver Services)	4/03/95	& 5/1	222.8
14.33	DOE (Teacher Cert.)	3/24/95	& 5/1	20.8
15.32	DOR (Child Support)	4/04/95	& 5/2	519.4
17.	DH&SS (EMS Training)	3/10/95		1.5
18.31	DC&ED (Ins.Operations)	3/24/95	5/1/95	26.0
19.30	DC&ED (Occ.Licensing)	3/24/95	& 5/1	83.5
20.29	DC&ED (Banking/Corps.)	3/24/95	& 5/1	29.1
21.28	DOLabor (Safety&Health)	3/30/95	& 5/2	36.1
22.27	DOLabor (Mech.Insp.)	3/30/95	& 5/2	53.7
23.	DEC (Palmer Lab.)	2/17/95		0
24.	DH&SS (Med.Facilities)	5/02/95		(116.7)
25.	DH&SS (Med.Non-Fac.)	5/02/95		(107.7)
26.	DH&SS (AFDC)	5/02/95		(317.9)
New 36	DOLabor (Wage&Hr.Admin)	5/02/95		0

New, Updated Notes - Reflecting deletion of ratable reduction:

26.	DH&SS (AFDC)	<del>5/05/95</del> 5/7/95		(317.9)
2.	DH&SS (PA-Elg.Deter.)	5/05/95	5/7/95	136.8 - 170.4
3.	DH&SS (PA-Admin.)	<del>5/05/95</del> 5/7/95		213.5 - 253.0
4.	DH&SS (PA-Data Proc.)	<del>5/05/95</del> 5/7/95		972.4
5.	DH&SS (Ak.Work Prog.)	<del>5/05/95</del> 5/7/95		0 394.5 FY97
6.	DH&SS (Child Care)	<del>5/05/95</del> 5/7/95		0 152.0 FY97
8.	DH&SS (PFD Hold Harm)	<del>5/05/95</del> 5/7/95		(12.7) (220.9)
10.	DH&SS (Med.Asst.Claims)	5/05/95	5/7/95	40.0
25.	DH&SS (Med.Non-Fac.)	<del>5/05/95</del> 5/7/95		(107.7)
24.	DH&SS (Med.Facilities)	<del>5/05/95</del> 5/7/95		(116.7)
9.	DH&SS (FYS Central)	5/05/95		113.9
17.	DH&SS (EMS Training)	5/05/95		1.5

New Courts 36 5/5/95 80.8  
 New DH&SS (Training/Appals) 5/7/95  
 Prepared by SFC 5-5-95

+ 12 New DH&SS Notes  
 to be delivered 5/7/95  
 (above)

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSIBB 78 (FIN)  
OPA #1

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  
 Sponsor: Hanley  
 Requestor: Senate Finance 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	(317.9)	(1,373.1)	(2,905.4)	(4,191.5)	(5,648.7)	(7,124.9)	
MISC. LANECUS	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL OPERATING</b>	<b>(317.9)</b>	<b>(1,373.1)</b>	<b>(2,905.4)</b>	<b>(4,191.5)</b>	<b>(5,648.7)</b>	<b>(7,124.9)</b>	
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	(144.3)	(623.4)	(1,319.0)	(1,902.9)	(2,564.5)	(3,234.7)	
1003 GF Match	(1,206.9)	(2,960.9)	(3,990.4)	(4,731.4)	(5,675.7)	(6,657.0)	
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts	1,062.5	2,337.5	2,671.3	2,828.4	3,111.2	3,422.3	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other 1007 I/A Receipts	(29.2)	(126.3)	(267.3)	(385.6)	(519.7)	(655.5)	
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1,373.1)</b>	<b>(2,905.4)</b>	<b>(4,191.5)</b>	<b>(5,648.7)</b>	<b>(7,124.9)</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)

SEE ATTACHED

Prepared by: Jim Nordlund, Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 5/7/95  
 Approved by Com: Karen Perdue Date: 5/7/95  
 Agency: Department of Health & Social Services

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**ANALYSIS (cont.):**

This legislation amends the public assistance statutes and includes several provisions that impact AFDC program costs.

**AFDC RATABLE REDUCTIONS**

Section 4 of the bill imposes a statewide reduction of approximately 1.7 percent in AFDC payments. The ratable reductions are analyzed in a separate fiscal note. This note analyzes the impact of the other sections of the bill on AFDC assistance payments.

**EFFECTIVE DATES**

Section 23 establishes an immediate effective date for specified sections of the bill. For purposes of this analysis, we assume (unless otherwise noted in the assumptions stated in the analysis of individual bill sections) that the regulations necessary to implement the immediate provisions of the bill take effect on October 1, 1995.

Section 24 of the bill provides for an effective date based on the federal government's approval of the waivers necessary to implement the demonstration projects in bill sections 11 through 16. We assume for purposes of this analysis that federal approval will be obtained to operate the demonstration projects and the necessary state regulations will take effect on July 1, 1996.

Section 26 of the bill provides for an effective date of March 1, 1996 for bill sections not covered by the immediate effective date established in Section 23. The March 1996 effective date is apparently intended to apply to sections that would require changes in federal statutes to take effect. We assume, for purposes of this analysis, that the anticipated federal law changes and the necessary state regulations take effect on October 1, 1996.

**ANALYSIS, ASSUMPTIONS, AND CALCULATIONS**

Because numerous sections of the bill affect the AFDC Assistance Payments component, the analysis of each section and the separate provisions with sections are presented separately. There is a summary of the fiscal impacts of the various sections at the end of this fiscal note. Only sections that are expected to have an impact on AFDC program costs are included in this analysis.

**ANALYSIS (cont.):****SECTION 2: WITHHOLDING OF OCCUPATIONAL AND DRIVERS LICENSES FROM DELINQUENT CHILD SUPPORT OBLIGORS**

This legislation changes child support law to withhold occupational and drivers licenses from delinquent child support obligors. The Department of Revenue projects increased child support collections as a result of this provision.

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 provision reduce the cost of the AFDC program.

All AFDC applicants assign to the State the right to child support collected on behalf of the AFDC child(ren) as long as the children 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 provision.

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. This caseload reduction increases by 10 percent each fiscal year after FY 96.
- 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 provision.

**ANALYSIS (cont.):**Calculations

## AFDC benefit cost avoidance: AFDC caseload reductions

	<u>Total</u>	<u>GF Match</u>	<u>Fed Receipts</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)

## 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:	(2,671.3)	2,671.3
FY 99:	(2,828.4)	2,828.4
FY 00:	(3,111.2)	3,111.2
FY 01:	(3,422.3)	3,422.3

**ANALYSIS (cont.):****SECTION 3: PERMANENT INELIGIBILITY FOR WELFARE FRAUD**

Under this provision, individuals convicted, in Alaska or other jurisdictions, of unsworn falsification in fraud cases involving AFDC, Medicaid, or other public assistance programs are permanently disqualified from receiving AFDC.

**Assumptions**

- DHSS will rarely discover fraud convictions in other states; out-of-state convictions have no significant fiscal impact
- Approximately 12 criminal welfare fraud convictions per year in Alaska; half of the convicted individuals are otherwise AFDC-eligible
- Average cost avoidance per affected case = 24 months
- Average monthly savings per affected case = \$369.00
- This provision takes effect October 1, 1996

**Calculations**

FY96	No Impact
FY97	(8.3)
FY98	(34.3)
FY99	(52.6)
FY00	(53.1)
FY01	(53.1)

**ANALYSIS (cont.):****SECTION 3: FAMILY CAP**

This provision eliminates eligibility for cash assistance to children born to AFDC recipients (whether or not their mother was an AFDC recipient at the time of conception), and to children conceived while their mother was an AFDC recipient. The exclusion does not apply to the first-born dependent child (nor to the siblings of the first-born in a multiple birth).

**Assumptions**

- This provision does not affect the rate of births by AFDC mothers.
- 996 children are born to or conceived by AFDC recipients in FY96. This number increases by 5 percent, in proportion to the caseload, in subsequent years.
- The first disqualified children are born in September 1997, 11 months after this provision takes effect.
- AFDC costs are avoided at the rate of \$102 per disqualified child per month.

**Calculations**

FY96	No Impact
FY97	No Impact
FY98	(558.6)
FY99	(984.0)
FY00	(1,232.2)
FY01	(1,393.0)

**ANALYSIS (cont.):**

**SECTION 6: ASSISTANCE TO MINORS WITH CHILDREN**

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.
- The state regulations necessary to implement this provision 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.):

SECTION 6: TIME LIMITS

This subsection provides that families which include an individual who has participated in the state JOBS program becomes ineligible for AFDC 25 months after assignment to the activity.

Assumptions

- Savings resulting from case closures because of the 24-month time limit begin to accrue in FY99.
- Three percent of the families participating in JOBS close due to the 24-month time limit.
- FY99 savings represent 6 months savings because of phased implementation in FY97.

Calculations

FY96-FY98	No Impact
FY99	(283.7)
FY00	(851.0)
FY01	(1134.7)

**ANALYSIS (cont.):****SECTION 11 - 16: 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. Families selected as project participants will be subject to a 24-month time limit on AFDC benefits.
- 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 24-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.
- A **Two-Tier Payment System** that, with specific exceptions requires AFDC benefits to families that have lived in Alaska for less than six months to be paid at the level in effect in their last previous state of residence.

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.
- Savings resulting from case closures because of the 24-month time limit begin to accrue in FY99.

## 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)	(688.5)	(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)	(408.6)	(511.9)	(573.6)
Total Gross Savings	0.0	(796.1)	(1230.3)	(1314.7)	(1462.4)	(1570.7)

## 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	FY 98	FY 99	FY 00	FY 01
Savings	0	(796.1)	(1230.3)	(1314.7)	(1462.4)	(1570.7)
Costs	0	565.8	579.6	604.5	630.6	657.9
Net Savings	0	(230.3)	(650.7)	(710.2)	(831.8)	(912.8)

**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 24-month time limit begin to accrue in FY99.

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)	(1314.0)	(1760.0)	(2632.4)
Cost	541.7	577.6	603.6	632.9	662.3
Net Savings	(129.5)	(309.5)	(710.4)	(1127.1)	(1970.1)

**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	(34.6)	(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.):****Two-Tier Payment System**

This subsection provides that, with specified exceptions, AFDC benefits to families that have lived in Alaska for less than six months be paid at the level in effect in their last previous state of residence.

**Assumptions**

- This provision takes effect on October 1, 1996
- The average payment level of the last state of residence = \$431 per month
- An average of 826 applications per month are approved in FY97; 7 percent are from new residents who are subject to the two-tier requirement
- The application volume increases by 1 percent per year
- Cases in the two-tier system receive an average of four months' benefits

**Calculations**

FY96	No Impact
FY97	(93.7)
FY98	(94.5)
FY99	(95.3)
FY00	(96.2)
FY01	(97.0)

## ANALYSIS (cont.):

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

	FY96	FY97	FY98	FY99	FY00	FY01	Totals
CS/Licenses	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)	(2597.7)
Welfare Fraud	0.0	(8.3)	(34.3)	(52.6)	(53.1)	(53.1)	(201.4)
Family CAP	0.0	0.0	(558.6)	(984.0)	(1232.2)	(1393.0)	(4167.8)
Minor Parents	(137.9)	(275.9)	(275.9)	(275.9)	(275.9)	(275.9)	(1517.4)
24-Mo Limit	0.0	0.0	0.0	(283.7)	(851.0)	(1134.7)	(2269.4)
Workfare	0.0	(230.3)	(650.7)	(710.2)	(831.8)	(912.8)	(3335.8)
Unemployed Parent	0.0	(129.5)	(309.5)	(710.4)	(1127.1)	(1970.1)	(4246.6)
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)	(297.1)	(1325.7)
Two-Tier	0.0	(93.7)	(94.5)	(95.3)	(96.2)	(97.0)	(476.7)
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1373.1)</b>	<b>(2905.4)</b>	<b>(4191.5)</b>	<b>(5648.7)</b>	<b>(7124.9)</b>	<b>(21561.5)</b>

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB-78 (FIN)  
DPA #2

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: Senate Finance COMPONENT SERIAL NO. 236

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	114.3	228.5	228.5	228.5	228.5	228.5
TRAVEL	1.5	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	3.1	5.0	5.0	5.0	5.0	5.0
SUPPLIES	1.5	2.5	2.5	2.5	2.5	2.5
EQUIPMENT	50.0	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	3.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>170.4</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	85.2	118.0	118.0	118.0	118.0	118.0
1003 GF Match	85.2	118.0	118.0	118.0	118.0	118.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 I/A Receipts	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>170.4</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>	<b>236.0</b>

POSITIONS:

FULL-TIME	5	5	5	5	5	5
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 adds new requirements including Two-Tier payments and a Family CAP to the AFDC program which produce a need for additional Eligibility Determination staff.

Also, 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, monitor compliance, and case maintenance

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: 5/7/95  
 Date: 5/7/95

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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, two-tier payments, and requirement for teen parents at home also impact on the need for field eligibility staff.

The additional workload and associated case maintenance produces a need for 5 Eligibility Technician II positions statewide; 4 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)	114.3
5 ET II - R14 @ 45.7 yr (6 months)	
Travel (for training)	1.5
Contractual (space, phones, postage)	3.1
Supplies	1.5
Equipment	<u>50.0</u>
Total	170.4

## FY 97 through FY01:

Personal Services (12 months)	228.5
5 ET II - R14 @ 45.7 yr (12 months)	
Contractual (space, phones, postage)	5.0
Supplies	<u>2.5</u>
Total	236.0

Position Title Eligibility Tehncian II		No. of Positions 4	Range/Step R14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Anchorage		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		91.4		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>91.4</b>		
Travel				
Contractual		2.0		
Commodities		1.1		
Equipment		40.0		
Other				
<b>Total Cost</b>		<b>134.5</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	67.2		
1003	GF Match	67.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance w'lh new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Eligibility Determination (0236)

Page 1 of 1

Revised Date:

**FY96**

Position Title Eligibility Technician II		No. of Positions 1	Range/Step R 14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Fairbanks		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		22.9		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>22.9</b>		
Travel		1.5		
Contractual		1.0		
Commodities		0.5		
Equipment		10.0		
Other				
<b>Total Cost</b>		<b>35.9</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	17.9		
1003	GF Match	18.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Eligibility Determination (0236)

**FY96**

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Revised Date:

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (PIN)  
DPA #3

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: PA Administration  
 Sponsor: Hanley  
 Requestor: Senate Finance COMPONENT SERIAL NO. 233

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	166.5	166.5	166.5	166.5	166.5	166.5
TRAVEL	22.0	22.0	22.0	22.0	22.0	22.0
CONTRACTUAL	63.0	28.0	28.0	28.0	28.0	28.0
SUPPLIES	1.5	1.5	1.5	1.5	1.5	1.5
EQUIPMENT	30.0	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
<b>TOTAL OPERATING</b>	<b>283.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	141.5	109.0	109.0	109.0	109.0	109.0
1003 GF Match	141.5	109.0	109.0	109.0	109.0	109.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHT/A	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
<b>TOTAL</b>	<b>283.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>	<b>218.0</b>

POSITIONS:

FULL-TIME	3	3	3	3	3	3
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. It also adds several new provisions to the AFDC program.

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.

Prepared by: Jim Nordlund, Director *Jim Nordlund* Phone: 465-2680  
 Division: Division of Public Assistance Date: 5/7/95  
 Approved by Com: Karen Perode, Commissioner *Karen Perode* Date: 5/7/95  
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

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.

Implementation of the new provision's by October 1, 1996 requires the department to immediately develop program regulations, coordinate data system changes, and publish program manuals.

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.

The level of complexity added to the AFDC program by these provisions require the Public Assistance Analyst I position to continue after implementation as part of the policy unit responsible for AFDC program compliance.

## ANALYSIS (cont.):

Calculations:

## FY 96:

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
1	Public Assistance Analyst I	R16	52.0
	Regulations contract		25.0
	Evaluation contract		30.0
	Office space, postage, phones, fax		8.0
	Supplies		1.5
	Equipment		30.0
	Travel		<u>22.0</u>
	Total		283.0

## FY 97 through FY01

1	Project Coordinator	R19	62.5
1	Project Assistant	R16	52.0
2	Public Assistance Analyst I	R16	52.0
	Evaluation Contract		20.0
	Office space		8.0
	Supplies		1.5
	Travel		<u>22.0</u>
	Total		218.0



Position Title Project Assistant		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Juneau		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>	Justification Project development and management include planning, negotiating, and preparing the demonstration project application(s). Including requesting waiver of the pertinent federal law provisions. Development also includes coordinating the necessary program and system changes and dealing with requests for information about the project as well as negotiation and administration of the evaluation contract and monitoring of the project. Project management staff would also be responsible to oversee the operation and monitoring of the project and maintain the necessary relationships with federal officials throughout its duration.  This request is for the project assistant.	
Salary		52.0		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>52.0</b>		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		10.0		
Other				
<b>Total Cost</b>		<b>74.0</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	37.0		
1003	GF Match	37.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
BRU: Public Assistance Administration  
COMPONENT: Public Assistance Administration (0233)

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Revised Date:

**FY96**

Position Title Public Assistance Analyst I		No. of Positions 1	Range/Step 16A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Juneau		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		52.0		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>52.0</b>		
Travel		6.0		
Contractual		1.0		
Commodities		0.5		
Equipment		10.0		
Other				
<b>Total Cost</b>		<b>69.5</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	34.7		
1003	GF Match	34.8		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>Timely implementation of the many new program provisions require project staff to coordinate regulation development, inter agency cooperation, and dissemination of information and instructions to eligibility staff and the recipient population.</p> <p>After assisting with implementation, this position continues as a member of the AFDC policy support unit.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Public Assistance Administration (0233)

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Revised Date:

**FY96**

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (FIN)  
DPA #4

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: PA Data Processing  
Sponsor: Hanley  
Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
<b>TOTAL</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>

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: 5/7/95  
Date: 5/7/95

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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		<u>972.4</u>

Revision Date: \_\_\_\_\_

BILL NO. SCS for CSHB 78 (FIN)

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

Position Title Project Coordinator		No. of Positions 1	Range/Step 19A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		62.5		
Benefits				
Premium Pay				
Other				
Total Personal Services		62.5		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		4.0		
Other				
Total Cost		78.5		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	39.2		
1003	GF Match	39.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>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.</p> <p>This position is the project coordinator is necessary to coordinate project management and act as a liaison between contractor, waiver project staff, policy experts, and system staff. This position is necessary for initiation through the final evaluation in FY01.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Public Assistance Data Processing (0240)

Page 1 of 1  
 Revised Date:

**FY96**

Position Title <b>Public Assistance Analyst</b>		No. of Positions <b>2</b>	Range/Step <b>16A</b>	Bargaining Unit <b>GGU</b>
Time Status <b>FT</b>	Staff Months <b>12 months</b>	Location <b>Anchorage</b>		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		104.0		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>104.0</b>		
Travel		8.0		
Contractual		7.0		
Commodities		1.0		
Equipment		8.0		
Other				
<b>Total Cost</b>		<b>128.0</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	64.0		
1003	GF Match	64.0		
1004	General Fund			
1005	GI/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>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.</p> <p>These positions are public assistance analysts necessary to ensure accuracy of contractor design and development efforts.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Public Assistance Data Processing (0240)

**FY96**

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Revised Date: 3/28/95

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (21N)  
DPA #5

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to the AFDC program BPU: PA Administration  
demonstration projects and payment reductions Component: Alaska Work Program  
 Sponsor: Hadley  
 Requestor: Senate Finance COMPONENT SERIAL NO. 238

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
MISCELLANECUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
1006 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
<b>TOTAL</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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 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 Perode  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 5/7/95  
 Date: 5/7/95

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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.

\$7.5/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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (PIN)  
OPA #6

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: Hanley  
Requester: Senate Finance 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	154.3
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 WA 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 Phone: 465-2680  
Division: Division of Public Assistance Date: 5/7/95  
Approved by Com: Karen Perdue Date: 5/12/95  
Agency: Department of Health & Social Services

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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	40.3	170.4
Diversion	0.0	21.0	41.3	42.3	43.3	45.4	193.3
Workfare	0.0	100.3	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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (PIN)  
DPA #7

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act relating to the AFDC program demonstration projects, and payment reductions BRU: PFD Hold Harmless  
Sponsor: Hanley Component: PFD Hold Harmless  
Requestor: Seuate Finance 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	(226.9)	(333.8)	(485.0)	(614.3)	(759.8)	(907.7)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(226.9)</b>	<b>(333.8)</b>	<b>(485.0)</b>	<b>(614.3)</b>	<b>(759.8)</b>	<b>(907.7)</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	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1050 PFD Funds	(226.9)	(333.8)	(485.0)	(614.3)	(759.8)	(907.7)
<b>TOTAL</b>	<b>(226.9)</b>	<b>(333.8)</b>	<b>(485.0)</b>	<b>(614.3)</b>	<b>(759.8)</b>	<b>(907.7)</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 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. PFD 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 Perdue  
Agency: Department of Health & Social Services

Phone: 465-2680  
Date: 5/7/95  
Date: 5/2/95

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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	\$ 29.2	\$226.9
FY97	\$207.5	\$126.3	\$333.8
FY98	\$217.7	\$267.3	\$485.0
FY99	\$228.7	\$385.6	\$614.3
FY00	\$240.1	\$519.7	\$759.8
FY01	\$252.2	\$655.5	\$907.7

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (FIN)  
DPA #8

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: Hanley  
 Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>(1,610.7)</b>	<b>(2,255.1)</b>	<b>(2,367.9)</b>	<b>(2,486.3)</b>	<b>(2,610.7)</b>	<b>(2,741.2)</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
1006 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)
<b>TOTAL</b>	<b>(1,610.7)</b>	<b>(2,255.1)</b>	<b>(2,367.9)</b>	<b>(2,486.3)</b>	<b>(2,610.7)</b>	<b>(2,741.2)</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 reduces AFDC maximum payment levels by approximately 1.7 percent below the current payment levels.

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: 5/7/95  
 Date: 5/1/95

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ANALYSIS (cont.):Assumptions:

The ratable reduction takes effect on October 1, 1995.

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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS CSHB 78 (FIN)

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to the payment of BRU: Medical Assistance  
aid to families with dependent children ... Component: Medicaid-Facilities  
 Sponsor: HANLEY COMPONENT SERIAL NO. 230  
 Requestor: Senate FIN See also (SN#): 230, 243, 1434

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(116.7)	(495.2)	(745.6)	(1,110.3)	(1,773.1)	(2,029.3)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(116.7)</b>	<b>(495.2)</b>	<b>(745.6)</b>	<b>(1,110.8)</b>	<b>(1,778.1)</b>	<b>(2,029.3)</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(58.4)	(247.6)	(372.3)	(555.4)	(889.0)	(1,014.1)
1003 GF Match	(58.3)	(247.5)	(372.3)	(555.4)	(889.1)	(1,014.2)
1004 GF						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>(116.7)</b>	<b>(495.2)</b>	<b>(745.6)</b>	<b>(1,110.8)</b>	<b>(1,779.1)</b>	<b>(2,029.3)</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY95) cost: 50.0

**ANALYSIS:** (Attach a separate page if necessary)

SCS CSHB 78 (FIN) makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, renewed self sufficiency as a result of the diversion program, failure to cooperate with the requirements of a workfare and AFDC unemployed parent projects, time limits to AFDC, or successful entrepreneurship that increases their net income. Recipients may also lose Medicaid if they are convicted of welfare fraud. 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  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3355  
 Date: 05/06/95  
 Date: 5/7/95

## 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.

## DELINQUENT CHILD SUPPORT COLLECTIONS

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$325,040)	(\$374,516)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$188,750)	(\$216,348)	(\$248,976)	(\$285,575)	(\$328,440)
CHILD SUPPORT SAVINGS	(\$224,400)	(\$514,300)	(\$590,864)	(\$678,300)	(\$777,888)	(\$894,516)

## 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)	(10,259)	(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.

