

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994

954

Representative Porter  
CSHB 67  
March 16, 1993

Please do not vote to pass CSHE 67, rather to defeat it and to come up with an alternative measure that will not so detrimentally affect the JOBS population.

Sincerely,  
TANANA CHIEFS CONFERENCE, INC.

*Louise Charles*

Louise Charles  
JOBS/JOBS Child Care Coordinator



# Alaska State Legislature

Please enter into the record my testimony to the Judiciary  
 committee name  
 committee on HB 67, dated 3/15/93  
 bill/subject

I am POOR MONEY LAST MONEY  
 FOR FRA CHECKS and I have something to say BIG CHECKS  
 FOR EVERYBODY and MY BACK too  
 my SSICHECK OUT

"I am poor. Money No less money. FRA checks  
 and I have something to say. Big checks for  
 everybody in check accounts"

Signed: Reodie ANNIE CROUCH  
 Testifier

Representing (Optional)  
805 Airport Way Fbks. AK 99701

Address:  
456 8901

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the Judiciary  
 committee name  
 committee on HB 67 , dated 3/15/93  
 bill/subject

I oppose my money from being cut.  
 I Like my money to stay where it is.  
 I have a hard enough time with bills.  
 if my money cuts down I dont know  
 what to Do.

thank you

Signed: Jody Agimunt  
 Testifier

Representing (Optional)

805 Airport Way Fairbanks AK 99701  
 Address

456 8901

Phone No.

H.B. 67 § 5B101

3/15/93

Sandra Baxter  
213 Dunkel St.  
Fairbanks, Alaska, 99701

"To Whom It May Concern"

I HAD TO MOVE TO ALASKA TO MAKE IT POSSIBLE FOR MY DAUGHTER TO BE ABLE TO QUALIFY FOR G.R. MED (\$280<sup>00</sup> DOLLARS A MONTH, TO RECEIVE THE MEDICAL CARE AND OPERATION THAT SHE NEEDED), TO BE ABLE TO GET WELL SO THAT SHE EVENTUALLY WILL BE ABLE TO RETURN TO WORK.

SHE HAS ALWAYS BEEN A HARD WORKER AND IS LOOKING FORWARD TO THE DAY SHE WILL BE ABLE TO RETURN TO WORK, NOT ONLY BECAUSE THERE IS NO WAY THAT SHE CAN LIVE ON \$280<sup>00</sup> DOLLARS A MONTH AND IS GOING FURTHER INTO DEBT EVERY DAY, SHE IS HAVING TO RELY ON OTHERS FOR THE ROOF OVER HER HEAD, AND LAST BUT NOT LEAST SHE FINDS THE WELFARE OFFICE A VERY DEPRESSING PLACE.

I WOULD REALLY LIKE TO SEE IT MADE POSSIBLE FOR PEOPLE NOT TO HAVE TO RELY ON WELFARE. IN SOME CASES AND SITUATION THIS IS POSSIBLE, BUT IN THE MAJORITY OF SITUATIONS IT ISN'T.

IM SORRY, BUT HB 67 IS TOTALLY UNREALISTIC, FOR THE NEEDY, THE ONES WHO HAVE NOWHERE ELSE TO TURN, HB 67 SEC 1, (A) THAT IF IT IS DEEMED SUFFICIENT FOR THE CHILD AND RELATIVE TO BE COMPATIBLE FOR DECENCY AND HEALTH, IT IS A TOTAL FARSE. IT ISN'T THAT NOW AND HOW CAN THEY POSSIBLY SAY THAT BY CUTTING IT MORE THAT IT CAN KEEP THE STANDARDS COMPATIBLE FOR DECENCY AND HEALTH. WE ARE ALL LIVING BELOW THE POVERTY LEVEL NOW.

THE GOVERNOR SHOULD TRY MAKING MORE JOBS AVAILABLE TO THE PEOPLE WHO ARE ABLE TO WORK AND MAKE THESE SITUATIONS BETTER.