## ANALYSIS (cont.):

## INCOME DISREGARD . . . (cont.)

	<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	\$8,392	\$12,384	\$12,912	\$13,438	\$14,064
Child Expenditures (9 mo. only FY 97)	\$0	\$5,148	\$7,152	\$7,488	\$7,324	\$8,160
<b>NEW EXPENCITURES</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$19,536</b>	<b>\$20,400</b>	<b>\$21,312</b>	<b>\$22,224</b>

## 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, and because of the two year time limit on benefits. 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)	(\$100,520)	(\$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)
<b>WORKFARE SAVINGS</b>	<b>\$0</b>	<b>(\$143,735)</b>	<b>(\$150,014)</b>	<b>(\$156,624)</b>	<b>(\$163,625)</b>	<b>(\$170,625)</b>

## 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, including those resulting from the 24 month time limit.. 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. CPA estimates that 3 cases per month will become eligible for AFDC-UP due to these provisions. A UP case (household) includes 2 adults and an average of 2.5 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)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
<b>UP PROJECT SAVINGS</b>	<b>\$0</b>	<b>(\$163,761)</b>	<b>(\$182,962)</b>	<b>(\$211,179)</b>	<b>(\$238,693)</b>	<b>(\$257,621)</b>

## 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	(\$8,392)	(\$9,288)	(\$32,280)	(\$33,720)	(\$35,150)
Children Medicaid Savings	\$0	(\$5,148)	(\$5,364)	(\$19,720)	(\$19,560)	(\$20,400)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,550)</b>

## 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 months 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)	(\$337,522)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$136,030)	(\$195,345)	(\$206,550)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,813)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

## WELFARE FRAUD

This legislation provides for permanent ineligibility of an individual convicted of welfare fraud in Alaska or any other jurisdiction. We estimate the same individuals likely to lose Medicaid are those adults who lose cash assistance. DPA estimates 5 convictions per year. At the time of conviction, we estimate that a person will lose, on average, a total of 24 months of eligibility. Since this provision is assumed not to be effective until October 1, 1996, we estimate that only 4.5 people be convicted in FY 97. In subsequent years, 5 individuals will lose eligibility because of a fraud conviction. In FY 97 a conviction will mean 5 months of lost eligibility. In subsequent years 6.5 months of eligibility will be lost. There will be no impact in FY 96.

	<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)	0.0	4.5	5.0	6.0	6.0	6.0
Initial Months of Lost Eligibility	0.0	5.0	6.5	6.5	6.5	6.5
First Fiscal Year Savings (5 months in FY 97, 6.5 mo. in FY 98 - 01)	\$0	(\$5,558)	(\$10,062)	(\$10,491)	(\$10,959)	(\$11,427)
Second Year Savings (12 months x prior year closures)			(\$13,932)	(\$19,368)	(\$20,232)	(\$21,096)
Third Fiscal Year Savings (7 or 5.5 months) (7months or 5.5 for closures 2 years prior)				(\$8,474)	(\$9,273)	(\$9,669)
<b>ELIGIBILITY CLOSURE SAVINGS</b>	<b>\$0</b>	<b>(\$5,558)</b>	<b>(\$23,994)</b>	<b>(\$38,333)</b>	<b>(\$40,464)</b>	<b>(\$42,192)</b>

**TIME LIMITS**

This bill imposes 24 month time limits for AFDC for participants in the JOBS program, Workfare, and the Unemployed Parents Project. People will lose eligibility as they move off the AFDC caseload. It is assumed that time limits will begin affecting AFDC caseloads in the second half of FY 99. It is estimated that one-half of the children will remain eligible under poverty level Medicaid only. A UP case consists of 2 adults and 2.5 children. JOBS and Workfare families consist of one adult and two children.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
JOBS Adults	0	0	0	80	90	120
Workfare Adults	0	0	0	3	14	18
UP Adults	0	0	0	148	230	240
JOBS Children	0	0	0	80	90	120
Workfare Children	0	0	0	3	14	18
UP Children	0	0	0	36	150	156
Adults Going Off Caseload (FY 99, 3 m)	\$0	\$0	\$0	(\$350,238)	(\$1,128,248)	(\$1,329,048)
Children Going Off Caseload (FY 99, 3 m)	\$0	\$0	\$0	(\$154,440)	(\$498,824)	(\$599,780)
<b>TIME LIMIT SAVINGS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$504,678)</b>	<b>(\$1,323,072)</b>	<b>(\$1,928,808)</b>

**SUMMARY OF DIVISION SAVINGS**

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,384)	(\$678,300)	(\$777,388)	(\$894,518)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,872)	(\$10,289)	(\$10,880)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,538	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$158,824)	(\$183,825)	(\$170,825)
AFDC Unemployed Parent Project	\$0	(\$183,781)	(\$182,982)	(\$211,179)	(\$238,593)	(\$257,821)
Self-Employment Project	\$0	(\$14,040)	(\$14,852)	(\$51,000)	(\$53,280)	(\$55,580)
Diversion Program	\$0	(\$115,830)	(\$481,885)	(\$508,813)	(\$533,487)	(\$582,545)
Welfare Fraud	\$0	(\$5,558)	(\$23,394)	(\$38,333)	(\$40,484)	(\$42,192)
Time Limits	\$0	\$0	\$0	(\$504,678)	(\$1,323,072)	(\$1,928,808)
<b>TOTAL SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$952,284)</b>	<b>(\$1,433,924)</b>	<b>(\$2,136,199)</b>	<b>(\$3,419,448)</b>	<b>(\$3,900,523)</b>
<b>MEDICAID FACILITIES (52%)</b>	<b>(\$118,888)</b>	<b>(\$495,177)</b>	<b>(\$745,588)</b>	<b>(\$1,110,823)</b>	<b>(\$1,778,112)</b>	<b>(\$2,028,272)</b>
<b>MEDICAID NON-FACILITIES (48%)</b>	<b>(\$107,712)</b>	<b>(\$457,087)</b>	<b>(\$688,238)</b>	<b>(\$1,025,378)</b>	<b>(\$1,841,334)</b>	<b>(\$1,872,251)</b>

FISCAL NOTE

No. 42

Bill Version: SCS CSHB 78 F

(S) Publish Date: 5-7-95

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: Senate FIN

Dept. Affected: Health and Social Service  
BRU: Medical Assistance  
Component: Medicaid Non-Facility  
COMPONENT SERIAL NO. 229  
See also (SN#): 230, 243, 1434

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	(107.7)	(457.1)	(688.2)	(1,025.4)	(1,641.3)	(1,872.3)
MISCELLANEOUS						
TOTAL OPERATING	(107.7)	(457.1)	(688.2)	(1,025.4)	(1,641.3)	(1,872.3)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	(53.9)	(228.5)	(344.1)	(512.7)	(820.6)	(936.1)
1003 GF Match	(53.8)	(228.6)	(344.1)	(512.7)	(820.7)	(936.2)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	(107.7)	(457.1)	(688.2)	(1,025.4)	(1,641.3)	(1,872.3)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

SCS CSHB 78 (FIN) makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, renewed self sufficiency as a result of the diversion program, failure to cooperate with the requirements of a workfare and AFDC unemployed parent projects, time limits to AFDC, or successful entrepreneurship that increases their net income. Recipients may also lose Medicaid if they are convicted of welfare fraud. 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: 05/06/95

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

Date: 5/7/95

**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.

**DELINQUENT CHILD SUPPORT COLLECTIONS**

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$188,760)	(\$216,348)	(\$248,976)	(\$285,576)	(\$328,440)
<b>CHILD SUPPORT SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$514,800)</b>	<b>(\$590,964)</b>	<b>(\$678,300)</b>	<b>(\$777,888)</b>	<b>(\$894,516)</b>

**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
<b>MINOR PARENT SAVINGS</b>	<b>0</b>	<b>(8,580)</b>	<b>(9,089)</b>	<b>(9,672)</b>	<b>(10,269)</b>	<b>(10,880)</b>

**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.

## ANALYSIS (cont.):

## INCOME DISREGARD . . . (cont.)

	<u>FY 98</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

## 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, and because of the two year time limit on benefits. 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 98</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, including those resulting from the 24 month time limit.. 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 3 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 98</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)	(\$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	1
Child Closures (1 child)	0	3	3	10	10	1
Adult Medicaid Savings	\$0	(\$8,892)	(\$9,288)	(\$32,280)	(\$33,720)	(\$35,160)
Children Medicaid Savings	\$0	(\$5,148)	(\$6,364)	(\$18,720)	(\$19,560)	(\$20,400)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,560)</b>

**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 months 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	248
Children in Diversion Program	0	120	239	241	243	248
Total Diversion Participants	0	240	478	482	486	496
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)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,813)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

**WELFARE FRAUD**

This legislation provides for permanent ineligibility of an individual convicted of welfare fraud in Alaska or any other jurisdiction. We estimate the same individuals likely to lose Medicaid are those adults who lose cash assistance. DPA estimates 6 convictions per year. At the time of conviction, we estimate that a person will lose, on average, a total of 24 months of eligibility. Since this provision is assumed not to be effective until October 1, 1996, we estimate that only 4.5 people be convicted in FY 97. In subsequent years, 6 individuals will lose eligibility because of a fraud conviction. In FY 97 a conviction will mean 6 months of lost eligibility. In subsequent years 6.5 months of eligibility will be lost. There will be no impact in FY 96.

	<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)	0.0	4.5	6.0	6.0	6.0	6.0
Initial Months of Lost Eligibility	0.0	6.0	6.5	6.5	6.5	6.5
First Fiscal Year Savings (5 months in FY 97, 6.5 mo. in FY 98 - 01)	\$0	(\$5,558)	(\$10,062)	(\$10,491)	(\$10,955)	(\$11,427)
Second Year Savings (12 months x prior year closures)			(\$13,932)	(\$19,368)	(\$20,232)	(\$21,096)
Third Fiscal Year Savings (7 or 5.5 months) (7 months or 5.5 for closures 2 years prior)				(\$8,474)	(\$9,273)	(\$9,669)
<b>ELIGIBILITY CLOSURE SAVINGS</b>	<b>\$0</b>	<b>(\$5,558)</b>	<b>(\$23,994)</b>	<b>(\$38,333)</b>	<b>(\$40,464)</b>	<b>(\$42,192)</b>

**TIME LIMITS**

This bill imposes 24 month time limits for AFDC for participants in the JOBS program, Workfare, and the Unemployed Parents Project. People will lose eligibility as they move off the AFDC caseload. It is assumed that time limits will begin affecting AFDC caseloads in the second half of FY 99. It is estimated that one-half of the children will remain eligible under poverty level Medicaid only. A UP case consists of 2 adults and 2.6 children. JOBS and Workfare families consist of one adult and two children.

	<u>FY 96</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>
JOBS Adults	0	0	0	60	90	120
Workfare Adults	0	0	0	9	14	18
UP Adults	0	0	0	148	230	300
JOBS Children	0	0	0	60	90	120
Workfare Children	0	0	0	9	14	18
UP Children	0	0	0	96	150	198
Adults Going Off Caseload (FY 99, 6 m)	\$0	\$0	\$0	(\$350,238)	(\$1,126,248)	(\$1,329,040)
Children Going Off Caseload (FY 99, 6 m)	\$0	\$0	\$0	(\$154,440)	(\$498,824)	(\$599,760)
<b>TIME LIMIT SAVINGS</b>	\$0	\$0	\$0	(\$504,678)	(\$1,623,072)	(\$1,928,800)

**SUMMARY OF DIVISION SAVINGS**

	<u>FY98</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,860)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$156,624)	(\$163,625)	(\$170,624)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,624)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,584)
Diversion Program	\$0	(\$115,830)	(\$481,885)	(\$506,813)	(\$533,467)	(\$562,544)
Welfare Fraud	\$0	(\$5,558)	(\$23,994)	(\$38,333)	(\$40,484)	(\$42,192)
Time Limits	\$0	\$0	\$0	(\$504,678)	(\$1,623,072)	(\$1,928,800)
<b>TOTAL SAVINGS</b>	(\$224,400)	(\$952,284)	(\$1,433,824)	(\$2,136,199)	(\$3,419,440)	(\$3,900,520)
<b>MEDICAID FACILITIES (52%)</b>	(\$118,688)	(\$495,177)	(\$745,588)	(\$1,110,823)	(\$1,778,112)	(\$2,028,272)
<b>MEDICAID NON-FACILITIES (48%)</b>	(\$107,712)	(\$457,087)	(\$688,236)	(\$1,025,376)	(\$1,641,334)	(\$1,872,250)

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS CSHB 78 (FIN)

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the payment of  
aid to families with dependent children . . .  
 Sponsor: HANLEY  
 Revisor: Senate Finance

Dept. Affected: Health and Social Services  
 BRU: Medical Assistance Admin  
 Component: Claims Processing  
 COMPONENT SERIAL NO. 243  
 See also (SN#): 229, 230, 1434

**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						
<b>TOTAL OPERATING</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY96	FY97	FY98	FY99	FY00	FY01
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						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

SCS CSHB 78 (FIN) 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. This 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: 05/06/95

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

Date: 5/7/95

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS CSHB 78 (FIN)

Revision Date: \_\_\_\_\_  
 Title: An Act making changes related to  
aid to families with dependent children program  
 Sponsor: HANLEY  
 Requestor: Senate FIN

Dept. Affected: Health and Social Services  
 BRU: Medical Assistance Admin  
 Component: Hearings and Appeals  
 COMPONENT SERIAL NO. 1434  
 See also (SN#): 229, 230, 243

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES		51.6	103.4	103.4	103.4	103.4
TRAVEL						
CONTRACTUAL		1.0	1.0	1.0	1.0	1.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		12.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>65.6</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts	0.0	32.8	52.7	52.7	52.7	52.7
1003 GF Match	0.0	32.8	52.7	52.7	52.7	52.7
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>65.6</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>

**POSITIONS:**

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

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

**ANALYSIS:** (Attach a separate page if necessary)

SCS CSHB 78 (FIN) will result in a substantial increase in the number of individuals denied public assistance and in the number of individuals who receive sanctions. Every person denied eligibility or sanctioned has the right under state and federal law to appeal the decision or action of the department through the fair hearing process. One Public Assistance Program Officer and one Administrative Clerk II will be need to process and adjudicate these additional cases.

Prepared by: Jon Sherwood  
 Division: Medical Assistance

Phone: 465-3355  
 Date: 05/06/95

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

Date: 5/7/95

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## ANALYSIS (cont.):

## COST OF ADDITIONAL POSITIONS

## FY 97 (6 months):

Personal Services: 1 Public Assistance Program Officer, R-21	35.0
Personal Services: 1 Admin. Clerk II, R-8	16.6
Contractual (2 positions)	1.0
Supplies (2 positions)	1.0
Equipment (2 positions)	<u>12.0</u>
TOTAL FOR FY 97	65.6

## FY 98 - 01 (12 months)

Personal Services: 1 Public Assistance Program Officer, R-21	70.1
Personal Services: 1 Admin. Clerk II, R-8	33.3
Contractual (2 positions)	1.0
Supplies (2 positions)	<u>1.0</u>
TOTAL FOR FY 98 - 01	105.4

These estimates are based on current costs and do not anticipate increases for inflation or employee compensation.

REPORTED OUT OF  
5-6-95

# 36

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSFB 78 (FIN) AM

Revision Date: \_\_\_\_\_ Dept. Affected: Alaska Court System  
 Title: relating to certain licenses and BRU: Trial Courts  
applications for licenses ... child support Components: \_\_\_\_\_  
 Sponsor: REP. HANCOCK  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 768

EXPENDITURES/REVENUES (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	68.9	68.9	68.9	68.9	68.9	68.9
TRAVEL						
CONTRACTUAL	6.2	1.2	1.2	1.2	1.2	1.2
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	2.7					
LAND & STRUCTURES						
GRANTS & CLAIMS						
TOTAL OPERATING	80.3	73.1	73.1	73.1	73.1	73.1

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	30.8	73.1	73.1	73.1	73.1	73.1
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	80.8	73.1	73.1	73.1	73.1	73.1

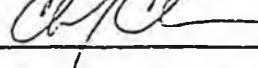
POSITIONS

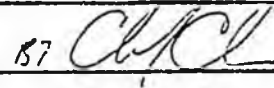
FULL-TIME						
PART-TIME	3.0	3.0	3.0	3.0	3.0	3.0
TEMPORARY						

Estimate of current year (FY 95) cost: \$ None

ANALYSIS: (Attach a separate page if necessary)

See attached fiscal analysis.

Prepared by: C. S. Christensen III, Staff Counsel  Phone: 264-8228  
 Agency: Alaska Court System Date: 5/5/95

Approved by: Arthur H. Snowden, II, Administrative Director  Date: 5/5/95  
 Agency: Alaska Court System

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Alaska Court SystemFiscal AnalysisCSHB 78 (FIN) AMPersonal Services

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
Standing Master, range 24A, PPT, Anchorage, 5 months	\$25,420	\$9,098	\$34,518
In-Court Clerk, range 12A, PPT, Anchorage, 5 months	11,295	5,460	16,755
Court Clerk II, range 10A, PPT, Anchorage, 6 months	12,008	5,643	<u>17,649</u>
Total Personal Services			68,922

During the 1994 session, the Child Support Enforcement Division estimated that 15,000 individuals were not in compliance with child support orders. It is assumed that all these individuals possess a driver's or one of the targeted licenses. Of this group, it is assumed that 10% will request a judicial review. This fiscal note assumes that each judicial review hearing will require 30 minutes to conduct. The requested positions will be based in Anchorage. Hearings will be conducted in person or telephonically.

Contractual Services

Modification of case management computer programs to accommodate a new type of case filing.	(one time cost)	5,000
Telephone costs (telephonic hearings)		1,200

Supplies

Office supplies for new case filings		3,000
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Equipment

Desk, chair and filing cabinet for new positions		<u>2,700</u>
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Estimated Total Costs	<u>\$80,822</u>
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REPORTED OUT OF  
5-6-95

# 35

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78(FIN)

Revision Date: \_\_\_\_\_  
Title: Public Assist Demo Project  
& Decrease  
Sponsor: Representative Hanley  
Requestor: House Finance

Department Affected: Labor  
BRU: Labor Standards & Safety  
Component: Wage and Hour  
Administration  
COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</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>

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						
Other						
<b>TOTAL</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>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

Because there are only five employment agencies in the state and new applications are extremely rare, this bill would have minimal impact on the Wage and Hour Administration component's workload.

Prepared by: John A. Abshire, Director Phone: 269-4914  
Division: Labor Standards and Safety Date: 5/2/95

Approved by Commissioner: Tom Cashen, Commissioner  
Agency: Department of Labor Date: 5/2/95

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**FISCAL NOTE**

# 13 updated  
# 34

STATE OF ALASKA

BILL NO: CSHB 78(FIN)

**1995 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Public Assistance Demo Project & Decrease BRU: Motor Vehicles  
 Component: Driver Services/Field Services  
 Sponsor: Representative Hanley  
 Requestor: H.FIN COMPONENT SERIAL NO. 0500 & 0502

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

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	155.5	83.3	83.3	83.3	83.3	83.3
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	23.8	11.9	11.9	11.9	11.9	11.9
SUPPLIES	2.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	40.0					
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>222.8</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>

CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
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CHANGE IN REVENUES (1004 Revenue Code)	582.8	183.2	183.2	183.2	183.2	183.2
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**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	222.8	97.7	97.7	97.7	97.7	97.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>222.8</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>

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: 5/01/95  
 Approved by Commissioner: Ronald L. Otte Date: 5/01/95  
 Agency: Ronald L. Otte, Dept. of Public Safety

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Budget Section  
 Div. of Adm. Services  
 Dept. of Public Safety  
 5/1/95

Fiscal Note Analysis  
CSHB 78 (FIN)

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 want 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>	<u>Salary and Benefits</u>	
Driver Services Supervisor R14 (Juneau)	\$47.2	\$47.2
Motor Vehicle Representative II (Juneau)	\$36.1	
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  
CSHB 78 (FIN)

<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	
990 Reinstatements: 495 @ \$100; 495 @ \$250		\$173.3
990 Duplicate license fees @ \$10		\$9.9
TOTAL REVENUE	\$582.8	\$183.2

REPORTED OUT OF  
SFC 5-6-95

#14 updated  
#33

# FISCAL NOTE

STATE OF ALASKA

BILL NO. CS HB 78 (FIN)

1995 LEGISLATIVE SESSION

Revision Date: May 1, 1995

Department Affected: Education

Title: An act relating to certain licenses and applications for licenses.

BRU: Executive Administration

Sponsor: Representative Davies

Component: Teacher Certification

Requester: Representative Davies

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						
<b>TOTAL OPERATING</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

CAPITAL						
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REVENUE FUND SOURCE:						
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**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
<b>TOTAL</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

**POSITIONS:**

FULL-TIME	1.0					
PART-TIME	-1					
TEMPORARY						

Estimate of current year (FY95) impact: \$ \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.) CS HB 78 (FIN) 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. CS HB 78 (FIN) 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: 5/1/95  
 Approved by Commissioner: [Signature] Shirley J. Holloway, Ph.D.  
 Agency: Education Date: 5/1/95

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**FISCALNOTE**

*# 15 updated*

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

REPORTED OUT OF  
S/C 5/6/95

BILL NO. CSHB 78(FIN)

*# 32*

Revision Date: \_\_\_\_\_  
Title: Public Assistance Demo Project & Decrease  
Sponsor: Representative Hanley  
Requestor: (H)RLS

Department Affected: Revenue  
BRU: Child Support Enforcement Division  
Component: Child Support Enforcement Division  
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	395.6	411.5
TRAVEL						
CONTRACTUAL	264.0	270.2	274.9	279.9	285.1	290.4
SUPPLIES	3.2	6.4	6.4	6.4	6.4	6.4
EQUIPMENT	83.1	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>519.4</b>	<b>628.3</b>	<b>647.1</b>	<b>666.7</b>	<b>687.2</b>	<b>708.3</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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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 Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER	176.6	213.6	220.0	226.7	233.7	240.8
<b>TOTAL</b>	<b>519.4</b>	<b>628.3</b>	<b>647.1</b>	<b>666.7</b>	<b>687.2</b>	<b>708.3</b>

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

POSITIONS:

FULL-TIME	8	8	8	8	8	8
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 provide the state with \$2,125,000 in AFDC reimbursements, the Federal government with \$2,125,000 in AFDC reimbursement and custodial parents and children with \$12,750,000 in child support. National statistics reveal that about 45% of the population is employed in non-traditional occupations and are not reported to state Departments of Labor. Self-employed obligors have a very low compliance rate of paying child support. Currently 54% of Alaskans with child support orders pay nothing. More than half these individuals have the ability to pay, but work in the cash or self-employed economy. This legislation will insure that self-employed obligors establish a payment plan or pay their arrears to obtain or retain their license. Similar legislation has been enacted in seventeen states and is pending in Congress. (Continued on additional page)

Prepared by: Glenda Straube, Director  
Division: Child Support Enforcement Division

Phone: 269-6801  
Date: May 2, 1995

Approved by Commissioner: Deborah Vogt  
Agency: Department of Revenue

Date: May 2, 1995

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78(F)

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 Officers 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. Equipment costs are reflected in FY 96 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.