Sincerely  
Sandra Baxter

To:  
Legislature of Alaska  
House of Representatives  
Inclusive: HB 67, SB 101

pg 1 of 2

I DONNA M. BAXTER do hereby contest and oppose HB 67, and SB 101 inclusive. On the grounds that they are inhuman and leave this state open for liab and malfeasance.

The income loss will be a detriment to local businesses, causing a need to cut down the amount of employees on staff. Thereby creating more unemployed people and less people contributing to the economy.

The direct consequences of HB 67 and SB 101 will be a worse recession than this state has yet been through.

New businesses will not apply to this state for business licenses due to the higher percentage of probable failure. Thus creating less employment opportunities.

There was no formal notification given AFDC and A.P.A. Recieffers -  
-s Allowing no rebutal and denying their basic right to be heard.

Two hundred and eighty dollars a month Interium medical Assistance usually has to go towards Rent because this state will only pay one hundred and twenty dollars a month for G.R. Rental Assistance

A Doctors statement of disability should be enough for qualification of Disability. Stop tying the Doctors hands, when surgery may return someone to work, help those surgeries to proceed.

Solutions to unnecessary overspending:

Stop spending one hundred and eighty six thousand dollars a month on unnecessary paperwork.

Have permanently disabled individuals apply once every six months for all eligible assistance programs pending social security.

Have social security pay monthly penalty of Ten percent to the state for not handling social security disabilities in a timely manner.

State support of birth control programs, (clinics) for the Needy.  
Pay the child care units (Volunteers) and the cost of living difference for mothers who are working.

Medical Aid Recipients should pay a co-payment of five dollars for Doctors visits, and a co-payment of three dollars per prescription.

MAKE Re-education and Job Training a priority.

Put someone in charge of Public Assistance who knows the systems flaws and is willing to implement changes that will result in smaller case loads through time management.

Implement volunteer programs and community service programs

Cut Governor's salary by 25.0%.

Cut legislative salary by 5.0%

Allow less entertainment budget expenses.

Regulate Travel expenses.

Implement a luxury tax on those whose salary is over \$65,000 Thousand a year.

Restructure school systems towards positive work goals and needed skills. Fire teachers who have a majority of students failing in their classes.

March 15, 1992

To The Legislature of Alaska  
House of Representatives  
Concerning HB #67 and SB101

Virginia A. Oeser  
213 Dunkel St  
Fairbanks, AK 99701

I oppose HB #67 and SB101. I am appalled to know that our State and our Governor has the nerve to even consider oppressing our poor in the State of Alaska, ~~any further.~~

Families which receive AFDC will not be encouraged to get off AFDC and return to work to become self supporting. These Bills will instead make their survival harder and their living situations more desperate than they are at present. The amount paid to them by the State is well below the poverty level now. If these proposed cuts are made many of these families will not be able to find housing. Low income housing in Alaska is very limited and the waiting list are very long. In FNSB, there are 3,014 households below the poverty level yet there are only 648 subsidized rental units available. Therefore most of these low income families ~~will~~ have no affordable housing.

Blind, Disabled, and Elderly should not have to lose their Federal Reimbursement for the time they were eligible for SSI but not yet receiving it. I say this because like myself were I was earning \$19,000 yearly. I am now faced with a disability, poverty and bills for previous obligations. The States interim Medical Program is to provide money for Doctors, Medical facilities and procedures not covered by GR medical. It is not income supplementation. And for people such as myself not even 1 week worth of prior income. I went into debt for medical expenses prior to finding out that I was or maybe eligible for APA- and interim medical.

Want to save money?

Try changing some policy practices at the state Public Ass. Office

Thank You  
Mrs Virginia A. Oeser



# Alaska State Legislature

Please enter into the record my testimony to the Judiciary  
committee name

committee on 67 of Li. 3/15/93

<sup>total</sup> <sup>bill/subject</sup> <sup>or section</sup>  
<sup>of</sup> <sup>of</sup> <sup>of</sup> <sup>of</sup> <sup>of</sup>  
<sup>of</sup> <sup>of</sup> <sup>of</sup> <sup>of</sup> <sup>of</sup>  
The elimination of the cost of living allowance would  
cause ~~many~~ people to be unable to pay rent, food, and  
other expenses for people who earn a "Survival" wage.  
~~It is not~~ ~~the~~ ~~important~~ ~~cut~~ ~~that~~  
~~it~~ ~~not~~ ~~be~~ ~~cut~~ ~~because~~ ~~cutting~~ ~~off~~ ~~40%~~  
could cause me some ~~trouble~~ trouble to  
me in housing costs, or independence of myself.

Thank You!  
for your time,

Signed: George Carroll  
Testifier

Representing (Optional)

Address

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE JUDICIARY  
committee name

committee on HB 67 Budget, dated 15 March 1993  
bill/subject

SURELY I DO UNDERSTAND THE NEED TO CUT THE STATE BUDGET. HOWEVER CUTTING THE BUDGET ON "THEIR" (elders, children, working poor families trying to enter the "mainstream") BACKS INSTEAD OF ON "OURS" IS COWARDLY. "WE", THE ONES WHO, BY THE GRACE OF GOOD FORTUNE HAVE HAD OPPORTUNITIES FOR EDUCATION AND REMUNERATIVE WORK, WE CAN AFFORD TO LOSE SOME OF OUR "PERCS."

CUTS FORCE YOUNG FAMILIES (ESPECIALLY ONE-PARENT HOUSEHOLDS), CHILDREN, THE INFIRM AND DISABLED INTO HEIGHTENED CRISIS SITUATIONS THAT EVENTUALLY MUST BE ADDRESSED AT A GREATER COST TO TAXPAYERS. CUTS TO THE SAFETY NET MERELY BORROW FROM A FUTURE WHEN OUR CHILDREN WILL HAVE TO DEAL WITH THE PROBLEMS THESE CUTS WILL PRODUCE. LISTEN TO THE REAL-LIFE TESTIMONY FROM PERSONS WORKING WITH CITIZENS AT RISK.

THE TRUE "WELFARE" RECIPIENTS ARE THE WEALTHY IN THIS STATE. WHY WAS THE INCOME TAX REPEALED? IT WAS REPEALED BECAUSE WEALTHY WHINERS (AND HOW THEY DO WHINE!!) SAW A CHANCE TO SHIFT THE RESPONSIBILITY OF PAYING FOR THE GOVERNING OF THIS GREAT STATE TO THE BACKS OF THE REAL "SILENT MAJORITY" WHICH IS MADE UP OF HARD-WORKING, LOW-INCOME CITIZENS. IF YOU WANT TO BALANCE THE BUDGET, REINSTATE THE STATE INCOME TAX. SURE, WE DID NOT NEED TO TAX OURSELVES DURING THE HEYDAY OF OIL RECEIPTS. HOWEVER, OIL IS A NON-RENEWABLE RESOURCE. ALL OF US KNEW THE TAX MORATORIUM WAS TEMPORARY. THE INCOME TAX OUGHT TO HAVE BEEN LEFT IN PLACE, AS SEN. BOB ZEIGLER SO WISELY POINTED OUT, TO BE READY FOR THE TIMES THAT ARE NOW UPON US OF SHRINKING OIL REVENUES.

IN SUM, DO NOT BALANCE THE BUDGET ON THE BACKS OF THE POOR AS YOU ARE ATTEMPTING TO DO BY CUTTING THE BOOST THEY NEED TO SURVIVE AND, IN THE CASE OF THE YOUNG POOR, TO MOVE AHEAD. INSTEAD OF CUTTING THE POOR, LET THOSE WHO HAVE BENEFITTED RICHLY FROM ALASKA'S BOUNTY "BRAVELY" SHOULDER THE BURDEN OF RETURNING A SMALL PERCENTAGE OF THEIR WEALTH TO THE STATE IN THE FORM OF A GRADUATED INCOME TAX.