REPORTED OUT OF  
5/6/95

updates #18  
#31

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN)

Revision Date: \_\_\_\_\_  
Title: Public Assist. Demo Project & Decrease

Department: Commerce and Economic Development  
BRU: Insurance  
Component: Operations

Sponsor: Reps. Hanley, Rokeberg, Porter, Bunde, Tooney, Kohring  
Requestor: Representative Hanley

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						
<b>TOTAL OPERATING</b>	<b>26.0</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
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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 1007 Interagency Receipts	26.0	21.2	21.2	21.2	21.2	21.2
<b>TOTAL</b>	<b>26.0</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>

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 *Joan Brown* Phone: 465-2597  
 Division: Insurance Date: 5/1/95  
 Approved by Commissioner: William L. Hensley *William L. Hensley* Date: 5/1/95  
 Agency: Commerce and Economic Development

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# 19 2072-2  
# 30

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78(FIN)

Revision Date: May 1, 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: Rep. Hanley, et al  
 Requestor: Rep. Hanley COMPONENT SERIAL #: 1844

Expenditures/Revenues		(Thousands of Dollars)					
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	
<b>OPERATING EXPENDITURES</b>							
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	6.3						
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	
<b>CAPITAL EXPENDITURES</b>							
<b>CHANGE IN REVENUES</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	

FUND SOURCE		(Thousands of Dollars)					
	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	
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	
<b>TOTAL</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	

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)

CSHB 78(FIN) 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: 5/1/95  
 Approved by Commissioner: William L. Hensley Date: 5-1-95  
 Agency: Commerce and Economic Development

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO.: CSHB 78(FIN)

ANALYSIS: (Continued)

## DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS FOR CSHB 78(FIN)

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 CSHB 78 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 CSHB 78(FIN) 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 CSHB 78(FIN) 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

*= 20 updated*

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

REPORTED OUT OF  
SIC 5/6/95

BILL NO. HB 78

*#29*

Revision Date: \_\_\_\_\_  
Title: Child Support Nonpayment/Licensing Ban  
Sponsor: Senator Ellis  
Requestor: Representative Hanley

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						
<b>TOTAL OPERATING</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
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**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
<b>TOTAL</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

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

Phone: 465-2521  
Date: 5-1-95  
Date: 5/1/95

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**FISCAL NOTE**

*#21 approved*  
**#28**

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78(FIN)

Revision Date: \_\_\_\_\_  
Title: Public Assist Demo Project  
& Decrease  
Sponsor: Representative Hanley  
Requestor: House Finance

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	26.6	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						
<b>TOTAL OPERATING</b>	<b>36.1</b>	<b>32.8</b>	<b>34.3</b>	<b>36.0</b>	<b>37.7</b>	<b>39.6</b>

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 Receipts	36.1	32.8	34.3	36.0	37.7	39.6
<b>TOTAL</b>	<b>36.1</b>	<b>32.8</b>	<b>34.3</b>	<b>36.0</b>	<b>37.7</b>	<b>39.6</b>

**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: BSA 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: 5/2/95

Approved by Commissioner: Tom Cashen, Commissioner  
Agency: Department of Labor Date: 5/2/95

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## Analysis:

CSHB 78(FIN) 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 CSHB 78(FIN) 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	<u>24.3</u>	<u>25.4</u>
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
	<u>11.6</u>	<u>7.2</u>
Line 400 - Commodities		
Office and DP Supplies-Year 1	<u>0.2</u>	<u>0.2</u>
	0.2	0.2
Line 500 - Equipment	0.0	0.0
<b>TOTAL</b>	<b>36.1</b>	<b>32.8</b>

PBS5 ENTER TO CONTINUE

02/15/95

Personal Services Cost Calculations Detail

10:55:00

Position: 07-072018	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: 8 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=	3,571.25	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

PLEASE ENTER TO CONTINUE

02/15/95

Personal Services Cost Calculations Detail

16:24:45

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.L.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

2/15/95

Position Information Inquiry/Update

10:49:22

Position: 07-072062	Project: 0	Salary Costs: 53,739.50
Component: 07-06-07-20-16-00	Region:	Benefits Costs: 19,595.44
Scenario: 4 FY: 96	COLA % = 0.000	Total Costs: 73,334.94

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Equals from Payroll	(Status: FILLED )	Retirement Code: A
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5/10/16	Step: E for 3.5 months & Step: F for 8.5 months (total: 12.00 )
	Merit Date; use merit defaults? N ( 3.5 @ E & 8.5 @ F )
	Class/Sched Prefix: 2 Schedule: 2A (actual: 2A )
G	Bargaining Unit: GG Range: 19 (actual: 19 )
EA	Location Code: EBA Place: ANCHORAGE
2425	Job Class Code: P2425 Title: INDUSTRIAL HYGIENIST
	Seasonal Indic.: F Type: FACL - FULL TIME / OMB AUTH

Additional 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

ESS ENTER TO CONTINUE

2/15/95

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
SBS=	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

# FISCAL NOTE

#22 Updated  
#27

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

REPORTED OUT OF  
SFC 5-6-95

BILL NO. CSHB 78(FIN)

Revision Date: \_\_\_\_\_  
Title: Public Assist Demo Project  
& Decrease  
Sponsor: Representative Hanley  
Requestor: House Finance

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						
<b>TOTAL OPERATING</b>	<b>53.7</b>	<b>45.7</b>	<b>47.3</b>	<b>48.9</b>	<b>50.4</b>	<b>52.1</b>

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
<b>TOTAL</b>	<b>53.7</b>	<b>45.7</b>	<b>47.3</b>	<b>48.9</b>	<b>50.4</b>	<b>52.1</b>

**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: 5/2/95

Approved by Commissioner: Tom Cashen, Commissioner  
Agency: Department of Labor Date: 5/2/95

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## Analysis:

CSHB 78(FIN) 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 CSHB 78(FIN) 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 CSHB 78(FIN) include:

	FY96	FY97
<b>Line 100 - Personal Services</b>		
1 PFT Admin Clerk III (10 A/B) Anchorage		
Salary	25.2	26.3
Benefits	11.9	12.5
TOTAL	<u>37.1</u>	<u>38.8</u>
<b>Line 200 - Travel</b>	0.0	0.0
<b>Line 300 - Contractual Services</b>		
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
	<u>11.9</u>	<u>6.7</u>
<b>Line 400 - Commodities</b>		
Office and DP Supplies-Year 1	0.2	0.2
<b>Line 500 - Equipment</b>		
Workstation, chair, and computer with software (FY96 one-time)	4.5	0.0
<b>TOTAL</b>	<u>53.7</u>	<u>45.7</u>

12/17/95

Position Information Inquiry/Update

13:09:52

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

10/00/00 Step: A for 6.0 months & Step: B for 6.0 months (total: 12.00 )  
 ) Merit Date; 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\_

ESS ENTER TO CONTINUE  
2/17/95

Personal Services Cost Calculations Detail

12:10:07

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=	1,541.08	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

Adopted 5-6-95

*Amendments*

WORK DRAFT

WORK DRAFT

WORK DRAFT

① All Time Limits Change to March, 1, 1995

② Sect 23 - Only Sect 21 is immediate

③ Pg 14, line 20 - add ① pg 22, line 30-31 add up to any  
+ then add: *ganful activity*

④ Pg 14, line 20 add ② pg 23, line 1 & 2

9-LS0392AU

Lauterbach

5/6/95

SENATE CS FOR CS FOR HOUSE BILL NO. 78 *Fix*

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:

Referred:

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

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 duty to support children of minor parents;  
4 relating to the program of aid to families with dependent children, including the  
5 payment of aid in the case of pregnant minors and minors who are parents;  
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 amending Alaska Rule of Civil Procedure 90.3; and providing for an effective  
10 date."

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

12 \* Section 1. AS 25.27.060 is amended by adding new subsections to read:

1 (e) If the child's parents are both unmarried minors who have not had the  
2 disabilities of minority removed under AS 09.55.590, an order of child support issued  
3 by a court or agency shall be based on the

4 (1) percentages of physical custody exercised by the child's parents; a  
5 minor parent's custody of the child shall be imputed to the parents of the minor parent,  
6 regardless of where the minor parent lives, except that

7 (A) if the minor parent and child live with a parent of the  
8 noncustodial minor parent, the minor parent's custody of the child shall be  
9 imputed to the parent of the noncustodial minor parent; and

10 (B) a minor parent's custody of a child may not be imputed to  
11 the parents of the minor parent if the minor parent and child do not live with  
12 a parent of the minor parent because

13 (i) neither parent will allow the minor and child to live  
14 in the residence of the minor's parent; or

15 (ii) the physical or emotional health or safety of the  
16 minor parent or the minor's child would be jeopardized if the minor and  
17 the minor's child lived in the same residence with the minor's parent;

18 and

19 (2) incomes of the child's grandparents and parents.

20 (f) To the extent that (e) of this section applies,

21 (1) the child's grandparents are considered to have a duty to support the  
22 child and are subject to laws, regulations, and court rules relating to support of the  
23 child; and

24 (2) a grandparent who is determined under applicable agency  
25 regulations and court rules to be the obligor for purposes of paying child support on  
26 behalf of a grandchild is subject to all laws, regulations, and court rules applicable to  
27 child support obligors.

28 (g) An order of support against a child's grandparent under (e) of this section  
29 and a grandparent's duty to support a child under (f) of this section is terminated,  
30 without the need for obtaining a modification of a child support order, when one of  
31 the child's parents reaches the age of majority or has the disabilities of minority

1 removed under AS 09.55.590, whichever occurs earlier. However, to the extent that  
2 a grandparent may have accrued arrearages, the grandparent remains an obligor subject  
3 to this chapter.

4 \* Sec. 2. AS 25.27 is amended by adding new sections to read:

5 Sec. 25.27.244. ADVERSE ACTION AGAINST DELINQUENT OBLIGOR'S  
6 OCCUPATIONAL LICENSE. (a) The agency shall compile and maintain a list of  
7 obligors who are not in substantial compliance with a support order or payment  
8 schedule negotiated under (g)(1) of this section. The list must include the names,  
9 social security numbers, dates of birth, and last known addresses of the obligors. The  
10 list shall be updated by the agency on a monthly basis.

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

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

24 (d) A licensing entity shall issue a temporary license valid for a period of 150  
25 days to an applicant whose name is on the list if the applicant is otherwise eligible for  
26 a license. The temporary license may not be extended. Only one temporary license  
27 may be issued during a regular license term and its validity shall coincide with the first  
28 150 days of that license term. A license for the full or remainder of the license term  
29 may be issued or renewed only upon compliance with this section. If a license or  
30 application is denied under this section, funds paid by the applicant or licensee shall  
31 be refunded by the licensing entity after retention of the temporary license fee, if any.

1 (e) Notices for use under (c) of this section shall be developed by each  
2 licensing entity under guidelines provided by the agency and are subject to approval  
3 by the agency. The notice must include the address and telephone number of the  
4 agency and shall emphasize the necessity of obtaining a release from the agency as a  
5 condition for the issuance or renewal of a license. The notice must inform an  
6 applicant whose license is governed by (d) of this section that the licensing entity shall  
7 issue a temporary license for 150 calendar days under (d) of this section if the  
8 applicant is otherwise eligible and that, upon expiration of that time period, the license  
9 will be denied unless the licensing entity has received a release from the agency. The  
10 agency shall also develop a form that the applicant may use to request a review by the  
11 agency. A copy of this form shall be included with each notice sent under (c) of this  
12 section.

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

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

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

1 (2) the applicant has submitted a timely request for review to the  
2 agency, but the agency will be unable to complete the review and send notice of  
3 findings to the applicant in sufficient time for the applicant to file a timely request for  
4 judicial relief within the 150-day period during which the applicant's temporary license  
5 is valid under (d) of this section; this paragraph applies only if the delay in completing  
6 the review process is not the result of the applicant's failure to act in a reasonable,  
7 timely, and diligent manner upon receiving notice from the licensing entity that the  
8 applicant's name is on the list;

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

16 (4) the applicant has obtained a judicial finding of substantial  
17 compliance.

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

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

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

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

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

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

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

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

26 (l) When the obligor is in substantial compliance with a support order or  
27 payment schedule, the agency shall mail to the applicant and the appropriate licensing  
28 entity a release stating that the applicant is in substantial compliance. The receipt of  
29 a release shall serve to notify the applicant and the licensing entity that, for the  
30 purposes of this section, the applicant is in substantial compliance with the support  
31 order or payment schedule unless the agency, under (a) of this section, certifies

1 subsequent to the issuance of a release that the applicant is once again not in  
2 substantial compliance with a support order or payment schedule.

3 (m) The agency may enter into interagency agreements with the state agencies  
4 that have responsibility for the administration of licensing entities as necessary to  
5 implement this section to the extent that it is cost effective to implement the  
6 interagency agreements. The agreements shall provide for the receipt by the other  
7 state agencies and licensing entities of federal funds to cover that portion of costs  
8 allowable in federal law and regulation and incurred by the state agencies and licensing  
9 entities in implementing this section.

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

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

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

21 (q) In this section,

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

24 (2) "license"

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

29 (i) license relating to boxing or wrestling under

30 AS 05.10;

31 (ii) authorization to perform an occupation regulated

- 1 under AS 08;
- 2 (iii) teacher certificate under AS 14.20;
- 3 (iv) authorization under AS 18.08 to perform emergency
- 4 medical services;
- 5 (v) asbestos worker certification under AS 18.31;
- 6 (vi) boiler operator's license under AS 18.60.395;
- 7 (vii) certificate of fitness under AS 18.62;
- 8 (viii) hazardous painting certification under AS 18.63;
- 9 (ix) security guard license under AS 18.65.400 -
- 10 18.65.490;
- 11 (x) license relating to insurance under AS 21.27;
- 12 (xi) employment agency permit under AS 23.15.330 -
- 13 23.15.520;
- 14 (xii) registration as a broker-dealer, agent, or investment
- 15 adviser under AS 45.55.030;
- 16 (xiii) certification as a pesticide applicator under
- 17 AS 46.03.320;
- 18 (xiv) certification as a storage tank worker or contractor
- 19 under AS 46.03.375; and
- 20 (xv) certification as a water and wastewater works
- 21 operator under AS 46.30;
- 22 (B) does not include
- 23 (i) a vessel license issued under AS 16.05.490 or
- 24 16.05.530;
- 25 (ii) a commercial fishing license under AS 16.05.480,
- 26 including a crewmember fishing license;
- 27 (iii) an entry permit or interim-use permit issued under
- 28 AS 16.43;
- 29 (iv) a license issued under AS 47.35;
- 30 (v) a business license issued under AS 43.70; or
- 31 (vi) a driver's license issued under AS 28.15;

1 (3) "licensee" means a person holding a license or applying to renew  
2 a license.

3 (4) "licensing entity" means the state agency that issues or renews a  
4 license; in the case of a license issued or renewed by the Department of Commerce  
5 and Economic Development after an applicant's qualifications are determined by  
6 another agency, "licensing entity" means the department;

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

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

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

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

31 (c) If the licensee fails to obtain a release during the 150-day period following

1 notice under (b) and (d) of this section, the agency shall notify the department that the  
2 licensee's driver's license should be suspended and further renewals or applications  
3 should be denied until the agency sends the department a release for the licensee.  
4 Upon receiving the agency's notice under this subsection, the department shall suspend  
5 the licensee's driver's license and may not issue or renew a driver's license for the  
6 licensee until the department receives a release to do so from the agency. If a license  
7 or application is suspended or denied under this section, funds paid by the applicant  
8 or licensee may not be refunded by the department.

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

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

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

29 (1) the licensee is found to be in substantial compliance with each  
30 support order applicable to the licensee or has negotiated an agreement with the agency  
31 for a payment schedule on arrearages and is in substantial compliance with the

1 negotiated agreement; if the licensee fails to be in substantial compliance with an  
2 agreement negotiated under this paragraph, the agency shall send to the department a  
3 revocation of any release previously sent to the entity for that licensee;

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

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

19 (4) the licensee has obtained a judicial finding of substantial  
20 compliance.

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

30 (h) Except as otherwise provided in this section, the agency may not issue a  
31 release if the applicant is not in substantial compliance with the order for support or

1 is not in substantial compliance with an agreement negotiated under (f)(1) of this  
2 section. The agency shall notify the licensee in writing that the licensee may request  
3 any or all of the following: (1) judicial relief from the agency's decision not to issue  
4 a release or the agency's decision to revoke a release under (f)(1) of this section; (2)  
5 a judicial determination of substantial compliance; (3) a modification of the support  
6 order. The notice must also contain the name and address of the court in which the  
7 licensee may file the request for relief and inform the licensee that the licensee's name  
8 shall remain on the list if the licensee does not request judicial relief within 30 days  
9 after receiving the notice. The licensee shall comply with all statutes and rules of  
10 court implementing this section. This section does not limit a licensee's authority  
11 under other law to request an order to show cause or notice of motion to modify a  
12 support order or to fix a payment schedule on arrearages accruing under a support  
13 order or to obtain a court finding of substantial compliance with a support order.

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

21 (1) whether there is a support order or a payment schedule on  
22 arrearages;

23 (2) whether the petitioner is the obligor covered by the support order;  
24 and

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

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

30 (k) When the obligor is in substantial compliance with a support order or  
31 payment schedule, the agency shall mail to the applicant and the department a release

1 stating that the licensee is in substantial compliance. The receipt of a release shall  
2 serve to notify the licensee and the department that, for the purposes of this section,  
3 the applicant is in substantial compliance with the support order or payment schedule  
4 unless the agency, under (a) of this section, certifies subsequent to the issuance of a  
5 release that the licensee is once again not in substantial compliance with a support  
6 order or payment schedule.

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

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

14 (n) In this section,

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

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

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

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

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

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

31 Sec. 47.25.311. INELIGIBILITY FOR ASSISTANCE. (a) A person is

1 permanently ineligible for assistance under AS 47.25.310 - 47.25.420 upon conviction  
 2 of violating AS 11.56.210 or a law in another jurisdiction with elements substantially  
 3 similar to AS 11.56.210 if the conviction arose out of a written or recorded statement  
 4 submitted in order to apply for or continue receiving assistance under AS 47.07, this  
 5 chapter, or similar laws in another jurisdiction.

6 (b) Assistance is not payable with respect to a child born to

7 (1) an individual who is receiving assistance under AS 47.25.310 -  
 8 47.25.420 at the time of the birth; or

9 (2) an individual who received assistance under AS 47.25.310 -  
 10 47.25.420 at any time during the 10-month period ending with the birth of the child.

11 (c) The provisions of (b) of this section do not apply to

12 (1) a child who is the only dependent child on whose behalf the  
 13 individual is otherwise eligible to receive assistance under AS 47.25.310 - 47.25.420;  
 14 or

15 (2) children who are born during a multiple birth if the children are the  
 16 only dependent children on whose behalf the individual is otherwise eligible to receive  
 17 assistance under AS 47.25.310 - 47.25.420.

18 (d) A person is not eligible to receive benefits under AS 47.25.310 - 47.25.420  
 19 for more than a total of 60 months as the caretaker of a dependent child or as a  
 20 pregnant woman unless the person is permanently totally physically or mentally  
 21 disabled.

22 (e) The department shall implement this section only to the extent that  
 23 implementation is not prohibited under federal law. To the extent that this section may  
 24 be implemented under federal law, its provisions supersede inconsistent provisions of  
 25 AS 47.25.310 - 47.25.420.

26 \* Sec. 4. AS 47.25.320(a) is amended to read:

27 (a) The department shall determine the amount of assistance for a dependent  
 28 child, and the relative with whom the dependent child is living, with regard to the  
 29 resources and necessary expenditures of the family and the condition existing in each  
 30 case. Assistance is sufficient if, when added to all other income and support available  
 31 to the child, the child and relative have reasonable subsistence compatible with

1 decency and health. However, the amount of assistance may not exceed the following:

2 (1) dependent child living with nonneedy relative: \$451 [FOR A  
3 DEPENDENT CHILD WHO IS LIVING IN THE HOME OF A NONNEEDY  
4 RELATIVE, \$452], plus \$100 [\$102] for each additional child;

5 (2) dependent child living with parent:

6 (A) for a parent and one dependent child, a maximum of \$806  
7 [\$821];

8 (B) for each additional dependent child, or for a second parent,  
9 \$100 [\$102] a month per individual;

10 (3) pregnant woman who is otherwise eligible for assistance under this  
11 section, or a single-person household that does not consist of a dependent child: \$505  
12 [\$514] a month.

13 \* Sec. 5. AS 47.25.360 is amended to read:

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

20 \* Sec. 6. AS 47.25 is amended by adding new sections to read:

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

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

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

29 (b) Notwithstanding AS 47.25.360, the department shall, where possible, pay  
30 assistance on behalf of a minor parent who is subject to the requirements of (a) of this  
31 section to the minor's parent, legal guardian, or other adult relative, or, as applicable,

1 to the head of the adult-supervised supportive living arrangement where the minor  
2 parent resides.

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

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

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

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

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

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

17 (d) When determining eligibility for, and the amount of, assistance in the case  
18 of a minor parent who is required to live in a household or living arrangement with  
19 an adult under (a) of this section, the department shall, to the extent allowed under  
20 federal law or under a waiver of federal law, disregard the income and resources of  
21 the adults in the household or living arrangement if the total income of the adults is  
22 less than 133 percent of the federal poverty line for this state, as defined by the federal  
23 office of management and budget and revised annually under 42 U.S.C. 9902(2). If  
24 the department determines that a waiver of federal law is necessary before this  
25 subsection may be implemented, the department shall promptly seek a waiver.

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

28 (1) the natural parent of a dependent child living in the same  
29 household; or

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

31 Sec. 47.25.364. TIME LIMIT ON BENEFITS. (a) Except as provided in (b)

1 of this section, a family who has a member assigned to an activity under AS 47.25.421  
2 - 47.25.429 is ineligible for assistance beginning with the 25th month after the person  
3 is assigned and does not become eligible to apply for assistance again until 84 months  
4 after the person is assigned.

5 (b) The eligibility of a family described in (a) of this section shall be extended  
6 beyond 24 months from the assignment described in (a) of this section if the assigned  
7 person has cooperated with the department and has substantially complied with the  
8 requirements of the program to which the person was assigned but

9 (1) a temporary and verified physical or mental condition, as supported  
10 by appropriate medical documentation, prevents the person from attaining and  
11 maintaining employment that would provide the family with net income equal to or  
12 greater than what the family would receive from the assistance grant;

13 (2) the department failed to comply with AS 47.25.427 with respect to  
14 the family;

15 (3) despite all appropriate efforts, the person has been unable to find,  
16 or has lost without cause, employment that would provide the family with net income  
17 equal to or greater than what the family would receive from assistance; or

18 (4) other unique circumstances exist, as determined by the department,  
19 that prevent the person from obtaining or retaining adequate employment.

20 (c) The department shall implement this section only to the extent that  
21 implementation is not prohibited under federal law. To the extent that this section may  
22 be implemented under federal law, its provisions supersede inconsistent provisions of  
23 AS 47.25.310 - 47.25.420.

24 \* Sec. 7. AS 47.25.310(c) is repealed.