WHY SHOULD PEOPLE ALREADY BELOW THE INCOME GUIDELINE FOR POVERTY LEVEL CONTINUE TO SUPPORT THE RICH? (OVER, FOR A TRUE STORY)

Signed: Constance R. Zeigler  
Testifier

Representing (Optional)

2509 4th Ave. Ketchikan 99901-5821

Address

(907) 225-5069

Phone No.

HOW AMERICUS, GA INCREASED ITS TAX BASE

AMERICUS, GA LEARNED, TO ITS DELIGHT, THAT WHEN HABITAT FOR HUMANITY (YES, YOU SAW JIMMY CARTER WORKING WITH HABITAT ON TV.) HELPED THE WORKING POOR BUILD WARM, HYGIENIC, ROOMY HOUSES, THE FAMILIES WERE HEALTHIER, HAD MORE ENERGY, OBTAINED TRAINING, GOT OFF PUBLIC ASSISTANCE ROLLS, AND BECAME NEW TAXPAYERS. AMERICUS THRIVES BECAUSE ALL ITS COMMUNITY MEMBERS HAVE OPPORTUNITIES TO BETTER THEIR LOT. WHEN THEY HAVE A SECURE INCOME AND JOB, THEY BECOME "UPWARDLY MOBILE" AND PAY THEIR SHARE OF TAXES TO SUPPORT THE COMMUNITY.

THE KEY TO BALANCING THE BUDGET IS TO PROVIDE REAL HELP TO THE ONES IN NEED SO THAT THEY JOIN THE MAINSTREAM. IT IS A FACT THAT PEOPLE DO NOT STAY ON PUBLIC ASSISTANCE OR AID TO FAMILIES WITH DEPENDENT CHILDREN FOR A LONG TIME. (AFDC AVERAGE IS TWO YEARS, I BELIEVE.) THIS BOOST UP FOR STRUGGLING FAMILIES IS COST EFFECTIVE BECAUSE IT LEADS TO REDUCED BUDGETS FOR ASSISTANCE AFTER THE PERSONS WHO NEEDED THIS BOOST WERE ABLE TO STAND ON THEIR OWN FEET.

IN MY CASE, FAMILY WAS ABLE TO PROVIDE ME WITH AN EDUCATION AND A LOAN TO BUILD A HOME. FOR THOSE WHO HAVE NO SUCH FAMILY SUPPORT, ALL OF US CITIZENS ARE "FAMILY" AND WE HELP THEM IN ORDER TO KEEP THEM FROM BECOMING DESPERATE, ILL, IGNORANT, AND DEPENDENT. IT IS TO OUR LONG-TERM BENEFIT TO OFFER THIS HELPING HAND. LET'S CONTINUE TO DO SO WITH PRIDE.

Mar. 15, 1993

TO: MEMBERS OF THE HOUSE OF REPRESENTATIVES,  
STATE OF ALASKA

Dear Representative,

I have been following the progress of House Bill 67, and am a very discouraged and dissappointed person. I have this incredible feeling that NO ONE IS LISTENING - NO ONE CARES, NO ONE THINKS IT CAN HAPPEN TO THEM!!!! This Bill concerns budget cuts to the public assistance across the board, including the frail, elderly handicapped persons. If you just stop and think for a moment, you may realize, this can affect someone YOU love, or know. Maybe, YOU. With all the money this State has (and I've lived here a long time), it seems to me budget cuts could be made elsewhere. Folks on public assistance don't get enough to actually live on now---in fact, the lady who keeps explaining this Bill to each committee says it pays 77% of the "poverty level"!!! Well, you can't live on it, and places such as our soup kitchen/homeless shelter take up the slack. But will we be able to do this when many more people get their stipend cut???

PLEASE "Do unto others as you would have done unto you"!!!!!! Use your good common sense and cut some of the places who have overrides, I would start with elections, who seem to be missing a whole lot of revenues! Yes, the budget could be tightened up, but this IS NOT HOW TO DO IT!!!