25 \* Sec. 8. COURT RULE CHANGE. (a) AS 25.27.060 (e) - (g), added by sec. 1 of this  
26 Act, have the effect of amending Alaska Rule of Civil Procedure 90.3 by requiring  
27 consideration of the income of the grandparents of a child when determining a child support  
28 obligation under certain circumstances and by providing that a child's grandparents are  
29 obligated to support the child under certain circumstances.

30 (b) Under art. IV, sec. 15, Constitution of the State of Alaska, AS 25.27.060(e) - (g),  
31 added by sec. 1 of this Act, and this section may become law with the affirmative vote of a

1 majority of the membership of each house because the court rule being amended is not a rule  
2 governing practice or procedure.

3 \* Sec. 9. APPLICABILITY. AS 47.25.311(a), added by sec. 3 of this Act, applies to  
4 offenses committed on or after March 1, 1996.

5 \* Sec. 10. REPORT. (a) In furtherance of the public policy of increasing child support  
6 enforcement and collections, on or before January 1, 1998, the child support enforcement  
7 agency shall make a report to the legislature and the governor based on data collected by the  
8 licensing entities and the agency in a format prescribed by the agency. The report must  
9 contain

10 (1) the number of delinquent obligors on the lists maintained by the agency  
11 under AS 25.27.244 - 25.27.246, enacted by sec. 2 of this Act;

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

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

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

22 (5) the costs incurred in the implementation and enforcement of AS 25.27.244  
23 - 25.27.246, enacted by sec. 2 of this Act.

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

29 \* Sec. 11. WAIVER APPLICATION. (a) The Department of Health and Social Services  
30 shall, by February 15, 1996, seek appropriate waivers from the federal government to  
31 implement the AFDC demonstration projects described in secs. 12 - 16 of this Act. To the

1 extent that the federal government approves the necessary waivers, the department shall  
2 implement the projects. The purposes of the projects are to promote personal responsibility  
3 and self-sufficiency.

4 (b) At a minimum, the department shall implement secs. 13 - 16 of this Act as four  
5 separate projects in four different areas of the state, with at least one project in a municipality  
6 with a population over 25,000, one in a municipality with a population between 5,000 and  
7 25,000, and one in a municipality or community with a population under 5,000. If the  
8 department determines that more than one project can be efficiently and usefully operated in  
9 the same area at the same time the department may operate more than one project in the same  
10 area as a fifth project, subject to federal approval of the appropriate waivers.

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

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

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

23 \* Sec. 12. EARNED INCOME DISREGARD; WAIVER OF "100-HOUR" RULE; AUTO  
24 ALLOWANCE; TWO-TIER PAYMENT SYSTEM. (a) When determining the AFDC  
25 eligibility of a family that is participating in a project under secs. 13 - 15 of this Act and  
26 when determining the amount of assistance to which the family is entitled, the department  
27 shall, except as provided in (b) - (f) of this section,

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

1 is first granted AFDC; for a family that is already receiving assistance when this paragraph  
2 is implemented, this 24 months begins with the first month during which this paragraph is  
3 implemented;

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

7 (3) allow the exclusion of \$5,000 of the combined equity of motor vehicles  
8 used by the family for basic family transportation, transportation of a disabled child in the  
9 household, or transportation of a member of the family to or from employment, training, or  
10 participation in an activity required under secs. 13 - 14 of this Act; if the combined equity of  
11 vehicles described in this paragraph exceeds \$5,000, the department shall apply the excess  
12 equity amount toward the asset limit otherwise applicable to the family.

13 (b) The department shall verify the state of residence for the previous six months for  
14 each new family that applies for AFDC and is participating in a project under secs. 13 - 15  
15 of this Act. The residence history of the caretaker relative of the child for whom assistance  
16 is being sought shall be used to determine the prior state of residence for the entire family.

17 (c) The department shall determine the eligibility of a family who the department  
18 determines under (b) of this section has resided in the state for less than six months  
19 immediately preceding the family's application for assistance by using the eligibility standards  
20 of the family's most recent prior state of residence, and the department shall pay to the family  
21 the amount of assistance that a typical family of the same size would receive in the family's  
22 most recent prior state of residence, subject to any penalties authorized under other laws of  
23 this state, if the family applies for assistance

24 (1) within 90 days after moving to the state; or

25 (2) more than 90 days after moving to the state, but less than 180 days after  
26 moving to the state and the family is unable to demonstrate to the satisfaction of the  
27 department that the caretaker relative in the family was employed in a paying job for at least  
28 13 weeks after moving to the state.

29 (d) In determining which state will be used to determine the eligibility standards and  
30 benefit payment amount under (c) of this section, the department shall use the state for which  
31 the most recent one-month or longer period of residence for the caretaker relative has been

1 verified by the department.

2 (e) The benefit amount determined under (c) and (d) of this section is the maximum  
3 amount of assistance payable to the family until after the sixth month of state residency of the  
4 caretaker relative. The family's eligibility for assistance after six months of residency shall  
5 be determined under (a) of this section, and the maximum amount of assistance payable after  
6 the sixth month of residency in the state shall automatically change to the benefit amount  
7 otherwise payable in the project areas, subject to any penalties authorized under other laws  
8 of this state.

9 (f) The provisions of (b) - (e) of this section do not apply to a family whose caretaker  
10 relative, according to criteria established by the department,

11 (1) left the state briefly during the previous six months and has returned; or

12 (2) entered the state in the previous six months to provide care for a minor  
13 child who resided in the state for six months before application for assistance was made.

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

28 (b) If organizations exist in the project area that have had successful experience in  
29 conducting employment placement services, community services, and job training programs,  
30 the department shall offer on a competitive basis contracts to those organizations to administer  
31 (a) of this section. A contract under this subsection must provide that the department shall

1 make the determinations required under (c) and (d) of this section and the contractor shall  
2 perform the duties assigned to the department under (a) of this section with respect to  
3 uncompensated activities, including assessment of their availability, development of additional  
4 activities, consideration of activities recommended by governmental representatives, and  
5 assignment of persons to specific activities after referral of those persons to the contractor by  
6 the department. Subject to (e) of this section, the department may, after consultation with the  
7 appropriate contractor under this subsection, if any,

8 (1) provide AFDC benefits to participant families in amounts and forms the  
9 department determines are appropriate to the circumstances of the family;

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

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

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

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

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

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

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

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

1 or

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

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

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

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

11 (e) Except as provided in (f) of this section, a family who has a member assigned to  
12 an activity under this section is ineligible for AFDC beginning with the 25th month after the  
13 person is assigned and does not become eligible to apply for assistance again until 84 months  
14 after the person is assigned.

15 (f) The eligibility of a family described in (e) of this section shall be extended beyond  
16 24 months from the assignment described in (e) of this section if the assigned person has  
17 cooperated with the department and has substantially complied with the requirements of the  
18 program to which the person was assigned but

19 (1) a temporary and verified physical or mental condition, as supported by  
20 appropriate medical documentation, prevents the person from attaining and maintaining  
21 employment that would provide the family with net income equal to or greater than what the  
22 family would receive from the assistance grant;

23 (2) the department failed to comply with (d) of this section with respect to the  
24 family;

25 (3) despite all appropriate efforts, the person has been unable to find, or has  
26 lost without cause, employment that would provide the family with net income equal to or  
27 greater than what the family would receive from assistance; or

28 (4) other unique circumstances exist, as determined by the department, that  
29 prevent the person from obtaining or retaining adequate employment.

30 (g) In this section, "project area" means the area chosen by the department in which  
31 to operate the workfare project described in this section.

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

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

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

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

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

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

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

22            (b) The services and referrals to be provided by the department and the activities to  
23 be included in a family plan may include

24                 (1) child care services;

25                 (2) uncompensated community work experience;

26                 (3) work-related training programs;

27                 (4) high school completion or GED programs;

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

29                 (6) culturally relevant subsistence activities;

30                 (7) placement in paid employment; and

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

1 employability or self-sufficiency.

2 (c) The department shall deny AFDC benefits to a family that is assigned to  
3 participate in the project under this section if the family fails to cooperate in the development  
4 of a family plan or fails to sign a family contract as required by (a) of this section. A family  
5 assigned to participate in the project under this section that is denied AFDC benefits under  
6 this subsection shall be provided the opportunity for a fair hearing under AS 47.25.370 to  
7 determine whether benefits were properly denied under the statutes and regulations governing  
8 the project.

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

11 \* Sec. 15. SELF-EMPLOYMENT PROJECT. (a) The Department of Health and Social  
12 Services shall operate a self-employment demonstration project for the purpose of allowing  
13 individual recipients of Aid to Families with Dependent Children (AFDC) assistance under  
14 AS 47.25.310 - AS 47.25.429 to reduce their need for public assistance by establishing and  
15 operating a microenterprise. Under the self-employment demonstration project, a recipient  
16 may accumulate certain resources needed to acquire business skills or to establish and operate  
17 a microenterprise without becoming ineligible for AFDC assistance.

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

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

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

31 (1) disregard up to \$10,000 in microenterprise assets set aside for the

1 development or operation of the microenterprise in accordance with the approved plan;

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

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

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

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

14 (g) In this section,

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

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

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

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

22 (A) business loans;

23 (B) capital equipment;

24 (C) inventory; and

25 (D) all other assets required for the operation of the microenterprise;

26 (5) "net business income" means all business income minus all of the  
27 following:

28 (A) business loan payments;

29 (B) business taxes;

30 (C) expenditures for vehicles vital to the business operations;

31 (D) cash retained in the microenterprise;

- 1 (E) insurance expenditures;  
 2 (F) inventory raw material expense;  
 3 (G) transportation expenditures;  
 4 (H) office supplies;  
 5 (I) professional services, including accounting, legal, or other consulting  
 6 services;  
 7 (J) delivery charges and supplies;  
 8 (K) commissions, salaries, wages, and other employment benefits,  
 9 including dental and vision care;  
 10 (L) postage;  
 11 (M) rent;  
 12 (N) utilities;  
 13 (O) telephone expenses;  
 14 (P) advertising and other marketing and promotional costs; and  
 15 (Q) training and professional development expenses.

16 \* Sec. 16. DIVERSION PROJECT. (a) The Department of Health and Social Services  
 17 shall operate a diversion project that is designed to increase family income through  
 18 employment and child support payments by offering lump-sum diversion payments in place  
 19 of ongoing financial assistance under the Aid to Families with Dependent Children (AFDC)  
 20 program. A diversion payment may be offered to an applicant for AFDC who is job-ready  
 21 and who needs short-term financial assistance to meet critical needs in order to secure  
 22 employment and support for the applicant's family.

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

27 (1) having the AFDC application processed under AS 47.25.310 - 47.25.429;

28 or

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

31 (c) The amount of the diversion payment must be sufficient to meet the family's

1 immediate needs as determined by the department and the participant. A diversion payment  
2 may not exceed

3 (1) \$1,000 for a family that includes one AFDC-eligible individual;

4 (2) \$1,500 for a family that includes two AFDC-eligible individuals;

5 (3) \$2,000 for a family that includes three AFDC-eligible individuals;

6 (4) \$2,500 for a family that includes four or more AFDC-eligible individuals.

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

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

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

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

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

22 (f) To the extent that a provision of this section is inconsistent with AS 25.27.120 or  
23 25.27.130, or with a provision of AS 47.25.310 - 47.25.429, the provision of this section  
24 governs.

25 \* Sec. 17. COOPERATION. State agencies shall cooperate with the department to the  
26 extent necessary to implement secs. 11 - 18 of this Act.

27 \* Sec. 18. DEFINITIONS. In secs. 11 - 18 of this Act,

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

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

31 \* Sec. 19. IMMUNITY FROM LIABILITY. (a) The Department of Health and Social

1 Services, and its employees, agents, and grantees, are not liable for civil damages as a result  
2 of an act or omission in the implementation, operation, or administration of an authorized  
3 project under secs. 11 - 18 of this Act.

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

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

8 \* Sec. 20. REGULATIONS. (a) The Department of Health and Social Services shall  
9 adopt regulations necessary to implement secs. 11 - 19 of this Act. The regulations adopted  
10 by the department may include

11 (1) eligibility criteria for the projects described in secs. 12 - 16 of this Act that  
12 differ from eligibility requirements in AS 47.25.310 - AS 47.25.429 and the regulations  
13 adopted under those statutes;

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

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

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

20 (b) The Department of Revenue, child support enforcement agency, may adopt  
21 regulations necessary to implement sec. 16 of this Act.

22 \* Sec. 21. TRANSITION. The Department of Health and Social Services and the  
23 Department of Revenue, child support enforcement agency, may proceed to adopt regulations  
24 necessary to implement this Act. The regulations to implement a section of this Act take  
25 effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the  
26 relevant section of this Act.

27 \* Sec. 22. Sections 11 - 20 of this Act are repealed July 1, 2001.

28 \* Sec. 23. Sections 3 and 5 of this Act; AS 47.25.362, enacted by sec. 6 of this Act; and  
29 secs. 7, 11, and 17 - 21 of this Act take effect immediately under AS 01.10.070(c). *Only 21 is immediate*

30 \* Sec. 24. (a) Sections 12 - 16 of this Act take effect on the effective date of the federal  
31 government's approval of the relevant waiver application made under sec. 11 of this Act.

1 (b) If the Department of Health and Social Services determines that federal statutes  
2 do not require waivers for one or more of the projects outlined in secs. 12 - 16 of this Act,  
3 the effective date of the relevant section is January 1, 1996, or the effective date of the federal  
4 law, whichever is later.

5 (c) The commissioner of health and social services shall notify the revisor of statutes  
6 and the lieutenant governor of the effective date of each of secs. 12 - 16 of this Act and of  
7 whether the effective date was determined by a waiver approval or a determination that a  
8 waiver is not necessary.

9 \* Sec. 25. Section 2 of this Act takes effect January 1, 1996.

10 \* Sec. 26. Section 3 of this Act; AS 47.25.364, enacted by sec. 6 of this Act; and sec. 9  
11 of this Act take effect March 1, 1996.

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 73 (FIN)  
DPA #5

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: Haaley  
Requestor: Senate Finance COMPONENT SERIAL NO. 238

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	34.5	136.1	146.0	157.0	170.4	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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	0.0	197.2	218.0	223.0	229.5	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	
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	
<b>TOTAL</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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 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 Perode  
Agency: Department of Health & Social Services

Phone: 465-2680  
Date: 5/7/95  
Date: 5/7/95

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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	3.3	13.7
Total \$	0.0	94.5	136.1	146.0	157.0	170.4	704.0

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS for CSHB 78 (FIN)  
DPA #6

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: Hanley  
Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</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	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
<b>TOTAL</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</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 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 Phone: 465-2680  
Division: Division of Public Assistance Date: 5/7/95  
Approved by Com: Karen Perdue Date: 5/7/95  
Agency: Department of Health & Social Services

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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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. SCS CSHB 78 (FIN)

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>An Act making changes related to</u>	BRU: <u>Medical Assistance Admin</u>
<u>aid to families with dependent children program</u>	Component: <u>Hearings and Appeals</u>
Sponsor: <u>HANLEY</u>	COMPONENT SERIAL NO. <u>1434</u>
Requestor: <u>Senate FIN</u>	See also (SN#): <u>229, 230, 243</u>

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES		51.6	103.4	103.4	103.4	103.4
TRAVEL						
CONTRACTUAL		1.0	1.0	1.0	1.0	1.0
SUPPLIES		1.0	1.0	1.0	1.0	1.0
EQUIPMENT		12.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>65.6</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	32.3	52.7	52.7	52.7	52.7
1003 GF Match	0.0	32.3	52.7	52.7	52.7	52.7
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>65.6</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>	<b>105.4</b>

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary)

SCS CSHB 78 (FIN) will result in a substantial increase in the number of individuals denied public assistance and in the number of individuals who receive sanctions. Every person denied eligibility or sanctioned has the right under state and federal law to appeal the decision or action of the department through the fair hearing process. One Public Assistance Program Officer and one Administrative Clerk II will be need to process and adjudicate these additional cases.

Prepared by: Jon Sherwood  
 Division: Medical Assistance

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

Phone: 465-3355  
 Date: 05/06/95

Date: 5/7/95

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## ANALYSIS (cont.):

## COST OF ADDITIONAL POSITIONS

## FY 97 (6 months):

Personal Services: 1 Public Assistance Program Officer, R-21	35.0
Personal Services: 1 Admin. Clerk II, R-8	16.6
Contractual (2 positions)	1.0
Supplies (2 positions)	1.0
Equipment (2 positions)	<u>12.0</u>
TOTAL FOR FY 97	<u>65.6</u>

## FY 98 - 01 (12 months)

Personal Services: 1 Public Assistance Program Officer, R-21	70.1
Personal Services: 1 Admin. Clerk II, R-8	33.3
Contractual (2 positions)	1.0
Supplies (2 positions)	<u>1.0</u>
TOTAL FOR FY 98 - 01	<u>105.4</u>

These estimates are based on current costs and do not anticipate increases for inflation or employee compensation.

# FISCAL NOTE

**STATE OF ALASKA**  
**1995 LEGISLATIVE SESSION**

**BILL NO. SCS CSHB78(FIN)am S**  
**(efd fld S)**

Revision Date: 5/10/95 Dept. Affected: Fish and Game  
 Title: Compliance for Child Support BRU: Commercial Fisheries (Limited) Entry Commission  
 Sponsor: Rep. Hanley Component: Limited Entry Program Administration  
 Requester: Joint Finance Conference Committee COMPONENT SERIAL NO. 0471

(Thousands of Dollars)

Expenditures/Revenues	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES	62.0	27.9	27.9	27.9	27.9	27.9
CONTRACTUAL SUPPLIES	10.7	10.7	10.7	10.7	10.7	10.7
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>72.7</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>72.7</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>
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(Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	72.7	38.6	38.6	38.6	38.6	38.6
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>72.7</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>	<b>38.6</b>

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

**POSITIONS**

FULL-TIME						
PART-TIME	2	1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attachment for explanation.

Prepared By: Roger Kolden Phone: 789-6160  
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 5/10/95

Approved by Commissioner: Frank Homan Date: 5/10/95  
 Agency: Commercial Fisheries (Limited) Entry Commission

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File copy -

5-10-95

Note received after a conference committee (Hanley, Tebohey, and B. Davis) was appointed in the House. Copies of the note were provided to Tom Maher, Dave Skidmore, and Kirsten.

Kathy

One-time Requirements

- (1) Data Processing staff write programs to:
  - (a) merge monthly lists with CFEC database, and
  - (b) provide edits in existing revenue, embossing and vessel licensing programs to check applicants against CSED list, and
  - (c) develop a mechanism for issuing temporary permits and vessel licenses with a 150 day expiration date, and
  - (d) develop a mechanism for recording releases.
- (2) Develop the required "notice" to be sent to applicants.
- (3) Develop notice to be sent to license holder and fisheries enforcement agencies upon expiration of temporary license.
- (4) Publish ads and mail notices to alert the public and fisheries management staff at ADF&G and FWP of these changes.
- (5) Install additional embossing machine to be used for temporary permits which will require a different color card stock than regular permits.

Monthly Requirements

- (1) Data processing merges CSED list with CFEC licensing database.
- (2) Notices sent to individuals on list.

Ongoing Requirements

- (1) Licensing staff check each applicant for a permit against the CSED list.
- (2) If applicant is on the list:
  - (a) prepare and send required notice advising that permit and/or vessel license cannot be issued, and
  - (b) collect fees for issuance of temporary permits and vessel licenses, and
  - (c) issue temporary permits and vessel licenses.
- (3) Monitor expiration dates of temporary permits and vessel licenses and send notices to enforcement personnel upon expiration.
- (4) When a release is received from CSED:
  - (a) record the release on computer system
  - (b) issue any permits or vessel licenses which may be pending.

Annual Requirements

- (1) Order a special type of permit card stock to be used for temporary permits.
- (2) Prepare any required reports on the impact of the legislation.

Costs to CFEC

6.0 months of programmer time to write and test the programs:  
\$34.1

0.5 months of programming time loading files to merge monthly lists and generate annual statistical reports: \$2.8

8.5 months - 1 full-time seasonal licensing position (CFPC II, range 10, working 40 hrs/wk, 8.5 mos/yr) to specialize in CSE-related activities. This includes co-ordinating and establishing procedures, sending required notices, issuing temporary licenses, and monitoring expiration of licenses. This position is necessary to prevent negatively impacting the quality of service provided to other applicants: \$25.1

Ad publication for alerting fishermen, and staff of ADF&G and F&WP: \$2.5

Embossing machine and maintenance: \$7.2

Plastic card stock for temporary permit cards: \$1.0

Assumptions:

Based upon information provided by CSED, approximately 450 permit holders (holding 785 permits) are currently in arrears on child support payments. CFEC estimates that 300+ vessel licenses would be held by this group, resulting in a total of about 1000-1100 permits and vessel licenses per year being withheld.

Assuming it takes .5 hour to review and process each application, prepare the required notice and issue the temporary permits or vessel licenses, this is about 550 hours per year. Most of this activity would occur during the months of peak licensing volume, Nov. through June, and it would be concentrated in the couple months immediately prior to the start of the fisheries since many fishermen wait until then to obtain licenses.

Additional staff time will be required to send out warning notices to fishermen on the list each month, and during the season to notify fishermen and enforcement personnel that temporary licenses have expired, and to issue the regular licenses in cases where releases have been received. This is expected to require approximately an additional .5 hour per license in the course of the year. The remaining time allocated will be necessary to respond to inquiries and provide assistance to fishermen impacted by the legislation.

Based upon estimates of the numbers of licenses and the agency's costs in implementing the legislation, CFEC anticipates that the cost of each temporary permit or vessel license would be about \$75 in the first year, dropping to \$40 in subsequent years. (This is more than some of those impacted would pay for their regular

permit, because many of those in arrears on child support qualify to pay the reduced permit fee of \$15 available to low income applicants.)

Potential problems or issues which CFEC has not had an opportunity to address:

1) CFEC's records do not record "legal" vessel ownership - applications will simply be submitted in a different name to avoid the impact of the legislation.

2) Vessels may be fished by several different permit holders in the course of a year - withholding of the vessel licence may impact those persons more than it does the vessel owner who is in arrears.

3) What impacts does the legislation have on transferability of entry permits, which may be permanently or emergency transferred during the license year?

4) Limited entry permit fees are not refundable even if the permit is not fished, (except if F&G does not open the fishery during the year). Payment of the annual fee is the one requirement for keeping the permit valid. This legislation poses a problem in that it requires fees to be refunded if the license is withheld, with the result that permits could end up being forfeited for nonpayment of fees.

# FISCAL NOTE

**STATE OF ALASKA**  
**1995 LEGISLATIVE SESSION**

**BILL NO. SCS CSHB78(FIN)am S**  
**(efd fld S)**

Revision Date: 5/10/95 Dept. Affected: Fish and Game  
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 Sponsor: Rep. Hanley Component: Limited Entry Program Administration  
 Requester: Joint Finance Conference Committee COMPONENT SERIAL NO. 0471

(Thousands of Dollars)

Expenditures/Revenues	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES	62.0	27.9	27.9	27.9	27.9	27.9
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CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	72.7	38.6	38.6	38.6	38.6	38.6
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(Thousands of Dollars)

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

**POSITIONS**

POSITIONS	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
FULL-TIME						
PART-TIME	2	1	1	1	1	1
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

See attachment for explanation.

Prepared By: Roger Kolden Phone: 789-6160  
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 5/10/95

Approved by Commissioner: Frank Holman Date: 5/10/95  
 Agency: Commercial Fisheries (Limited) Entry Commission

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STATE OF ALASKA**

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FAX (907) 465-2029  
Mail Stop 3101


130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

May 7, 1995

**SUBJECT:** "Glitch" in Welfare Reform Bill (SCS CSHB 78(FIN))(corrected version)

**TO:** Senator Rick Halford

**FROM:** Terri Lauterbach   
Legislative Counsel

In reviewing SCS CSHB 78(FIN) today, I noticed a "glitch" in the way a "conceptual amendment" in the Senate Finance committee was incorporated into the bill. The corrected Senate Finance SCS fixes this glitch.

The Senate Finance Committee adopted an amendment requesting that time limits in the bill not start running until March 1, 1996. Therefore, Sec. 19(b) was added. (Sec. 19(b) is on page 18 of the Finance SCS.) On page 18, line 13, the six-month residency requirement for the two-tier AFDC payment system was listed in the previous Finance SCS as one of the time limits that wouldn't start running until March 1, 1996 (along with the 90-day and 13-week time periods that are also part of the two-tier payment system). While these arguably are time limits, it makes no sense to include them in this list. The result would be that, starting March 1, 1996, no one in the state would have six months of residency or 13 weeks of work history because under sec. 19(b) only time elapsing after March 1, 1996, counts. Therefore, the corrected SCS (the "Z" version) deleted page 18, line 13, of the previous SCS so that residency and work history before March 1, 1996, are countable.

TML:glc  
95-340.glc

Enclosure

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

26  
Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/2/95

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  
Sponsor: Hanley  
Requestor: House Finance 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	(317.9)	(1,271.1)	(2,218.0)	(2,361.3)	(2,525.7)	(2,690.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(317.9)</b>	<b>(1,271.1)</b>	<b>(2,218.0)</b>	<b>(2,361.3)</b>	<b>(2,525.7)</b>	<b>(2,690.9)</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(152.6)	(596.1)	(1,028.8)	(1,095.9)	(1,172.9)	(1,250.4)
1003 GF Match	(1,215.1)	(2,933.7)	(3,700.1)	(3,924.4)	(4,284.2)	(4,672.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,062.5	2,337.5	2,671.3	2,828.4	3,111.2	3,422.3
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)
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1,271.1)</b>	<b>(2,218.0)</b>	<b>(2,361.3)</b>	<b>(2,525.7)</b>	<b>(2,690.9)</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)

This legislation changes child support law to:

withhold occupational and drivers licenses from delinquent child support obligers; and

hold the noncustodial parents of unemancipated minor parents liable for the support of their grandchildren.

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: 5/1/95  
Date: 5/2/95

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*Accompanied  
the  
Bill*

**ANALYSIS (cont.):**

This bill also 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 measure also imposes a statewide reduction of approximately 1.7 percent in AFDC benefit payments.

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.

**WITHHOLDING OF OCCUPATIONAL AND DRIVERS LICENSES FROM DELINQUENT CHILD SUPPORT OBLIGORS**

This legislation changes child support law to withhold occupational and drivers licenses from delinquent child support obligors. The Department of Revenue projects increased child support collections as a result of this provision.

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 provision reduce the cost of the AFDC program.

All AFDC applicants assign to the State the right to child support collected on behalf of the AFDC child(ren) as long as the children 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.

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

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

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. This caseload reduction increases by 10 percent each fiscal year after FY 96.

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 provision.

Calculations

AFDC benefit cost avoidance: AFDC caseload reductions

	<u>Total</u>	<u>GF Match</u>	<u>Fed Receipts</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)

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:	(2,671.3)	2,671.3
FY 99:	(2,828.4)	2,828.4
FY 00:	(3,111.2)	3,111.2
FY 01:	(3,422.3)	3,422.3

**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)	(862.0)	(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)
<b>Total Gross Savings</b>	<b>0.0</b>	<b>(796.1)</b>	<b>(1230.3)</b>	<b>(1272.1)</b>	<b>(1334.7)</b>	<b>(1400.5)</b>

**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	560.2	577.5
Automobile Allowance	0.0	60.3	80.4	80.4	80.4	80.4
<b>Total Gross Costs</b>	<b>0.0</b>	<b>565.8</b>	<b>579.6</b>	<b>604.5</b>	<b>630.6</b>	<b>657.9</b>

**Workfare Project: Cost/Savings Summary**

	FY96	FY97	FY 98	FY 99	FY 00	FY 01
<b>Savings</b>	<b>0</b>	<b>(796.1)</b>	<b>(1230.3)</b>	<b>(1272.1)</b>	<b>(1334.7)</b>	<b>(1400.5)</b>
<b>Costs</b>	<b>0</b>	<b>(565.8)</b>	<b>(579.6)</b>	<b>(604.5)</b>	<b>(630.6)</b>	<b>(657.9)</b>
<b>Net Savings</b>	<b>0</b>	<b>(230.3)</b>	<b>(650.7)</b>	<b>(667.6)</b>	<b>(704.1)</b>	<b>(742.6)</b>

**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:**

<b>Unemployed Parent Project: Cost/Savings Summary</b>					
	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>
<b>Savings</b>	(671.2)	(887.1)	(941.9)	(603.6)	(1043.6)
<b>Cost</b>	541.7	577.6	603.6	632.9	662.3
<b>Net Savings</b>	(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)

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

	FY96	FY97	FY98	FY99	FY00	FY01	Totals
CS/Licenses	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)	(2597.7)
Minor Parents	(137.9)	(275.9)	(275.9)	(275.9)	(275.9)	(275.9)	(1517.4)
Workfare	0.0	(230.3)	(650.7)	(667.8)	(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)
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1271.1)</b>	<b>(2218.0)</b>	<b>(2361.3)</b>	<b>(2525.7)</b>	<b>(2690.9)</b>	<b>(11384.9)</b>

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

No. 25  
Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/2/95

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act relating to the payment of BRU: Medical Assistance  
aid to families with dependent children ... Component: Medicaid Non-Facility  
Sponsor: HANLEY COMPONENT SERIAL NO. 229  
Requestor: House FIN 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	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)
MISCELLANEOUS						
TOTAL OPERATING	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES	( )					
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(53.3)	(227.2)	(338.3)	(382.3)	(421.4)	(463.1)
1003 GF Match	(53.3)	(227.2)	(338.4)	(382.4)	(421.4)	(463.1)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
TOTAL	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 78 (FIN) makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, 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 Phone: 465-3355  
Division: Medical Assistance Date: 05/01/95  
Approved by Commissioner: Karen Perdue, Commissioner Date: 5/2/95  
Agency: Department of Health & Social Services

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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.

**DELINQUENT CHILD SUPPORT COLLECTIONS**

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$177,760)	(\$216,348)	(\$248,976)	(\$285,576)	(\$329,440)
<b>CHILD SUPPORT SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$503,800)</b>	<b>(\$590,964)</b>	<b>(\$678,300)</b>	<b>(\$777,888)</b>	<b>(\$894,516)</b>

**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
<b>MINOR PARENT SAVINGS</b>	<b>0</b>	<b>(8,580)</b>	<b>(9,089)</b>	<b>(9,672)</b>	<b>(10,269)</b>	<b>(10,880)</b>

**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.

## ANALYSIS (cont.):

## INCOME DISREGARD . . . (cont.)

	<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	\$7,324	\$8,160
<b>NEW EXPENDITURES</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$19,536</b>	<b>\$20,400</b>	<b>\$21,312</b>	<b>\$22,224</b>

## 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)	(\$54,036)	(\$56,355)
<b>WORKFARE SAVINGS</b>	<b>\$0</b>	<b>(\$143,735)</b>	<b>(\$150,014)</b>	<b>(\$156,624)</b>	<b>(\$163,625)</b>	<b>(\$170,625)</b>

## 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 3 cases per month will become eligible for AFDC-UP due to these provisions. A UP case (household) includes 2 adults and an average of 2.5 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)	(\$169,605)	(\$189,956)	(\$205,566)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
<b>UP PROJECT SAVINGS</b>	<b>\$0</b>	<b>(\$163,761)</b>	<b>(\$182,962)</b>	<b>(\$211,179)</b>	<b>(\$238,693)</b>	<b>(\$257,521)</b>

## 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)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,560)</b>

## 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

	<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)	(\$320,733)	(\$337,622)	(\$355,395)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,345)	(\$206,550)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,313)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

## SUMMARY OF DIVISION SAVINGS

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,380)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$20,400	\$21,312	\$22,224
Workfare Project	\$0	(\$143,735)	(\$150,014)	(\$156,524)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,313)	(\$533,467)	(\$562,545)
<b>TOTAL SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$946,706)</b>	<b>(\$1,409,830)</b>	<b>(\$1,593,138)</b>	<b>(\$1,755,910)</b>	<b>(\$1,929,523)</b>
<b>MEDICAID FACILITIES (52%)</b>	<b>(\$116,688)</b>	<b>(\$492,287)</b>	<b>(\$733,112)</b>	<b>(\$828,458)</b>	<b>(\$913,073)</b>	<b>(\$1,003,352)</b>
<b>MEDICAID NON-FACILITIES (48%)</b>	<b>(\$107,712)</b>	<b>(\$454,419)</b>	<b>(\$675,718)</b>	<b>(\$764,730)</b>	<b>(\$842,837)</b>	<b>(\$926,171)</b>

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

No. 24  
Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/2/95

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act relating to the payment of BRU: Medical Assistance  
aid to families with dependent children ... Component: Medicaid-Facilities  
Sponsor: HANLEY COMPONENT SERIAL NO. 230  
Requestor: House FIN 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	(116.7)	(492.3)	(733.1)	(828.5)	(913.1)	(1,003.4)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(116.7)</b>	<b>(492.3)</b>	<b>(733.1)</b>	<b>(828.5)</b>	<b>(913.1)</b>	<b>(1,003.4)</b>

CAPITAL EXPENDITURES						
CHANGES IN REVENUES ( )						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(58.4)	(246.1)	(366.5)	(414.2)	(456.5)	(501.7)
1003 GF Match	(58.3)	(246.2)	(366.6)	(414.3)	(456.5)	(501.7)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>(116.7)</b>	<b>(492.3)</b>	<b>(733.1)</b>	<b>(828.5)</b>	<b>(913.1)</b>	<b>(1,003.4)</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 78 (FIN) makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, 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

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

Phone: 465-3355  
Date: 05/01/95  
Date: 5/2/95

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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.

**DELINQUENT CHILD SUPPORT COLLECTIONS**

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	<u>(\$82,200)</u>	<u>(\$138,760)</u>	<u>(\$216,348)</u>	<u>(\$248,976)</u>	<u>(\$285,576)</u>	<u>(\$328,440)</u>
CHILD SUPPORT SAVINGS	(\$224,400)	(\$514,300)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)

**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.

## ANALYSIS (cont.):

## INCOME DISREGARD . . . (cont.)

	<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
<b>NEW EXPENDITURES</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$19,536</b>	<b>\$20,400</b>	<b>\$21,312</b>	<b>\$22,224</b>

## 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 5.5 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)
<b>WORKFARE SAVINGS</b>	<b>\$0</b>	<b>(\$143,735)</b>	<b>(\$150,014)</b>	<b>(\$156,624)</b>	<b>(\$163,625)</b>	<b>(\$170,625)</b>

## 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 5.5 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 3 cases per month will become eligible for AFDC-UP due to these provisions. A UP case (household) includes 2 adults and an average of 2.5 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)	(\$169,605)	(\$189,956)	(\$205,586)
Children Going of Caseload for 6.5 mo.	\$0	(\$35,321)	(\$37,740)	(\$41,574)	(\$48,737)	(\$51,935)
<b>UP PROJECT SAVINGS</b>	<b>\$0</b>	<b>(\$163,761)</b>	<b>(\$182,962)</b>	<b>(\$211,179)</b>	<b>(\$238,693)</b>	<b>(\$257,521)</b>

**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)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,560)</b>

**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

	<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	253	265	257	270
Adult Medicaid Savings	\$0	(\$73,359)	(\$305,343)	(\$320,783)	(\$337,522)	(\$355,995)
Child Medicaid Savings	\$0	(\$42,471)	(\$176,342)	(\$186,030)	(\$195,845)	(\$206,550)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,813)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

**SUMMARY OF DIVISION SAVINGS**

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,364)	(\$678,300)	(\$777,888)	(\$894,515)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$10,269)	(\$10,380)
Disregards/Waiver/Auto provisions	\$0	\$14,040	\$19,536	\$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)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,552)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
<b>TOTAL SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$946,706)</b>	<b>(\$1,409,830)</b>	<b>(\$1,593,188)</b>	<b>(\$1,755,910)</b>	<b>(\$1,929,523)</b>
<b>MEDICAID FACILITIES (52%)</b>	<b>(\$116,688)</b>	<b>(\$492,287)</b>	<b>(\$733,112)</b>	<b>(\$828,458)</b>	<b>(\$913,073)</b>	<b>(\$1,003,352)</b>
<b>MEDICAID NON-FACILITIES (48%)</b>	<b>(\$107,712)</b>	<b>(\$454,419)</b>	<b>(\$676,718)</b>	<b>(\$764,730)</b>	<b>(\$842,837)</b>	<b>(\$926,171)</b>

# FISCAL NOTE

No. 23

Bill Version: CSHB 78 (FIN)

(H) Publish Date: 5/1/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

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
<b>TOTAL OPERATING</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>

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
<b>TOTAL</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>

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: Larry Jones / 10/98  
 Agency: Department of Environmental Conservation Date: \_\_\_\_\_

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

No. 22  
E Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/1/95

Revision Date: 3/30/95  
Title: Child Support Nonpayer  
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						
<b>TOTAL OPERATING</b>	<b>53.7</b>	<b>45.7</b>	<b>47.3</b>	<b>48.9</b>	<b>50.4</b>	<b>52.1</b>

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/MHTIA						
1007 VA	53.7	45.7	47.3	48.9	50.4	52.1
<b>TOTAL</b>	<b>53.7</b>	<b>45.7</b>	<b>47.3</b>	<b>48.9</b>	<b>50.4</b>	<b>52.1</b>

**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. Ashshire, Director  
Division: Labor Standards and Safety

Phone: 269-4914  
Date: 3/30/95

Approved by Commissioner: Tom Cashen, Commissioner

Agency: Department of Labor

Date: 3/30/95

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
<b>Line 100 - Personal Services</b>		
1 PFT Admin Clerk III (10 A/B) Anchorage		
Salary	25.2	26.3
Benefits	11.9	12.5
<b>TOTAL</b>	37.1	38.8
<b>Line 200 - Travel</b>	0.0	0.0
<b>Line 300 - Contractual Services</b>		
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
<b>Line 400 - Commodities</b>		
Office and DP Supplies-Year 1	0.2	0.2
<b>Line 500 - Equipment</b>		
Workstation, chair, and computer with software (FY96 one-time)	4.5	0.0
<b>TOTAL</b>	53.7	45.7

# FISCAL NOTE

No. 21

B... Version: CSHB 78 (FIN)

(H) Publish Date: 5/1/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

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	26.6	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						
<b>TOTAL OPERATING</b>	<b>36.1</b>	<b>32.8</b>	<b>34.3</b>	<b>36.0</b>	<b>37.7</b>	<b>39.6</b>

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/MHTIA						
1007 I/A Receipts	36.1	32.8	34.3	36.0	37.7	39.6
<b>TOTAL</b>	<b>36.1</b>	<b>32.8</b>	<b>34.3</b>	<b>36.0</b>	<b>37.7</b>	<b>39.6</b>

**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 phone 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.

	FY96	FY97
<b>Line 100 - Personal Services</b>		
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
<b>TOTAL</b>	<b>24.3</b>	<b>25.4</b>
<b>Line 200 - Travel</b>	0.0	0.0
<b>Line 300 - Contractual Services</b>		
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
	<b>11.6</b>	<b>7.2</b>
<b>Line 400 - Commodities</b>		
Office and DP Supplies-Year 1	0.2	0.2
	<b>0.2</b>	<b>0.2</b>
<b>Line 500 - Equipment</b>	0.0	0.0
<b>TOTAL</b>	<b>36.1</b>	<b>32.8</b>

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

No. 20  
Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/1/95

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						
<b>TOTAL OPERATING</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
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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
<b>TOTAL</b>	<b>29.1</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>	<b>24.3</b>

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: 485-2521  
Date: 5-10-95

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

Date: 3-24-95

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# FISCAL NOTE

No. 19

Bill Version: CSHB 78 (FIN)

(H) Publish Date: 5/1/95

**STATE OF ALASKA  
1995 LEGISLATIVE SESSION**

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	6.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>

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
<b>TOTAL</b>	<b>83.5</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>	<b>77.2</b>

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.: 122

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

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						
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CHANGE IN REVENUES						
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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 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 Phone: 465-2597  
 Division: Insurance Date: 3/13/95  
 Approved by Commissioner: William L. Hensley Date: 3/24/95  
 Agency: Commerce and Economic Development

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STATE OF ALASKA  
1995 LEGISLATIVE SESSION

No. 17  
Bill Version: CSHB 78 (FIN)  
(H) Publish Date: 5/1/95

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 ( )						
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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

No. 15

Bill Version: CSHB 78 (FIN)

(H) Publish Date: 5/1/95

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affecting: Revenue

Title: Child Support Nonpayment/Licensing Ban BRU: Child Support Enforcement Division

Component: Child Support Enforcement Division

Sponsor: Senator Ellis

CSHB 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	355.8	380.4	395.7	411.5
TRAVEL						
CONTRACTUAL	254.0	270.2	274.9	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						
<b>TOTAL OPERATING</b>	<b>519.4</b>	<b>528.3</b>	<b>547.1</b>	<b>656.7</b>	<b>687.2</b>	<b>708.3</b>

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	487.5
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1018 Federal Incentive Payments	176.6	213.6	220.0	226.7	233.7	240.8
<b>TOTAL</b>	<b>519.4</b>	<b>528.3</b>	<b>547.1</b>	<b>666.7</b>	<b>687.2</b>	<b>708.3</b>

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

POSITIONS

FULL-TIME	8	3	8	8	8	8
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 Yukon payments with the 1% of which will be retained by the State. Annual state revenue will be \$200,000. 45% of the population is employed in non-traditional occupations and their wages are not reported to state Departments of Labor. Self-employed persons have a very low child support payment compliance rate. Currently 5% 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 positions. This legislation will insure that self-employed persons have a payment plan or pay that affords to obtain or retain their occupational license. Similar legislation has been enacted in several states. (Continued on additional page)

Prepared by: Glenda Strube, Director

Division: Child Support Enforcement Division

Approved by: [Signature]

Commissioner: Wilson Condon

Agency: Dept. of Revenue

Phone: 259-6801

Date: 4/3/95

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

o. 14  
 Bill Version: CSHB 78 (FIN)  
 (H) Publish Date: 5/1/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

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						
<b>TOTAL OPERATING</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

**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
<b>TOTAL</b>	<b>20.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>	<b>17.8</b>

**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

No. 13

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO

Bill Version: CSHB 78(FIN)

(H) Publish Date: 5/1/95

Revision Date: \_\_\_\_\_  
Title: An Act relating to child support enforcement...  
suspending driver's license....  
Sponsor: Senator Ellis  
Requestor: S L3C

Dept. Affected: Public Safety  
BRU: Motor Vehicles  
Component: Driver Services/Field Services  
COMPONENT SERIAL NO. 0500 & 0502

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

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	155.5	97.7	97.7	97.7	97.7	97.7
TRAVEL	1.5	1.5	1.5	1.5	1.5	1.5
CONTRACTUAL	23.9	11.9	11.9	11.9	11.9	11.9
SUPPLIES	2.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>222.8</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>
<b>CAPITAL EXPENDITURES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CHANGE IN REVENUES (1004 Revenue Code)</b>	<b>582.8</b>	<b>183.2</b>	<b>183.2</b>	<b>183.2</b>	<b>183.2</b>	<b>183.2</b>

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	222.8	97.7	97.7	97.7	97.7	97.7
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>222.8</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>	<b>97.7</b>

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

**POSITIONS:**

FULL-TIME	1	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  
Division: Motor Vehicles  
Approved by Commissioner: Ronald L. Otte  
Agency: Ronald L. Otte, Dept. of Public Safety

Phone: 465-2650  
Date: 3/30/95  
Date: 5-3-95

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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)	\$36.1	
2 Motor Vehicle Representative II(Anch) (2 FY96 @ \$36.1)	\$72.2	\$36.1
<b>TOTAL PERSONAL SERVICES</b>	<b>\$155.5</b>	<b>\$83.3</b>

<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	\$19.6	\$9.8
<b>TOTAL CONTRACTUAL</b>	<b>\$23.8</b>	<b>\$11.9</b>

<u>Supplies</u>		
Routine office supplies	\$2.0	\$1.0

<u>Equipment</u>		
4 Computer workstations @ \$10.0 each (One time costs)	\$40.0	

<b>TOTAL OPERATING</b>	<b>\$222.8</b>	<b>\$87.7</b>
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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

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						
<b>TOTAL OPERATING</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)						
<b>TOTAL</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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 programing modifications. This charge will be incurred during fiscal year 1996.