If you want folks WHO ARE ABLE BODIED to get off welfare, then train them in Job programs, and/or make workfare part of the deal, or set limits on how long you can get it. But DON'T HIT THE ELDERLY DISABLED!!!

I have been told that you won't even read things like this, but I think you do, and I think you had best pay attention to these folks, who VOTE, even though a lot of folks don't think so, I saw lot's of little "I voted" stickers on folks at The Glory Hole.

Let your conscience be your guide.

God Bless You,

*Allen Nortrup*

Executive Director



food ♡ shelter ♡ hospitality

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

1-22-93 P.1/11  
RE: BILL #67 ①

(907)456-1837

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

Unfortunately, Public Assistance programs

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

P.2/11  
②  
cont.

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

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

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

Dee Dee Olsen  
126-2ND Ave #12-A  
FBXS AK 99701 (907)456-1834

(3)  
CONT.

it with you today.

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

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

FEB 22 '93 17:12 LIO - FAIRBANKS  
Dee Dee Olsen  
126-2ND Ave #12-A  
FBKS AK 99701

(907) 456-1837

1-22-93 P. 4/11

CONT.

our basic needs are being denied.

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

Please stop treating us as that un-wanted  
doll with no further use - for if  
<sup>continue;</sup>  
you ~~do~~ you will also be sending a message  
to our next generation of children - that  
they also are of no use.

Please allow us the same necessities  
that you go home to every night.  
Thank you for your time.

Dee-Dee Joy Olsen  
1-22-93

2/22/93

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

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

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

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

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

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

# State health chief diverts funds to his office

The Associated Press

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Hickel's proposed budget for the next fiscal year includes \$1,063,400 for the commissioner's office, Clarke said. That's an 8 percent increase over the current year, but it's \$26,600 less than the total of the \$796,100 allocated for this year plus

the \$93,900 diversion.

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

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

150 Cornell Way  
Fairbanks, AK 99709  
February 22, 1993

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

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

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

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

(7)

(cont.)

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

Robin Wickham

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

RE: House Bill # 67

Feb. 22, 1993.

To Whom It May Concern:

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

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

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

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

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

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

(over for page 2)

Results will be:

① Because the work load would be cut by almost 3/4 per month from Social Workers. They would then be able to work more efficiently, complete assignments, require less overtime. Not counting the saving of money that now is wasted on paper and supplies.

② By having a-d's file one month, E-I the next, and k-z the following month for individuals and offsetting AFDC recipients. Similarly over a six month period. Wasted items and time would save the state the money.

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

Thank You for Your Time

Mrs. Virginia A. Oeser

Mrs. Virginia A. Oeser

TO: **HOUSE HEALTH, EDUCATION &  
SOCIAL SERVICES COMMITTEE**

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

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

Date: February 22, 1993



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

This urging is based upon the following reasons:

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

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

586-2394/

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

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

RE: Change in State AFDC Regulations

Dear Representative Hudson:

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

Let me show you one month's example.

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

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

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

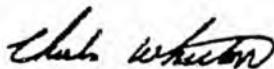
I believe its my responsibility to support my children, and there's nothing I want more than to give them the money they need. I've applied for my PFD every year I was eligible, knowing it would be taken for child support, and I encourage other fathers to

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

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

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

Sincerely,



Charles Wheaton

Enclosure: Ombudsman staff letter  
cc: Ted Mala, Commissioner, Health and Social Services



State of Alaska  
**ombudsman**

Duncan C. Fowler

February 9, 1993

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

RE: Change in State AFDC Regulations

Dear *Charles* Mr. Wheaton:

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

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

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

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

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

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

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

Reply to:

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

February 9, 1993

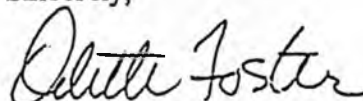
AS 47.25.330 (2), Duties of the department, authorizes the Department of Health and Social Services to adopt regulations and take the action necessary to carry out Alaska statutes governing the AFDC program.