Prepared by: Jon Sherwood  
Division: Medical Assistance  
Approved by Commissioner: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

Phone: 465-3355  
Date: 03/31/95  
Date: 4/4/95

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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						
<b>TOTAL OPERATING</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>

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						
1008 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>

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

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

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

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

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: PFD Hold Harmless  
demonstration projects, and payment reductions Component: PFD Hold Harmless  
Sponsor: Hanley  
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
<b>TOTAL OPERATING</b>	<b>(210.4)</b>	<b>(286.3)</b>	<b>(378.1)</b>	<b>(398.1)</b>	<b>(420.0)</b>	<b>(442.2)</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	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1050 PFD Funds	(210.4)	(286.3)	(378.1)	(398.1)	(420.0)	(442.2)
<b>TOTAL</b>	<b>(210.4)</b>	<b>(286.3)</b>	<b>(378.1)</b>	<b>(398.1)</b>	<b>(420.0)</b>	<b>(442.2)</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 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. PFD 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 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:

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

FISCAL NOTE

N 7

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: 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	(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
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other 1007 IIA 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 Com: 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

6  
 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: No Act relating to the AFDC program BRU: PA Administration  
demonstration projects and payment reductions Component: Child Care Benefits  
 Sponsor: Hanley  
 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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</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	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
<b>TOTAL</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</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 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: 4/1/95

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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

FISCAL NOTE

No. 5

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: Hanley  
 Requestor: House HES COMPONENT SERIAL NO. 238

**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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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	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
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
<b>TOTAL</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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 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 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:**

- 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	166.9	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

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: Hailey 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
<b>TOTAL OPERATING</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</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	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
<b>TOTAL</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>

**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: Kathleen 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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

FISCAL NOTE

№ 3  
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: Hauley 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
<b>TOTAL OPERATING</b>	<b>213.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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**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
<b>TOTAL</b>	<b>213.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>

**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  
Division: Division of Public Assistance  
Approved by Com: Karen Verbeke, Commissioner  
Agency: Department of Health & Social Services

Phone: 465-3680  
Date: 4/4/95  
Date: 4/4/95

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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

No. 2  
Bill (Session): 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: Eligibility Determination  
Sponsor: Hazley  
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
<b>TOTAL OPERATING</b>	<b>136.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</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	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
<b>TOTAL</b>	<b>136.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>

**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 Petrade  
Agency: Department of Health & Social Services

Phone: 465-2680  
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

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___ ELLIS, JOHNNY	RM 9		3704
<input checked="" type="checkbox"/> FRANK, STEVE	RM 518	CO-FIN	3709/3753
___ GREEN, LYDA	RM 423	HESS	6600/3762
___ HALFORD, RICK	RM 508	CO-FIN/MAJ LDR	4958/3753
___ HOFFMAN, LYMAN	R M 7		4453
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FROM: Lindstrom

DATE: 5/5

*DHSS  
 Notes for  
 Amended  
 H. Bill*

**COST/SAVINGS ANALYSIS**  
**CSHB 78 (FIN) am**  
 Prepared by the Department of Health and Social Services  
 Division of Public Assistance  
 May 5, 1995

	FY96	FY97	FY98	FY99	FY00	FY01	TOTAL
<b>OPERATING EXPENDITURES</b>							
AFDC Payments - Project	(317.9)	(1,271.1)	(2,218.0)	(2,361.3)	(2,525.7)	(2,690.9)	(11,384.9)
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	(184.4)	(946.7)	(1,409.8)	(1,593.2)	(1,755.9)	(1,929.6)	(7,819.6)
Family and Youth Services	113.9	113.9	113.9	113.9	113.9	113.9	683.4
<b>Gross Project Cost</b>	<b>934.3</b>	<b>(933.1)</b>	<b>(2,391.7)</b>	<b>(2,691.5)</b>	<b>(2,996.9)</b>	<b>(3,313.7)</b>	<b>(11,392.6)</b>
Less Federal Receipts for Project Costs	416.4	(484.1)	(1,172.7)	(1,316.0)	(1,465.4)	(1,618.9)	(5,640.7)
Less I/A Receipts for Project Costs (PFD Hold Harmless)	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)	(791.2)
<b>Net GF/GF Match Project Cost</b>	<b>530.6</b>	<b>(370.2)</b>	<b>(1,058.6)</b>	<b>(1,206.1)</b>	<b>(1,351.6)</b>	<b>(1,504.8)</b>	<b>(4,960.7)</b>
Less GF Program Receipts (Savings from Child Support Collections)	(1,062.5)	(2,337.5)	(2,671.3)	(2,828.4)	(3,111.2)	(3,422.3)	(15,433.2)
<b>Net GF/GF Match Budget Impact</b>	<b>(531.9)</b>	<b>(2,707.7)</b>	<b>(3,729.9)</b>	<b>(4,034.5)</b>	<b>(4,462.8)</b>	<b>(4,927.1)</b>	<b>(20,393.9)</b>

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am  
DPA #1

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  
 Sponsor: Hanley  
 Requestor: Senate Finance 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	(317.9)	(1,271.1)	(2,218.0)	(2,361.3)	(2,525.7)	(2,690.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>(317.9)</b>	<b>(1,271.1)</b>	<b>(2,218.0)</b>	<b>(2,361.3)</b>	<b>(2,525.7)</b>	<b>(2,690.9)</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	(152.6)	(596.1)	(1,028.8)	(1,095.9)	(1,172.8)	(1,250.4)
1003 GF Match	(1,215.1)	(2,933.7)	(3,700.1)	(3,924.4)	(4,284.2)	(4,672.8)
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	1,062.5	2,337.5	2,671.3	2,828.4	3,111.2	3,422.3
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)
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1,271.1)</b>	<b>(2,218.0)</b>	<b>(2,361.3)</b>	<b>(2,525.7)</b>	<b>(2,690.9)</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)

This legislation changes child support law to:

withhold occupational and drivers licenses from delinquent child support obligors; and

hold the noncustodial parents of unemancipated minor parents liable for the support of their grandchildren.

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

Phone: 465-2680  
 Date: 5/5/95  
 Date: 5/5/95

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**ANALYSIS (cont.):**

This bill also 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 measure also imposes a statewide reduction of approximately 1.7 percent in AFDC benefit payments.

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.

**WITHHOLDING OF OCCUPATIONAL AND DRIVERS LICENSES FROM DELINQUENT CHILD SUPPORT OBLIGORS**

This legislation changes child support law to withhold occupational and drivers licenses from delinquent child support obligors. The Department of Revenue projects increased child support collections as a result of this provision.

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 provision reduce the cost of the AFDC program.

All AFDC applicants assign to the State the right to child support collected on behalf of the AFDC child(ren) as long as the children 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.

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

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

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. This caseload reduction increases by 10 percent each fiscal year after FY 96.

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 provision.

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

	<u>Total</u>	<u>GF Match</u>	<u>Fed Receipts</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)

**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:	(2,671.3)	2,671.3
FY 99:	(2,828.4)	2,828.4
FY 00:	(3,111.2)	3,111.2
FY 01:	(3,422.3)	3,422.3

**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)
<b>Total Gross Savings</b>	<b>0.0</b>	<b>(796.1)</b>	<b>(1230.3)</b>	<b>(1272.1)</b>	<b>(1334.7)</b>	<b>(1400.5)</b>

## 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
<b>Total Gross Costs</b>	<b>0.0</b>	<b>565.8</b>	<b>579.6</b>	<b>604.5</b>	<b>630.6</b>	<b>657.9</b>

## Workfare Project: Cost/Savings Summary

	FY96	FY97	FY 98	FY 99	FY 00	FY 01
Savings	0	(796.1)	(1230.3)	(1272.1)	(1334.7)	(1400.5)
Costs	0	(565.8)	(579.6)	(604.5)	(630.6)	(657.9)
<b>Net Savings</b>	<b>0</b>	<b>(230.3)</b>	<b>(650.7)</b>	<b>(667.6)</b>	<b>(704.1)</b>	<b>(742.6)</b>

**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:**

<b>Unemployed Parent Project: Cost/Savings Summary</b>					
	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>
<b>Savings</b>	(671.2)	(887.1)	(941.9)	(603.6)	(1043.6)
<b>Cost</b>	541.7	577.6	603.6	632.9	662.3
<b>Net Savings</b>	(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:**

<b>Self-Employment Project: Costs/Savings Summary</b>					
	<b>FY97</b>	<b>FY98</b>	<b>FY99</b>	<b>FY00</b>	<b>FY01</b>
<b>Savings</b>	(151.7)	(369.6)	(420.8)	(472.0)	(523.2)
<b>Cost</b>	67.1	111.8	111.8	111.8	111.8
<b>Net Savings</b>	(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
CS/Licenses	(180.0)	(396.0)	(435.6)	(479.2)	(527.1)	(579.8)	(2597.7)
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)
<b>TOTAL</b>	<b>(317.9)</b>	<b>(1271.1)</b>	<b>(2218.0)</b>	<b>(2361.3)</b>	<b>(2525.7)</b>	<b>(2690.9)</b>	<b>(11384.9)</b>

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CS HB 78 (FIN) am  
DPA #2

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to the APDC program BRU: PA Administration  
demonstration projects and payment reductions Component: Eligibility Determination  
 Sponsor: Hanley  
 Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>136.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</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	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
<b>TOTAL</b>	<b>136.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>	<b>188.8</b>

**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 Com: Karen Perdue  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 5/5/95  
 Date: 5/5/95

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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

Position Title Eligibility Technician II		No. of Positions 1	Range/Step R 14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Fairbanks		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		22.9		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>22.9</b>		
Travel		1.5		
Contractual		1.0		
Commodities		0.5		
Equipment		10.0		
Other				
<b>Total Cost</b>		<b>35.9</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	17.9		
1003	GF Match	18.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
Justification  This legislation produces a need for additional Eligibility Determination staff.  Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Eligibility Determination (0236)

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Revised Date:

**FY96**

Position Title Eligibility Tehcnician II		No. of Positions 3	Range/Step R14A	Bargaining Unit GGU
Time Status FT	Staff Months 6 months	Location Anchorage		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		68.6		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>68.6</b>		
Travel				
Contractual		1.5		
Commodities		0.8		
Equipment		30.0		
Other				
<b>Total Cost</b>		<b>100.9</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	50.4		
1003	GF Match	50.5		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>This legislation produces a need for additional Eligibility Determination staff.</p> <p>Additional time is necessary for eligibility staff to explain project requirements, determine eligibility for diversion project, monitor compliance with new requirements, and additional case processing necessary to ensure accuracy of benefits when recipients enter or decline employment.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Eligibility Determination (0236)

**FY96**

Page 1 of 1

Revised Date:

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am  
DPA #3

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: PA Administration  
Sponsor: Hanley  
Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>213.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
<b>TOTAL</b>	<b>213.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>	<b>158.5</b>

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  
Division: Division of Public Assistance  
Approved by Com: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

Phone: 465-2680  
Date: 5/5/95  
Date: 5/5/95

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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

Position Title Project Coordinator		No. of Positions 1	Range/Step 19A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Juneau		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		62.5		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>62.5</b>		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		10.0		
Other				
<b>Total Cost</b>		<b>84.5</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	42.2		
1003	GF Match	42.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>Project development and management include planning, negotiating, and preparing the demonstration project application(s). Including requesting waiver of the pertinent federal law provisions. Development also includes coordinating the necessary program and system changes and dealing with requests for information about the project as well as negotiation and administration of the evaluation contract and monitoring of the project. Project management staff would also be responsible to oversee the operation and monitoring of the project and maintain the necessary relationships with federal officials throughout its duration.</p> <p>This request is for the project coordinator.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Public Assistance Administration (0233)

**FY96**

Page 1 of 1

Revised Date:



FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am  
DPA #4

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: PA Data Processing  
Sponsor: Hanley  
Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
<b>TOTAL</b>	<b>972.4</b>	<b>277.0</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>	<b>66.5</b>

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: 5/5/95  
Date: 5/5/95

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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:**

<b>FY 96</b>			
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

Position Title Project Coordinator		No. of Positions 1	Range/Step 19A	Bargaining Unit GGU
Time Status FT	Staff Months 12 months	Location Anchorage		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		62.5		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>62.5</b>		
Travel		8.0		
Contractual		3.5		
Commodities		0.5		
Equipment		4.0		
Other				
<b>Total Cost</b>		<b>78.5</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	39.2		
1003	GF Match	39.3		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>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.</p> <p>This position is the project coordinator is necessary to coordinate project management and act as a liaison between contractor, waiver project staff, policy experts, and system staff. This position is necessary for initiation through the final evaluation in FY01.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Public Assistance Data Processing (0240)

Page 1 of 1

Revised Date:

**FY96**

Position Title <b>Public Assistance Analyst</b>		No. of Positions <b>2</b>	Range/Step <b>16A</b>	Bargaining Unit <b>GGU</b>
Time Status <b>FT</b>	Staff Months <b>12 months</b>	Location <b>Anchorage</b>		Election District
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		104.0		
Benefits				
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>104.0</b>		
Travel		8.0		
Contractual		7.0		
Commodities		1.0		
Equipment		8.0		
Other				
<b>Total Cost</b>		<b>128.0</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	64.0		
1003	GF Match	64.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>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.</p> <p>These positions are public assistance analysts necessary to ensure accuracy of contractor design and development efforts.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: **Health and Social Services**

BRU: **Public Assistance Administration**

COMPONENT: **Public Assistance Data Processing (0240)**

Page 1 of 1

Revised Date: 3/28/95

**FY96**

FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am  
DPA #5

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: Hanley  
Requestor: Senate Finance COMPONENT SERIAL NO. 238

**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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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	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
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
<b>TOTAL</b>	<b>0.0</b>	<b>394.5</b>	<b>436.1</b>	<b>446.0</b>	<b>457.0</b>	<b>470.4</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 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 Perdue  
Agency: Department of Health & Social Services

Phone: 465-2680  
Date: 5/5/95  
Date: 5/5/95

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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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 72 (FIN) am  
DPA #6

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: Hanley  
Requestor: Senate Finance 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
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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
<b>TOTAL</b>	<b>0.0</b>	<b>152.0</b>	<b>272.3</b>	<b>289.3</b>	<b>300.0</b>	<b>308.7</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 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: 5/5/95  
Date: 5/5/95

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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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am  
DPA #7

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to the AFDC program BRU: PFD Hold Harmless  
demonstration projects, and payment reductions Component: PFD Hold Harmless  
 Sponsor: Haaley  
 Requestor: Senate Finance 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	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)	
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0	
<b>TOTAL OPERATING</b>	<b>(12.7)</b>	<b>(78.8)</b>	<b>(160.4)</b>	<b>(169.4)</b>	<b>(179.9)</b>	<b>(190.0)</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	0.0	0.0	0.0	0.0	0.0	0.0	
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0	
Other 1050 PFD Funds	(12.7)	(78.8)	(160.4)	(169.4)	(179.9)	(190.0)	
<b>TOTAL</b>	<b>(12.7)</b>	<b>(78.8)</b>	<b>(160.4)</b>	<b>(169.4)</b>	<b>(179.9)</b>	<b>(190.0)</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 payments replace AFDC benefits when receiving the dividend causes individuals to lose eligibility or to have benefits reduced. The AFDC Demonstration project produces savings in the AFDC Component. PFD 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 Perdue  
 Agency: Department of Health & Social Services

Phone: 465-2680  
 Date: 5/5/95  
 Date: 5/5/95

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**ANALYSIS (cont.):**

**Assumptions:**

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  
FROM AFDC DEMONSTRATION PROJECTS**

FY96	\$ 12.7
FY97	\$ 78.8
FY98	\$160.4
FY99	\$169.4
FY00	\$179.9
FY01	\$190.0

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the payment of  
aid to families with dependent children . . .  
 Sponsor: HANLEY  
 Requestor: Senate Finance

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						
<b>TOTAL OPERATING</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

	FY96	FY97	FY98	FY99	FY00	FY01
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						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 78 (FIN) am - 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. This 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: 05/04/95

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

Date: 5/5/95

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the payment of  
aid to families with dependent children ...  
 Sponsor: HANLEY  
 Requestor: Senate FIN

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	(107.7)	(454.4)	(676.7)	(764.7)	(842.8)	(926.2)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(107.7)</b>	<b>(454.4)</b>	<b>(676.7)</b>	<b>(764.7)</b>	<b>(842.8)</b>	<b>(926.2)</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

	FY96	FY97	FY98	FY99	FY00	FY01
1002 Federal Receipts	(53.9)	(227.2)	(338.3)	(382.3)	(421.4)	(463.1)
1003 GF Match	(53.8)	(227.2)	(338.4)	(382.4)	(421.4)	(463.1)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>(107.7)</b>	<b>(454.4)</b>	<b>(676.7)</b>	<b>(764.7)</b>	<b>(842.8)</b>	<b>(926.2)</b>

**POSITIONS:**

	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 78 (FIN) am - makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, 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  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3355  
 Date: 05/04/95  
 Date: 5/5/95

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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.

**DELINQUENT CHILD SUPPORT COLLECTIONS**

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$188,760)	(\$216,348)	(\$248,976)	(\$285,576)	(\$328,440)
<b>CHILD SUPPORT SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$514,800)</b>	<b>(\$590,964)</b>	<b>(\$678,300)</b>	<b>(\$777,888)</b>	<b>(\$894,516)</b>

**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
<b>MINOR PARENT SAVINGS</b>	<b>0</b>	<b>(8,580)</b>	<b>(9,089)</b>	<b>(9,672)</b>	<b>(10,269)</b>	<b>(11,880)</b>

**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.

## ANALYSIS (cont.):

## INCOME DISREGARD . . . (cont.)

	<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)	<u>\$0</u>	<u>\$5,148</u>	<u>\$7,152</u>	<u>\$7,488</u>	<u>\$7,824</u>	<u>\$8,160</u>
<b>NEW EXPENDITURES</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$19,536</b>	<b>\$20,400</b>	<b>\$21,312</b>	<b>\$22,224</b>

## 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.	<u>\$0</u>	<u>(\$47,405)</u>	<u>(\$49,394)</u>	<u>(\$51,714)</u>	<u>(\$54,035)</u>	<u>(\$56,355)</u>
<b>WORKFARE SAVINGS</b>	<b>\$0</b>	<b>(\$143,735)</b>	<b>(\$150,014)</b>	<b>(\$156,624)</b>	<b>(\$163,625)</b>	<b>(\$170,625)</b>

## 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)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 6.5 mo.	<u>\$0</u>	<u>(\$35,321)</u>	<u>(\$38,740)</u>	<u>(\$41,574)</u>	<u>(\$48,737)</u>	<u>(\$51,935)</u>
<b>UP PROJECT SAVINGS</b>	<b>\$0</b>	<b>(\$163,761)</b>	<b>(\$182,962)</b>	<b>(\$211,179)</b>	<b>(\$238,693)</b>	<b>(\$257,621)</b>

**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)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,560)</b>

**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

	<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)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,813)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

**SUMMARY OF DIVISION SAVINGS**

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$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)	(\$156,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
<b>TOTAL SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$946,706)</b>	<b>(\$1,409,830)</b>	<b>(\$1,593,188)</b>	<b>(\$1,755,910)</b>	<b>(\$1,929,523)</b>
<b>MEDICAID FACILITIES (52%)</b>	<b>(\$116,688)</b>	<b>(\$492,287)</b>	<b>(\$733,112)</b>	<b>(\$828,458)</b>	<b>(\$913,073)</b>	<b>(\$1,003,352)</b>
<b>MEDICAID NON-FACILITIES (48%)</b>	<b>(\$107,712)</b>	<b>(\$454,419)</b>	<b>(\$676,718)</b>	<b>(\$764,730)</b>	<b>(\$842,837)</b>	<b>(\$926,171)</b>

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the payment of  
aid to families with dependent children ...  
 Sponsor: HANLEY  
 Requestor: Senate FIN

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	(116.7)	(492.3)	(733.1)	(828.5)	(913.1)	(1,003.4)
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(116.7)</b>	<b>(492.3)</b>	<b>(733.1)</b>	<b>(828.5)</b>	<b>(913.1)</b>	<b>(1,003.4)</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts	(58.4)	(246.1)	(366.5)	(414.2)	(456.5)	(501.7)
1003 GF Match	(58.3)	(246.2)	(366.6)	(414.3)	(456.6)	(501.7)
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>(116.7)</b>	<b>(492.3)</b>	<b>(733.1)</b>	<b>(828.5)</b>	<b>(913.1)</b>	<b>(1,003.4)</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)

CSHB 78 (FIN) am - makes several changes to the Aid to Families with Dependent Children (AFDC) program. AFDC recipients are eligible for Medicaid. Medicaid spending will decrease as people lose Medicaid eligibility when they lose AFDC due to increased child support collections, 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: 05/04/95

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

Date: 5/5/95

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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>
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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.

**DELINQUENT CHILD SUPPORT COLLECTIONS**

The prospect of losing occupational licenses and driver's licenses will encourage more delinquent obligor's to comply with child support orders. The increased child support collections will result in some AFDC households losing eligibility because that household will have child support income in excess of the AFDC need standard. DPA estimates that the monthly AFDC caseload will decrease by an average of 100 cases, beginning January, 1996, with the caseload reduction increasing by 10 percent each fiscal year after FY 96. Approximately one-half of the children of these families will continue to be eligible for Medicaid under a poverty level Medicaid only eligibility category. Therefore, when a family loses AFDC because of increased child support payments, on average one adult and only 1 child lose Medicaid. Because of the January 1, 1996 effective date, FY 96 shows only six months of Medicaid savings.

	<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 Closures (1 adult)	100	110	121	133	146	161
Average Monthly Closures (1 child)	100	110	121	133	146	161
Adult Medicaid Savings	(\$142,200)	(\$326,040)	(\$374,616)	(\$429,324)	(\$492,312)	(\$566,076)
Children Medicaid Savings	(\$82,200)	(\$188,760)	(\$216,348)	(\$248,976)	(\$285,576)	(\$328,440)
<b>CHILD SUPPORT SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$514,800)</b>	<b>(\$590,964)</b>	<b>(\$678,300)</b>	<b>(\$777,888)</b>	<b>(\$894,516)</b>

**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
<b>MINOR PARENT SAVINGS</b>	<b>0</b>	<b>(8,580)</b>	<b>(9,089)</b>	<b>(9,672)</b>	<b>(10,269)</b>	<b>(10,880)</b>

**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.

**ANALYSIS (cont.):****INCOME DISREGARD . . . (cont.)**

	<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	\$6,148	\$7,152	\$7,488	\$7,824	\$8,160
<b>NEW EXPENDITURES</b>	<b>\$0</b>	<b>\$14,040</b>	<b>\$19,536</b>	<b>\$20,400</b>	<b>\$21,312</b>	<b>\$22,224</b>

**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)
<b>WORKFARE SAVINGS</b>	<b>\$0</b>	<b>(\$143,735)</b>	<b>(\$150,014)</b>	<b>(\$156,624)</b>	<b>(\$163,625)</b>	<b>(\$170,625)</b>

**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)	(\$169,605)	(\$189,956)	(\$205,686)
Children Going of Caseload for 5.5 mo.	\$0	(\$35,321)	(\$38,740)	(\$41,574)	(\$48,737)	(\$51,935)
<b>UP PROJECT SAVINGS</b>	<b>\$0</b>	<b>(\$163,761)</b>	<b>(\$182,962)</b>	<b>(\$211,179)</b>	<b>(\$238,693)</b>	<b>(\$257,621)</b>

**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)
<b>SELF-EMPLOYMENT SAVINGS</b>	<b>\$0</b>	<b>(\$14,040)</b>	<b>(\$14,652)</b>	<b>(\$51,000)</b>	<b>(\$53,280)</b>	<b>(\$55,560)</b>

**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

	<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)
<b>DIVERSION PROGRAM SAVINGS</b>	<b>\$0</b>	<b>(\$115,830)</b>	<b>(\$481,685)</b>	<b>(\$506,813)</b>	<b>(\$533,467)</b>	<b>(\$562,545)</b>

**SUMMARY OF DIVISION SAVINGS**

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Child Support Collections	(\$224,400)	(\$514,800)	(\$590,964)	(\$678,300)	(\$777,888)	(\$894,516)
Minor Parent Assistance	\$0	(\$8,580)	(\$9,089)	(\$9,672)	(\$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)	(\$156,624)	(\$163,625)	(\$170,625)
AFDC Unemployed Parent Project	\$0	(\$163,761)	(\$182,962)	(\$211,179)	(\$238,693)	(\$257,621)
Self-Employment Project	\$0	(\$14,040)	(\$14,652)	(\$51,000)	(\$53,280)	(\$55,560)
Diversion Program	\$0	(\$115,830)	(\$481,685)	(\$506,813)	(\$533,467)	(\$562,545)
<b>TOTAL SAVINGS</b>	<b>(\$224,400)</b>	<b>(\$946,706)</b>	<b>(\$1,409,830)</b>	<b>(\$1,593,188)</b>	<b>(\$1,755,910)</b>	<b>(\$1,929,523)</b>
<b>MEDICAID FACILITIES (52%)</b>	<b>(\$116,688)</b>	<b>(\$492,287)</b>	<b>(\$733,112)</b>	<b>(\$828,458)</b>	<b>(\$913,073)</b>	<b>(\$1,003,352)</b>
<b>MEDICAID NON-FACILITIES (48%)</b>	<b>(\$107,712)</b>	<b>(\$454,419)</b>	<b>(\$676,718)</b>	<b>(\$764,730)</b>	<b>(\$842,837)</b>	<b>(\$926,171)</b>

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB78(FIN)am

Revision Date: \_\_\_\_\_  
 Title: An Act relating to the AFDC program demonstration projects and payment reductions  
 Sponsor: Representative Hanley  
 Requestor: Senate (FIN)

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						
<b>TOTAL OPERATING</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 Gr 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)						
<b>TOTAL</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>	<b>113.9</b>

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: *[Signature]*  
 Division: Family & Youth Services  
 Approved by Commissioner: *[Signature]*  
 Agency: Department of Health & Social Services

Phone: 465-3191  
 Date: 05/04/95  
 Date: 5/5/95

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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

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) am

Revision Date: \_\_\_\_\_  
 Title: Certain licenses for persons who are not  
in compliance with child support orders/payments  
 Sponsor: Hanley, Rokeberg, Porter, Bunde, Toohy  
 Requestor: Senate Finance

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						
<b>TOTAL OPERATING</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

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						
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
<b>TOTAL</b>	<b>1.5</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>

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

Phone: (907) 465-3090  
 Date: 05/04/95  
 Date: 5/5/95

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## ***Representative Mark Hanley***

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### ***Alaska State Legislature***

#### **SPONSOR STATEMENT**

**CS for HOUSE BILL 78(FIN) am**

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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.

CSHB 78 incorporates the Child Support Nonpayment Licensing Restriction and Revocation measures of SB109(L&C). 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. 39,000 Alaskan parents currently owe over \$330 million in uncollected back child support payments, according to CSED. 18,597 CSED payees receive AFDC. This measure will provide a means to collect some of these old debts from self-employed obligors who currently are not subject to wage withholdings.

There are measures in the bill to make the parents of unmarried minor parents equally responsible for the support of their grandchildren. The income of the non-custodial grandparents would be considered when establishing child support.

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.

# WELFARE REFORM

How Republican  
Governors  
and a GOP Congress  
are Turning a  
Government Handout  
into a Helping Hand

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BY JOHN ENGLER

**Welfare.** It's a simple word that represents one of the most difficult problems our nation faces today. It is a problem that has multiplied in scope exponentially over the years, reaching proportions that today can be described only as disastrous.

The time to solve the welfare crisis is now.

When President Franklin D. Roosevelt began in 1935 what is today known as Aid to Families with Dependent Children (AFDC), it was with the best of intentions. The program was designed to assist widows and their children or the occasional family that had been deserted by the husband and father. At the time, most women did not work outside the home, and divorce and out-of-wedlock child-bearing were rare.

Times have changed. Today, most women work at jobs away from home, single parenthood has become commonplace and the focus of the AFDC program has changed. Instead of being limited to widows and children, it assists all types of families.

While many recipients require only temporary help to recover from an unexpected crisis, AFDC has gone far beyond that to provide long-term, almost permanent assistance to families who become dependent on "the system" and never achieve self-sufficiency. This is where the federal welfare system of the last 60 years has failed.

The nation's welfare system has become so tangled in bureaucracy and twisted by regulation that it harms those it was meant to protect—subsidizing out-of-wedlock births, breaking up families, discouraging marriage and penalizing success.

More than anything, it harms people by denying them control over their own lives. Any system that trains otherwise capable people to rely on government for their financial needs and deprives them of the qualities that come from commanding their own destiny is a broken system in need of repair or replacement.

Government has been trying much too hard to solve people's problems for them and not hard enough to help them find their own solutions. What people need from welfare is not a handout, but a helping hand.

#### What Republican governors are doing Michigan

Successful welfare reform can be achieved. We have proven that conclusively here in the Great Lakes State. Launched in 1992, Michigan's reform plan—"To Strengthen Michigan Families"—is based on four fundamental principles:

- encouraging employment;
- targeting support;
- increasing personal responsibility;
- involving communities in solving problems.

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*John Engler is the governor of Michigan and the co-chairman of the National Governors' Association's Welfare Reform Leadership Team.*

The most basic change was in helping welfare recipients commit to becoming productive members of society in return for their benefits. Beginning in the fall of 1992, AFDC recipients in Michigan were asked to sign a Social Contract that committed them to working, job training or volunteering at least 20 hours per week. We also implemented incentives to make work pay and eliminated disincentives to work, saving and entrepreneurship.

In October of last year, the Social Contract became mandatory, with an increased emphasis on work as the first step toward independence. Grants are also being reduced or eliminated for those who fail to comply within the first year.

The results so far have been impressive. Three out of four welfare parents voluntarily participated in the Social Contract. More than one out of four are working and earning income compared with fewer than one in 10 nationwide. As a result, nearly 50,000 cases have been closed due to income from employment. Welfare caseloads have fallen to the lowest level since 1980. Over its first two years, the program has saved Michigan taxpayers more than \$100 million.

In addition to the Social Contract, Michigan's plan to reform welfare includes several more statewide initiatives that are under way or soon to be implemented with more freedom from Washington.

Some welfare proponents would say that these, or any, attempts to cut costs are unfair and punish the poor. I say what is unfair, and truly cruel punishment, is to condemn any person to a life on welfare.

Further, by saving money through efficient yet compassionate reform, we can pursue more effective initiatives such as the \$51 million "Healthy Kids" program, which began in July 1994. It will provide full Medicaid benefits to more than 80,000 Michigan children, 16 years old and younger, who are not already covered by Medicaid or other private insurance, in families with incomes less than 150 percent of the federal poverty level.

#### Wisconsin

Across the nation, Republican governors are leading the charge against the common enemies of poverty and dependence. In Wisconsin, Gov. Tommy Thompson has been waging a successful battle to revamp his state's welfare system for the last eight years.

In 1988, his state began Learnfare, a program promoting education and providing disincentives to truancy. Two years later, my neighbor across Lake Michigan started Children First in two counties, which increased child support payments by requiring noncustodial parents to receive the job training and work experience necessary to become fully employed. That program has since expanded to 23 counties.

In 1992, Gov. Thompson oversaw the institution of the Parental and Family Responsibility Initiative, removing disincentives to marriage in the AFDC program and discouraging kids from having kids.

## The goal of welfare must be getting folks off welfare—and on.

Most recently, the Work Not Welfare pilot project was begun in two counties on Jan. 1, 1995, requiring able-bodied recipients to work for cash benefits and limiting collection of cash benefits from the state to two years. Its purpose is to transform welfare from a long-term entitlement into a short-term transitional program and, at the same time, offer Wisconsin residents the independence and freedom that is their inalienable right.

Thanks to these and other reforms Gov. Thompson has implemented, the welfare rolls in Wisconsin have decreased 25 percent to their lowest level in 15 years. By May 1993, Wisconsin's national ranking by percentage of households on welfare fell from the eighth-highest in January 1987 to 31st. Each month, taxpayers in the Badger State save \$16 million because more welfare recipients are off the rolls and paying taxes themselves.

Gov. Thompson intends to give a new definition to the word "welfare." In his State of the State address earlier this year, he announced the welfare division of the Wisconsin Social Services Department will be moved to a new Department of Industry, Labor and Job Development.

"Welfare will no longer exist. It will no longer be part of the vocabulary," Thompson said. "Welfare is going to be a jobs program."

### *Minnesota*

In Minnesota, Gov. Arne Carlson is a strong proponent for giving states greater control of welfare programs. He has seen what can this can mean firsthand. When the federal government gave it some flexibility, Minnesota combined several state/federal programs into the Minnesota Family Investment Program (MFIP), which promises to reward work efforts, reinforce responsibility and support families.

Those who enroll in MFIP can gain assistance in becoming a part of the work force. However, they have to meet specific performance expectations and face sanctions for nonperformance after two years. Preliminary results reveal 32 percent of urban MFIP families are employed, compared with 14 percent in a non-MFIP group. Among rural families, 52 percent in the program found employment, compared with 34 percent who did not participate.

Strengthened child-support enforcement is yet another tool being used in the struggle to reform welfare in Minnesota. Child support is viewed as a key ingredient to family self-sufficiency, and laws in the state reflect this notion. Parents who do not pay child support have their occupational licenses suspended by the state and money deducted

from their state tax refunds. The state currently has the fourth best collection rate in the nation, but it is aiming to be No. 1 after further improvements.

### *Massachusetts*

In order to serve only those truly in need, Massachusetts Gov. William Weld helped replace a General Relief welfare program with a program called Emergency Aid to the Elderly, Disabled and Children. Since 1991, cases have decreased from 38,000 to 20,948. In 1992, he hastened collection of child support by launching the "10 Most Wanted Delinquent Dads" campaign. Two years after that, Gov. Weld signed legislation strengthening child-support collection even more, which is expected to save \$102 million in AFDC and Medicaid expenses and to enable an estimated 7,000 families to discontinue the AFDC program.

In February of this year, Gov. Weld brought his state's reform efforts to the forefront when he signed a welfare reform package that requires able-bodied AFDC recipients to go to work within 60 days.

### *California*

When California Gov. Pete Wilson took office in 1991, he inherited a welfare system that had more than 2 million AFDC recipients statewide and a caseload growth rate of 12 percent a year. Those who chose work over welfare were actually being penalized for their efforts.

By removing disincentives to work, cracking down on fraud, reducing AFDC grants by more than 14 percent and encouraging self-reliance through education and job skills, Gov. Wilson has helped his state save nearly \$7 billion since 1991.

"We've got to change a system that teaches generation after generation that welfare is a perfectly acceptable career choice," said Wilson.

We have to change the system, and change it we will. Republicans have the right answers.

### **What the nation can do**

As co-chairman of the National Governors' Association's Welfare Reform Leadership Team, I am fortunate to be among a handful of state leaders who have been working closely with House Speaker Newt Gingrich, Senate Majority Leader Bob Dole and members of Congress in a bipartisan effort to establish a plan to end welfare as we know it.

At the NGA winter meeting in Washington earlier this year, two possible approaches to an overhaul of the federal welfare system surfaced. One, endorsed by every Republi-

# new path to independence—as soon as possible

can governor in attendance, would send main control of welfare back to the states for administration by way of eight block grants rather than through the 300-plus current programs. The other, supported by Democrats, would continue welfare as an entitlement and maintain significant federal involvement.

The Republican way is the only—and best—way for this country to go.

Each of the 50 states that shape this great nation has to be given the freedom to become the laboratory of democracy it was intended to be. We must be free from federal micromanagement and the burdensome rules and regulations that current federal welfare programs produce.

Block grants will allow states like Michigan to design and implement innovative efforts to reduce caseloads, increase self-sufficiency, strengthen families and keep them together. They will give the states the flexibility to be different and creative in our strategies to reform welfare and restore hope.

Here is my vision for a new state-federal partnership:

- The federal government will set broad outcomes for each block grant with individual states determining how best to reach those outcomes. These outcomes might include reductions in out-of-wedlock teen pregnancies, employment rates among public assistance recipients and length of time on assistance.
- The states will be responsible for developing spending plans for federal funds, but federal approval should *not* be required to receive funding or to implement plans.
- Independent audits will be conducted to ensure states are spending resources in accordance with their state plans.
- The federal government should work with the states to improve interstate child-support enforcement.
- States will be allowed to carry forward unexpended funds from one fiscal year to the next and to create "rainy day funds" to balance spending in times of economic hardship. Funds will also be transferable from one block grant to another.
- States will determine eligibility for assistance programs.
- And, with each block grant, the states will agree to a set limit in federal funding. In some cases, that may mean a freeze in federal support. In others, states might try to achieve a substantial reduction from current growth rates.

For example, Medicaid costs are skyrocketing. Both state and federal spending combined doubled to nearly \$144 billion between 1990 and 1994. And Medicaid spending in 1995 is expected to reach \$157 billion—a growth

rate of around 10 percent annually. With the freedom of a Medicaid block grant, I believe the states can cut that growth rate in half. We estimate the cumulative savings over the next five years at between \$90 billion and \$100 billion. Combined with the additional savings from the other eight block grants, total savings could amount to as much as \$140 billion by the year 2000—a savings that would come in handy in trying to balance the federal budget.

Regardless of the number of dollars that may be saved by a new system, we must always remember that the best welfare program is a private sector job and that the goal of welfare must be getting folks off welfare—and on a new path to independence—as soon as possible.

It is increasingly obvious that government cannot be a parent and cannot replace the family, but government can be a partner.

Government's role in this partnership would be to ensure a business climate that produces available and accessible entry-level jobs that would bridge the gap between the welfare rolls and private payrolls for aid recipients. Each state should also require those who receive assistance to begin their journey toward self-sufficiency.

Working together as communities, we can tap the ability of each individual to help and to be responsible. We can achieve this through more cooperative and innovative efforts that originate at the neighborhood level and involve churches, synagogues, civic groups and families.

The private and nonprofit sectors of our economy are also crucial to the success of any new welfare system, and I believe they would respond to this challenge as they have throughout our history.

The only way those caught in the cycle of poverty and dependence will free themselves is if they are willing to make the difficult climb to employment and willing to commit themselves to stay there. The only way the federal government can free itself from the welfare mire is by empowering the states and local communities to take on the task of rebuilding a system that works.

Our measure of success? Not the number of programs or the number of people served, but the number of people who don't need our help because they have achieved independence.

The window of opportunity that is open to make lasting and meaningful change in welfare will not stay open forever. We need to be bold, we need to be creative and we need to act now. ■



**FW**  
FORWARD

FEBRUARY 15, 1994 • VOLUME 162, No. 4

# Off the **Dole**

A blueprint for meaningful welfare reform,  
including discouraging illegitimacy,  
enforcing work rules and setting time limits.

BY DAN CORDTZ



THE MOST UNPOPULAR AND CONTROVERSIAL GOVERNMENT program by far is welfare. Politicians of every stripe are keenly aware of that fact. That's why one of candidate Bill Clinton's favorite campaign mantras was the promise "to end welfare as we know it." Yet after more than a year in the White House, President Clinton has yet to send a reform proposal to Congress. In fact, the President recently told his legislative strategists to put welfare on the back burner to avoid distracting attention from his health care plan.

That was too much for Daniel Patrick Moynihan (D-N.Y.), chairman of the Senate Finance Committee and Congress's leading expert on welfare. He complained that the President was using welfare reform as "boob bait for the Bubbas" but was "appointing people who have no intention of doing it." Moynihan, whose committee will also play a leading role in a health care bill, added that he "might just hold health care hostage." Later, he declared, "We don't have a health care crisis in this country. We do have a welfare crisis."

So the President will probably find himself grappling with the welfare tar baby a lot sooner than he would like to—and the experience is not likely to be any more satisfying than it was for Presidents Nixon, Carter and Reagan, all of whom tried without success to reform the system.

What should be done about welfare? To answer that question, it is first necessary to understand what it is about welfare that so irritates and frustrates the public. Americans are, after all, basically generous and compassionate. Most of them would not deny help to the needy. And although the welfare rolls have doubled in the past two decades, it's not primarily the cost that infames people. As a share of government spending, the welfare burden has actually grown lighter in recent years. Aid to Families with Dependent Children (AFDC)—the central welfare program—claimed just 1.1% of last year's federal budget, against 1.5% in 1975. That's a minuscule item compared with other social expenditures such as Social Security retirement benefits. Average monthly cash payments have fallen from \$542 in 1975 to \$376 (in 1993 dollars).

"The public is known to want a program that is relatively

"The public is known to want a program that is relatively generous, but at the same time makes clear-cut demands on the recipients to function."

generous, more so than what we have," says Lawrence Mead, a professor at New York University and the conservative author of *The New Politics of Poverty*, "but one that at the same time makes clear-cut demands on the recipients of benefits to function. The present program doesn't do either of those things."

That's the nub. Americans don't mind paying for social programs if they think the programs work. In the case of welfare, they don't. In fact, there is a widespread perception that welfare has made matters worse. That belief is only partially justified. The truth is that for more than half of the 5 million families drawing benefits, welfare pretty much accomplishes what it's supposed to: provide short-term help

to families who are going through a temporary period of unemployment, disability or other financial distress. They are what most Americans consider the deserving poor, for whom voters are prepared to offer more generous assistance.

But in Moynihan's words, "There is a difference between people who have some trouble come into their lives and those whose whole lives are in trouble." There is another group that has grown rapidly in recent years for which the public has little or no sympathy. It consists of people, many of them unwed mothers, who make no apparent effort to find jobs, but spend longer and longer periods drawing benefits—rearing children who have never known any other life and who often grow up to give birth to illegitimate children of their own. It is these "undeserving poor," and the public conviction that neither they nor the welfare system is doing enough to straighten out their lives, that prompt angry demands for radical change or even abolition of welfare.

Thus, any reform that will satisfy the American people must address two closely linked problems: the high and still rising number of single-parent families and the low and still declining level of work effort among the poor. There is very little controversy about such a proposition. There are, however, substantial differences among politicians and experts about what to do about the problems.

In theory, the ultimate objective of welfare reform should be



to eliminate—or at least minimize—the need for the program. That means substituting private income for the government benefits paid to the mothers who head 90% of the 5 million families now on welfare.

First, the states, which administer AFDC and set standards within a framework established by Congress, should make a much more vigorous effort to increase the amount of support provided by the fathers of the 9 million welfare children. The average single mother now receives only about \$1,000 a year in child support and alimony. Only one absent father in 20 contributes as much as \$2,500 a year.

Since 1975 states have been required to help women collect support from the fathers of welfare children. Starting this year, employers must withhold court-ordered support money from the father's paycheck, and next year states must set up computerized systems to see that employers comply. Still, there are some large loopholes. It's usually up to the mother to make a complaint when payments aren't made. And in a country as mobile as the U.S., many fathers move to other states and escape their obligations. States should be required to monitor payments automatically, and there should be an interstate clearinghouse to make collection easy across the country.

Skeptics who question the value of chasing deadbeat dads frequently argue that it won't raise enough money to be worth the trouble. But according to the Census Bureau, if all the mothers eligible to claim child support actually received an amount that the fathers could afford to pay, it would total \$36 billion a year. That's \$25 billion more than they collect now, and 60% more than the entire cost of AFDC.

No one believes we could ever approach that figure, but it certainly should be possible to double the amount that now comes in. So setting child support awards of a reasonable size and then seeing to it that they are collected should be an essential part of welfare reform.

The case of unwed mothers poses another complication. Of the more than 1 million illegitimate children born each year, paternity is established for only 30%. One major reason is that no effort is usually made to determine the father until the mother applies for welfare, and by then the child may be several years old. Clearly, states should set up programs that routinely establish paternity in the hospital when the child is born,

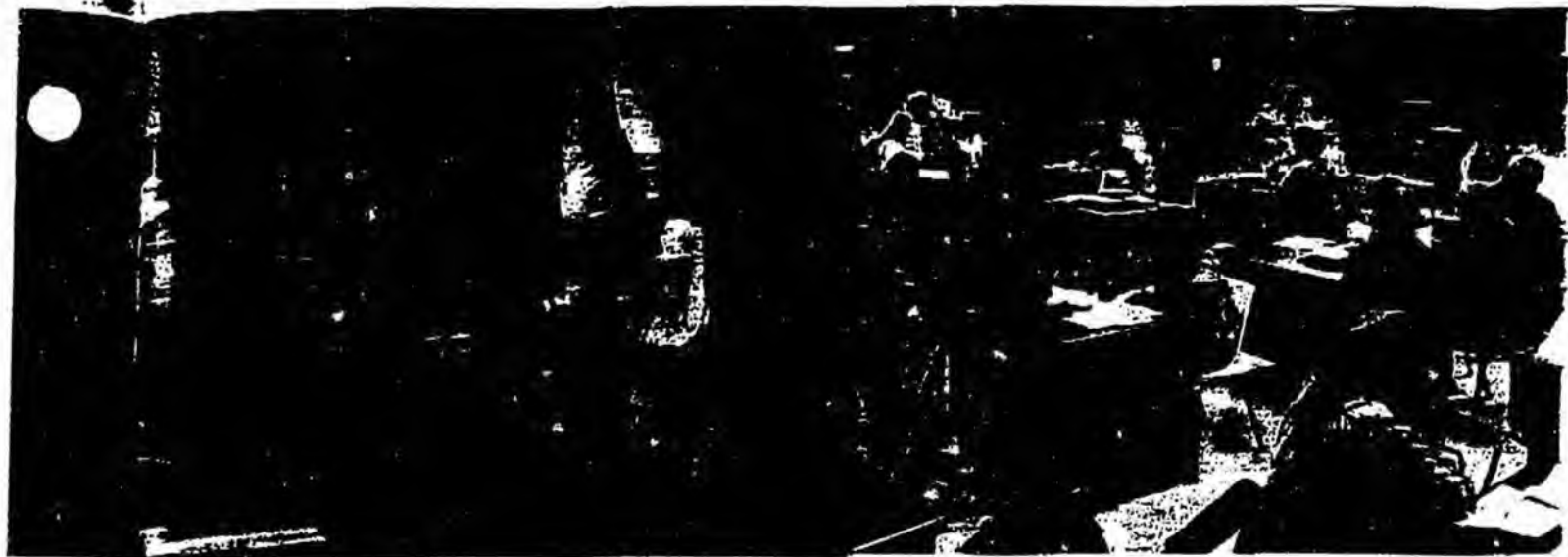
as Virginia and Washington now do.

Two thirds of the fathers of illegitimate children actually come to the hospital. Yet only a handful of states now try to establish paternity at birth. If paternity must be determined later, the process should be drastically simplified. In some states, it now takes many court hearings even in simple cases. With today's DNA testing, which permits 99% accuracy, paternity can and should be quickly and easily determined.

Three decades ago, Daniel Patrick Moynihan, then a young assistant secretary in the Department of Labor, wrote a research paper describing the social disorder in urban ghettos and blaming it on the precipitous decline in the number of black two-parent families. The Moynihan Report, as it came to be called, was roundly attacked by many black leaders and white liberals—but in recent years the consequences of heavy concentrations of single-parent families have become all too obvious. With few employed male role models present, and with a large proportion of female family heads on welfare, many neighborhoods have become centers of drugs, crime, illegitimacy and dependency. So the importance of doing something to reverse the growth of single-parent households goes far beyond any saving in welfare benefits. Precisely what to do is probably the toughest of all the questions about welfare.

Charles Murray, whose 1984 book *Losing Ground* charged that government social programs had hurt rather than helped the poor, contends that the ready availability of welfare benefits has played a major role in the decline of two-parent families—and most Americans probably intuitively agree with him. Many experts concede that the welfare option probably has contributed to a significant number of divorces among poor couples, but the vast majority of researchers reject Murray's claim that easily available benefits have prompted unmarried women to have babies. Indeed, many studies have tried and failed to find any correlation between the level of payments from state to state and variations in illegitimacy rates.

In a recently published article in *American Enterprise*, however, Murray plotted the illegitimacy rate among black women against the value of the total "welfare package," including food stamps, Medicaid and housing subsidies, and showed that the two rose sharply from 1960 to the early 1970s. That, he insists, proves a cause-and-effect relationship. After 1973, Murray ac-



“There is a difference between people who have some trouble come into their lives and those whose whole lives are in trouble.”

fare mothers are not economically irrational. Many will take steps to avoid pregnancy. And even if such a rule doesn't reduce the illegitimacy rate much, why should states hand out rewards with money from taxpayers who undoubtedly disapprove of the recipients' behavior? As one New Jersey official points out, a poor working mother does not get a pay raise when she has another child.