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

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

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

Sincerely,



Odette Foster  
Assistant Ombudsman

OF:pjc

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

BISHOP MICHAEL H. KENNY

R. CATHOLIC DIOCESE OF JUNEAU  
CATHOLIC COMMUNITY SERVICE

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

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

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

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

... THE LAST TIME I BOUGHT A PAIR OF DRESS SHOES WAS  
... 12 YRS. AGO, I HAVE 2 SUITS TO MY NAME - ONE GIVEN  
... ME + ONE I BOUGHT FOR \$500, MY SALARY IS \$300 A MONTH  
... BUT I'M NOT COMPLAINING. I RESIDE IN A BEAUTIFUL HOME.  
... I HAVE ALL I CAN EAT, I KNOW I WILL ALWAYS BE  
... TAKEN CARE OF.

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

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

... WILL BE FURTHER REDUCED,

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

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

ADN 3-6-93

Ant

# House panel approves welfare cuts

## Committee agrees with trims suggested by Gov. Hickel, proposes more

The Associated Press

JUNEAU — A House committee has proposed deeper cuts in Alaska's welfare programs than those suggested by Gov. Wally Hickel.

The Health, Education and Social Services Committee approved Hickel's cuts this week, but also eliminated the annual cost-of-living increases in welfare benefits.

"We won't ever be able to get a handle on our state expenses if we let state programs increase their costs every year," said Rep. Al Vezey, R-North Pole and a committee member.

Sherrie Goll, who works with children's and women's groups, said the cuts would force poor children, blind and disabled Alaskans further into poverty.

"It's a very cruel and harmful and unnecessary thing to do in a year when we have plenty of money to pay for our constitutionally mandated programs and needs," Goll said.

Hickel's House Bill 67 and Senate Bill 101 would reduce benefits to about 20,000 Alaskans receiving assistance through the Aid to Families with Dependent Children and Adult Public Assistance programs.

Monthly payments for a single parent with one child, currently at \$845, would be rolled back to \$792, the amount paid in the 1991 fiscal year. Monthly payments to poor, disabled or elderly Alaskans would go from \$374 to \$344, the amount paid in the 1990 fiscal year.

The cuts would take effect July 1. The governor also proposes suspending for one year the cost-of-living increases that would take effect Jan. 1.

Budget director Shelby Stastny estimated that Hickel's cuts would have saved \$17.4 million during the fiscal year beginning July 1.

The House committee amended Hickel's bill to eliminate the automatic

cost-of-living increase permanently. That would save the state \$24 million in fiscal year 1995 and \$30.4 million in fiscal year 1996, the committee said.

Committee co-chairman Con Bunde, R-Anchorage, said future legislatures could add inflation adjustments if they felt the state could afford them.

"We're not balancing the budget on the backs of the poor," he said. "They're not going to be the only people who are being asked to take a decrease."

Both versions of the bill contain provisions that would make it easier for poor people to work without losing medical and other benefits, state welfare officer Curtis Lomas said.

The bill must go through the House Judiciary and Finance committees before the full House votes on it. An identical measure also must be passed by the Senate before going to Hickel for his signature.

# JUNEAU EMPIRE

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## It's cynical to target welfare

**M**aybe the people who want to reduce welfare payments to about 20,000 low-income and disabled Alaskans haven't been reading the headlines lately. Maybe they missed the recent stories about the state receiving \$680 million in tax settlements from two oil companies.

That news is shaping the debate in the Capitol this year, at least during gaps in the ongoing argument over ethics. Lawmakers seem to be divided on how best to use the extra money from the oil settlements.

The key there words are "extra" and "money."

Gov. Walter J. Hickel and the members of the House Health, Education and Social Services Committee should take note. They had better figure out a way to tell people who receive adult public assistance and Aid to Families with Dependent Children that, yes, we have extra money this year but still feel it's important to cut welfare payments.