The second and by far the most important way to boost the income of families on welfare is to get the head of the household on someone's payroll. Indeed, it is the sharp drop in work effort by the poor that is mainly responsible for the 100% increase in welfare recipients in the past two decades. According to Mead,

whose book is an exhaustive study of the poor and their working habits, “In 1989, less than half the heads of poor families had any earnings at all, a drop of nearly a fifth since 1959, when over two thirds were employed. The proportion in full-time, full-year work has dropped by half, to only 16% in 1989. Correspondingly, the share of heads of poor households without work has risen from less than a third to over half.” The way out of poverty and off welfare, Mead says, is clear: Get a job.

Plainly, incentives to work must be at the heart of welfare reform—and they should include both the carrot of making work more financially rewarding and the stick of insisting that welfare recipients not reject the opportunity to work. Sociologist Christopher Jencks, author of *Rethinking Social Policy*, argues that “the simplest way of helping single mothers who work is to let all single mothers collect AFDC, regardless of how much outside income they get. This approach would, in effect, convert AFDC into a child support system for single mothers.” Most European countries already provide some sort of child allowance, but the idea has little support in the U.S. For one thing, it would send the cost of AFDC up from today's \$22 billion a year to more than \$35 billion.

But we should eliminate the so-called “poverty trap” by liberalizing regulations that govern the amount welfare families can earn without surrendering all their benefits. Under the so-called “30 and a third” rule, adopted in 1967, there is already

knowledges, benefits began to drop but illegitimacy continued to increase. The reason, he argues, is that “many of the social restraints on illegitimacy erode as out-of-wedlock births become more common.” The big rise in benefits during the 1960s, he says, “was indeed a major culprit in jacking up the illegitimacy ratio, but the increased prevalence took on a life of its own in the 1970s.”

Murray's prescription is simply to end welfare altogether—throwing unwed mothers back on their families or charity—and he points out that this was government policy until the 1960s. There is no chance that such a thing will happen, but it is important to remove as many incentives to unwed motherhood as possible.

One possibility is to deny a separate housing allowance to teenage mothers, requiring them to remain with their parents. Knowing that such a policy is in effect might well prompt parents to exercise more control over their young daughters' behavior. It would also discourage girls from having babies simply to get out on their own at government expense.

Demetra Nightingale, a welfare expert at the Urban Institute, objects to this idea for a number of reasons. To begin with, she says, the problem is not as great as people imagine. “The share of unwed teenage mothers on welfare is not large, and it's going down,” she says. “Besides, most teenage mothers already live with their parents.” Moreover, she adds, any such requirement would have to allow for many exceptions. “Many of these girls are subjected to physical and sexual abuse in their homes, or are exposed to drug use. Keeping them there would endanger them and their children.”

\* Even so, welfare officials can screen applicants and determine which young mothers simply like the idea of having their own apartments. The number may not be impressive, but a lot of welfare reform will have to be at the margins.

That principle also supports the idea of refusing to increase additional payment to a woman who has another child while drawing welfare benefits. New Jersey, Georgia and Wisconsin already have such a rule. It should be made universal.

Although this may seem to penalize the innocent child, wel-

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some incentive for welfare recipients to do some work. In setting benefits, local welfare agencies must disregard an applicant's first \$30 of monthly income plus one third of earnings over \$30. But someone who works full-time, even for the minimum wage, will usually lose all benefits—and possibly Medicaid coverage and food stamps along with them.

Allowable earnings should be increased, and it's likely that voters would not object. Polls have shown that most Americans believe a family earning less than \$15,000 a year is poor, so as long as the total of all benefits (including Medicaid, food stamps and housing subsidies), plus earned income is below that level, a good argument can be made for continuing to give financial aid. It will not save money, and it will not truly "get people off welfare," but it will help lift families out of poverty and reinforce their commitment to the work ethic.

If we make it more rewarding, most experts agree, the overwhelming majority of welfare recipients will want to work. That then poses the problem of locating—or if necessary, providing—a job and seeing to it that the welfare client can take it. The old argument that there are no jobs to be had is seldom heard nowadays. Almost everyone agrees that jobs are available, and even if they are for low wages, they offer people on welfare an opportunity to enter the private economy, to cultivate work habits, to get some experience and perhaps move up. Disparaging comments by some union officials and political liberals about "hamburger-flipping jobs" ignore the fact that employees of fast-food restaurants sometimes go on to become managers or even franchise owners.

But can young welfare mothers, most of them high-school dropouts, qualify for the jobs that are available? There is evidence that even the least skilled can perform some form of needed work. Officials of America Works, a profit-making firm in New York City that contracts with local government agencies to place welfare clients in private sector jobs, declare that "we can find anyone a job." The company puts applicants on its own payroll at the minimum wage, provides them to other firms as temporaries and then moves them into regular jobs. Only then does America Works receive a fee from the city. This kind of innovative partnership with the private sector should be expanded, but there are government placement programs that are also highly successful—for example, in San Diego and

Riverside County, Calif. What almost all of them have in common is a focus on putting people to work quickly, without spending weeks and months on education and training programs. "You have to get people on the job first, and let the employer train them," says an America Works official.

Although it is not, strictly speaking, a function of welfare, training by private companies should be strongly encouraged, even if it has to be backed by tax incentives. It is important that individuals see work as an opportunity, not a dead end. It is even more important to business and the economy that we expand the pool of skilled workers. So while the government should not continue to waste money on long-term schemes of the sort that have failed so miserably in the past, it should support the efforts of private enterprise, and of ambitious poor people, to further their education and training.

Since almost all welfare recipients are single mothers, going to work raises the issue of child care. This is not really as big an obstacle as it is sometimes made out to be. Surveys have shown that most working welfare mothers prefer informal child care by friends, neighbors or relatives to day care centers or nursery schools. Only one in five relies on a center, and even when free care is offered as part of a government program, mothers often turn it down.

Still, there are without question some mothers for whom day care would make the difference between working and not working, so there should be allowances to cover the cost. Indeed, providing day care might well be a job opportunity for some welfare recipients.

Even if all the proper incentives are in place, there are sure to be a substantial number of welfare recipients who will not volunteer for jobs. The reason may not be that they are shiftless but that they are entirely lacking in self-confidence and unable to take any initiative at all. In any case, for all but mothers of small children, and perhaps even for them, work must be made a requirement—not an option. The welfare programs now in operation across the country should be vastly expanded, along with placement efforts to put people into jobs in the private sector, and participation should be enforced vigorously. Today just one welfare mother in 100 actually works in any of these programs. Turning that situation around is the key to welfare reform. "They're not a Bohemian counterculture," insists



**"The simplest way of helping single mothers who work is to let all single mothers collect AFDC, regardless of how much outside income they get."**

Mead. "They share the values of society as a whole. It's not their values that are aberrant, it's their behavior. We have to help them live up to their own values by enforcing the work rule."

The ultimate enforcement should and must be a time limit on benefits for all but the truly disabled (physically or psychologically) within the welfare population. Welfare has veered far off the course its designers originally plotted. The forerunner of today's system was launched in 1936 as part of the New Deal. The main aim of Aid to Dependent Children (as it was then called) was to provide for poor widows and their children. As Social Security, workers' compensation, unemployment and other work-based social insurance programs matured, it was assumed that ADC would eventually disappear. It didn't, but neither did it grow much until President Lyndon Johnson launched his War on Poverty in the 1960s.

But even when Congress passed the Johnson Administration's ambitious package of new and generous aid programs, the notion of a temporary helping hand remained at the center. Johnson himself declared, "Our war on poverty seeks to give the desperate and the downtrodden the skills and the experience they need to lift themselves from poverty." It was not long, though, before social activists put a different spin on welfare.

"Throughout the 1960s and 1970s," wrote Stuart Butler and Anna Kondratieva, authors of *Out of the Poverty Trap: A Conservative Strategy for Welfare Reform*, "self-appointed advocates of the poor and program administrators increasingly began to argue that the poor should not be ashamed of being on the dole and that since Congress had passed assistance programs, the poor were 'entitled' to benefits. While that might make good political philosophy, it was a fundamental break with the whole ethos that had characterized American thinking about welfare. The welfare rights movement demanded handouts with dignity, and those economic rights became as sacred as political and civil rights. The poor were no longer required to feel a sense of gratitude or responsibility to the society that helped them. Nor were they expected to feel a stigma about being on welfare."

Although the National Welfare Rights Organization never enrolled more than 2% of adult welfare recipients, the notions it espoused have clearly taken root in many communities where welfare families are concentrated. They must be eradicated. So time limits are an essential element of reform, along with work requirements and efforts to reverse the trend of illegitimacy.

All are expected to be a part of the Clinton plan (as they are of a Republican bill with 160 sponsors) and Administration officials have given them strong support in their public statements. In a talk to one group of welfare professionals last year, Donna Shalala, Secretary of Health and Human Services, remarked, "I've heard people question whether the Clinton Ad-

ministration has the stomach to impose time requirements. You bet we do." But skepticism remains. Robert Rector, senior policy analyst at the conservative Heritage Foundation, recently published a harsh attack on what he labeled President Clinton's "bogus reform" plans.

The traditional liberal position of ever-increasing benefits and services has been so thoroughly discredited that even those who still believe in it are largely silent. But that does not mean they have abandoned their position or will not battle hard when the reform bill reaches Congress. And while they do not have the votes to put through their own program, they may well hold a veto power over reforms with which they disagree.

Perhaps the biggest hurdle is simply fiscal. Meaningful reform may well cost more money in the short run, but there is no room in the budget and no support among the voters for throwing more money into the welfare pit. In the past, a pessimistic Mead notes, "The politicians have found it impossible to give meaningful assistance and to demand that poor people behave like the rest of us. They don't want to spend the money and they also don't want to set expectations, so what they try to do is simply minimize the scandal by cutting benefits and trying to restrict the size of the program. That's not how the public wants to do it."

But in the end, it may be what the politicians will do, and that would be a shame. ■

**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.

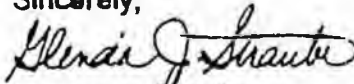
The success of this type of program enacted in other states has been significant. Many states dramatically increased collections, while minimizing the number of instances where people lost their licenses.

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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# No license to evade child support

In the entry to the Augusta, Maine Department of Human Services there is a small, rather discreet sign that reads simply: "Make Child Support Payments Here." It's a modest request but it might very well become a state motto.

Here in the Northeast corner of the country, the Pine Tree State has done what other states are threatening to do. It is enforcing the first law in the country that takes away licenses — business licenses, professional licenses, and especially driver's licenses — from parents who don't support their children.

And the hopeful fact — or is it the depressing fact? — is that it's working.

For years, the Children's Defense Fund has pointed out that less than 3 percent of people default on used car payments while 49 percent default on child support agreements. Now it seems that the most feared Repo Man is the one who can repossess a driver's license.

Today the deadbeat dad has become the poster boy of irresponsibility. Despite all the careful gender-neutral language of the law, we know that 97 percent of the "non-compliant non-custodial parents" are fathers. In 1992, they owed nearly \$34 billion to their 23



ELLEN GOODMAN

million children.

Each one may have a story about why he can't or won't or shouldn't have to pay what the court has ordered. But Colburn Jackson, the burly, longlimed head of support enforcement for Maine says flatly that the primary reason men don't pay is: "They've been able to get away with it."

Jackson's own view is closer to a judicial malaprop he remembers with humor. Not long ago, a Maine judge meant to rule that a father had proven his inability to pay. By mistake, the judge wrote that the father had "demonstrated an ability to not pay child support." That, Jackson says, is closer to the truth.

But Maine has tried something different. Last August, the state sent out notices of the new law to 17,400 parents who were more than 90 days late in their payments.

Some of these parents hadn't paid "since antiquity," some had hidden their assets, some had gone into business under other names. All were warned to pay up, to make a payment plan, or risk losing a license.

The response was overwhelming. A man with a license to run a junkyard — a father who hadn't paid child support in 10 years — came in the day after he got the notice and said, "Well, you got me now." A long-haul trucker came in and plunked down \$19,000. Another man who said he had been "procrastinating for years" paid \$4,000.

By June, they had collected \$12.9 million from 10,000 people in a state of about one million. And that was before the first license had been taken away. A few weeks ago, eight men who collectively owe \$140,000 shared the dubious honor of being first to lose their licenses to drive.

What Jane Sheehan, the commissioner of human services, learned — and she says this without a hint of irony in her voice — is that "you have to attack something near and dear to the heart of that individual." What others have learned is that sometimes the car or certainly a professional license was nearer and dearer than the kid.

In his Capitol office, Gov. John

McKernan describes this law as another way of putting back together the Humpty-dumpty of responsibility. It's a program popular with most men as well as women. "Many fathers are struggling to pay for their own kids," he says, "and paying taxes for the kids of fathers who aren't paying anything."

Indeed, in the aftermath of Maine's success, a dozen states are considering similar laws that apply to AFDC and non-AFDC families alike. The idea has appeared as part of the Clinton welfare reform proposal. There are plans to make state laws reciprocal, so that parents with children in one state and licenses in another would be as vulnerable for child support violations as they are for driving violations.

But if what's happened here is a success story, it's not an entirely happy tale. For as long as I can remember, Americans have ruefully noted that you need a license to drive a car but not to raise a child. Now in this upside-down world, we have finally drawn a connection between parenting and licensing.

What an odd bumper sticker for our era: Support your kids, or get out of the driver's seat.

Ellen Goodman is a columnist for The Boston Globe.

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JUNIOR EMPIRE

designated above at the following address:  
 OMB Reports Management Branch, New Executive Office Building, room J208, Washington, DC 20503.  
 Dated: January 28, 1994.  
 Dennis P. Williams,  
 Deputy Assistant Secretary, Budget.  
 FR Doc. 94-3100 Filed 2-3-94; 8:45 am  
 BILLING CODE 4150-04-M

**Annual Update of the HHS Poverty Guidelines**

AGENCY: Department of Health and Human Services.  
 ACTION: Notice.

SUMMARY: This notice provides an update of the HHS poverty guidelines to account for last (calendar) year's increase in prices as measured by the Consumer Price Index.

EFFECTIVE DATE: These guidelines go into effect on the day they are published unless an office administering a program using the guidelines specifies a different effective date for that particular program).

ADDRESSES: Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services (HHS), Washington, D.C. 20201.

FOR FURTHER INFORMATION CONTACT: For information about how the poverty guidelines are used in a particular program, contact the Federal (or other) office which is responsible for that program.

For general information about the poverty guidelines (but not for information about how they are used in a particular program), contact Gordon Fisher, Office of the Assistant Secretary for Planning and Evaluation, HHS—telephone: (202) 690-6141.

For information about the Hill-Burton Uncompensated Services Program (no-fee or reduced-fee health care services at certain hospitals and other health care facilities for certain persons unable to pay for such care), contact the Office of the Director, Division of Facilities Compliance, HHS—telephone: (201) 443-5658. The Division of Facilities Compliance notes that as set by 42 CFR 124.505(b), the effective date of this update of the poverty guidelines for facilities obligated under the Hill-Burton Uncompensated Services Program is sixty days from the date of this publication.

Under a recent amendment to the Older Americans Act, the figures in this notice are the figures that area agencies on aging should use to determine

"greatest economic need" for Administration on Aging programs. For information about those programs, contact Donald Fowles, Administration on Aging, HHS—telephone: (202) 619-2514.

For information about the Department of Labor's Lower Living Standard Income Level (an alternative eligibility criterion with the poverty guidelines for certain Job Training Partnership Act programs), contact Hugh Davies, Office of Employment and Training Programs, U.S. Department of Labor—telephone: (202) 219-6580.

For information about the number of persons in poverty or about the Census Bureau (statistical) poverty thresholds, contact Kathleen Short, Chief, Poverty and Wealth Statistics Branch, U.S. Bureau of the Census—telephone: (301) 763-8578.

**1994 POVERTY GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII) AND THE DISTRICT OF COLUMBIA**

Size of family unit	Poverty guideline
1	57,360
2	9,840
3	12,320
4	14,800
5	17,280
6	19,760
7	22,240
8	24,720

For family units with more than 8 members, add \$2,480 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

**1994 POVERTY GUIDELINES FOR ALASKA**

Size of family unit	Poverty guideline
1	59,200
2	12,300
3	15,400
4	18,500
5	21,600
6	24,700
7	27,800
8	30,900

For family units with more than 8 members, add \$3,100 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

**1994 POVERTY GUIDELINES FOR HAWAII**

Size of family unit	Poverty guideline
1	58,470
2	11,320
3	14,170
4	17,020
5	19,870
6	22,720
7	25,570
8	28,420

For family units with more than 8 members, add \$2,850 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

The preceding figures are the 1994 update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (Pub. L. 97-35). As required by law, this update reflects last year's change in the Consumer Price Index (CPI-U); it was done using the same procedure used in previous years.

Section 673(2) of OBRA-1981 (42 U.S.C. 9902(2)) requires the use of the poverty guidelines as an eligibility criterion for the Community Services Block Grant program, while section 652 (42 U.S.C. 9847) requires the use of the poverty guidelines as an eligibility criterion for the Head Start program. The poverty guidelines are also used as an eligibility criterion by a number of other Federal programs (both HHS and non-HHS). When such programs give an OBRA-1981 citation for the poverty guidelines, they cite section 673(2).

The poverty guidelines are a simplified version of the Federal Government's statistical poverty thresholds used by the Bureau of the Census to prepare its statistical estimates of the number of persons and families in poverty. The poverty guidelines issued by the Department of Health and Human Services are used for administrative purposes—for instance, for determining whether a person or family is financially eligible for assistance or services under a particular Federal program. The poverty thresholds are used primarily for statistical purposes. Since the poverty guidelines in this notice—the 1994 guidelines—reflect price changes through calendar year 1993, they are approximately equal to the poverty thresholds for calendar year 1993 which the Census Bureau will publish in late summer 1994.

In certain cases, as noted in the relevant authorizing legislation or program regulations, a program uses the

5-6-95  
 Circled notes  
 applied to  
 SCS(FIN)

FISCAL NOTES

Re: HB 78 - Public Assist. Demo Project & Decrease

No.	Dept.	Date	U.D.	Amount
2.	DH&SS (PA-Elig.Deter.)	4/04/95		136.8
3.	DH&SS (PA-Admin.)	4/04/95		213.5
4.	DH&SS (PA-Data Proc.)	4/04/95		972.4
5.	DH&SS (Ak.Work Prog.)	4/04/95		0 394.5 FY97
6.	DH&SS (Child Care)	4/04/95		0 152.0 FY97
7.	DH&SS (AFDC-Ratable Red)	4/04/95		(1,610.7)
8.	DH&SS (PFD Hold Harm)	4/04/95		( 210.4)
9.	DH&SS (FYS Central)	4/04/95		113.9
10.	DH&SS (Med.Asst.Claims)	4/04/95		40.0
13.	DPS (Driver Services)	4/03/95	& 5/1	222.8 #34
14.	DOE (Teacher Cert.)	3/24/95	& 5/1	20.8 #33
15.	DOR (Child Support)	4/04/95	& 5/2	519.4 #32
17.	DH&SS (EMS Training)	3/10/95		1.5
18.	DC&ED (Ins.Operations)	3/24/95	5-1-95	26.0 #31
19.	DC&ED (Occ.Licensing)	3/24/95	& 5/1	83.5 #30
20.	DC&ED (Banking/Corps.)	3/24/95	& 5/1	29.1 #29
21.	DOLabor (Safety&Health)	3/30/95	& 5/2	36.1 #28
22.	DOLabor (Mech.Insp.)	3/30/95	& 5/2	53.7 #27
23.	DEC (Palmer Lab.)	2/17/95		0
24.	DH&SS (Med.Facilities)	5/02/95		(116.7)
25.	DH&SS (Med.Non-Fac.)	5/02/95		(107.7)
26.	DH&SS (AFDC)	5/02/95		(317.9)
#35 New	DOLabor (Wage&Hr.Admin)	5/02/95		0

New. Updated Notes - Reflecting deletion of ratable reduction:

26.	DH&SS (AFDC)	5/05/95		(317.9)
2.	DH&SS (PA-Elg.Deter.)	5/05/95		136.8
3.	DH&SS (PA-Admin.)	5/05/95		213.5
4.	DH&SS (PA-Data Proc.)	5/05/95		972.4
5.	DH&SS (Ak.Work Prog.)	5/05/95		0 394.5 FY97
6.	DH&SS (Child Care)	5/05/95		0 152.0 FY97
8.	DH&SS (PFD Hold Harm)	5/05/95		( 12.7)
10.	DH&SS (Med.Asst.Claims)	5/05/95		40.0
25.	DH&SS (Med.Non-Fac.)	5/05/95		(107.7)
24.	DH&SS (Med.Facilities)	5/05/95		(116.7)
9.	DH&SS (FYS Central)	5/05/95		113.9
17.	DH&SS (EMS Training)	5/05/95		1.5

#36 New Counts

5/5/95

80.8

Prepared by SFC 5-5-95

→ 10 New DH&SS  
 notes for SCS(FIN)  
 to be furnished  
 5/7/95

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. CSHB 78 (FIN) AM

Revision Date: \_\_\_\_\_  
Title: relating to certain licenses and  
applications for licenses ... child support  
Sponsor: REP. HANLEY  
Requestor: \_\_\_\_\_

Dept. Affected: Alaska Court System  
BRU: Trial Courts  
Components: \_\_\_\_\_  
COMPONENT SERIAL NO. 768

**EXPENDITURES/REVENUES** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	68.9	68.9	68.9	68.9	68.9	68.9
TRAVEL						
CONTRACTUAL	6.2	1.2	1.2	1.2	1.2	1.2
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	2.7					
LAND & STRUCTURES						
GRANTS & CLAIMS						
<b>TOTAL OPERATING</b>	<b>80.8</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ( )						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	80.8	73.1	73.1	73.1	73.1	73.1
1005 GF/Program Receipts						
1005 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>80.8</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>	<b>73.1</b>


**POSITIONS**

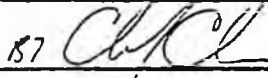
FULL-TIME						
PART-TIME	3.0	3.0	3.0	3.0	3.0	3.0
TEMPORARY						

Estimate of current year (FY 95) cost: \$ None

ANALYSIS: (Attach a separate page if necessary)

See attached fiscal analysis.

Prepared by: C. S. Christensen III, Staff Counsel  Phone: 264-8228  
Agency: Alaska Court System Date: 5/5/95

Approved by: Arthur H. Snowden, II, Administrative Director  Date: 5/5/95  
Agency: Alaska Court System

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

Alaska Court SystemFiscal AnalysisCSHB 78 (FIN) AMPersonal Services

	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
Standing Master, range 24A, PFT, Anchorage, 5 months	\$25,420	\$9,098	\$34,518
In-Court Clerk, range 12A, PPT, Anchorage, 5 months	11,295	5,460	16,755
Court Clerk II, range 10A, PPT, Anchorage, 6 months	12,006	5,643	<u>17,649</u>
Total Personal Services			68,922

During the 1994 session, the Child Support Enforcement Division estimated that 15,000 individuals were not in compliance with child support orders. It is assumed that all these individuals possess a driver's or one of the targeted licenses. Of this group, it is assumed that 10% will request a judicial review. This fiscal note assumes that each judicial review hearing will require 30 minutes to conduct. The requested positions will be based in Anchorage. Hearings will be conducted in person or telephonically.

Contractual Services

Modification of case management computer programs to accommodate a new type of case filing.	(one time cost)	5,000
Telephone costs (telephonic hearings)		1,200

Supplies

Office supplies for new case filings		3,000
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Equipment

Desk, chair and filing cabinet for new positions		<u>2,700</u>
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Estimated Total Costs		<u>\$80,822</u>
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