At least one critic of politicians on the cut-welfare bandwagon called their proposals cruel and unnecessary. It's also cynical, in a year of extra revenue, to target welfare recipients. The most needy Alaskans are

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**TOPIC:** Hickel,  
some lawmakers  
plan welfare cuts

---

being singled out to bear the brunt of some lawmakers' cut-government campaign pledges simply because they're not an organized or powerful constituency.

Under Hickel's budget blueprint for next year, adult public assistance payments would be reduced \$42 a month, while Aid to Families with Dependent Children would cut payments for a low-income parent with one child by \$53 a month. Cost-of-living increases due in 1994 would be eliminated, too.

That means recipients of AFDC would see their payments rolled back to 1991 levels. Those on public assistance would be paid at the 1990 rate.

Incredibly, members of the House HESS committee don't think Hickel cut deeply enough. They approved a plan last week that adopts the governor's reductions and goes a step further by permanently eliminating automatic cost-of-living adjustments. That means people at or near the poverty line would fall further behind as inflation rises but benefits don't.

We hope both plans fizzle.

That doesn't mean we believe welfare reform is a bad idea. Hickel, in fact, deserves credit for including \$640,000 in the budget for better training and preparation for people trying to find jobs and get off welfare.

At the national level, President Clinton is pushing some worthy proposals, too. He wants to expand job training and education for welfare recipients, then require them to work. If jobs in the private sector aren't available, recipients would do community service work.

The president's plan also would limit benefits in many cases to two years. In addition, he wants to create a national database to track "deadbeat dads" who don't pay child support.

None of this is cheap and none of it is guaranteed to work.

But the reform proposals are far less cynical than cutting benefits for poor and disabled people when there's extra money on the table.



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P.7/7

# TELECOPY COVER SHEET

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## POSITION PAPER ON HB 67 AND SB 101

The Interior Alaska Women's Political Caucus categorically opposes the passage of HB 67 and SB 101. We have examined the bills in detail and have the following comments.

*This is the most sweeping set of cuts to public assistance ever considered by the Alaska Legislature.*

Throughout the years there have been numerous proposals to eliminate certain aspects of the benefits for public assistance recipients. Most commonly bills have proposed suspension of the COLA adjustment. These bills, however, authorize seven major statutory changes--virtually everything the state can legally do to reduce benefits.

The impact of each cut can be postulated, although the combined impact of the cuts, both on the economy and the daily lives of the 44,321 Alaskans projected to receive public assistance (see Chart 1), cannot be known.

*If HB 67 and SB 101 pass, the cut to the AFDC benefit will be the largest AFDC cut enacted in this country in recent memory.*

In 1992, six states enacted reductions to their AFDC payments. However, according to the National Center on Law and Public Policy, no state has enacted benefit cuts as large as the ones contained in these bills. Interestingly, eight states either increased benefits or improved their program in 1992.

In a number of states, a great deal of activity resulted in maintenance of the status quo. In New Mexico, an AFDC increase was approved by the Legislature but vetoed by the Governor. In Iowa, a supplemental appropriation maintained grant levels which otherwise would have been cut. In Nebraska, proposals to increase and decrease benefits were considered and rejected.

*The economic impact on the Fairbanks North Star Borough will be substantial.*

The bills will cut \$3.6 million dollars out of the pockets of the poor in the Fairbanks North Star Borough (FNSB) alone. Given that public assistance payments are 100% disposable income, the impact on retail establishments and grocery stores is therefore likely to be substantial.

*The cuts proposed in HB 67 and SB 101 will be particularly devastating to rural Alaskans.*

A number of factors make the proposed cuts very hard on rural Alaskans. First, the added cost of shipping substantially increases the price of all consumable and non-consumable goods, from fuel to food to imported technology. Secondly, only very limited permanent, full time employment opportunities exist in rural Alaska. Most wage earning opportunities tend to be seasonal and/or temporary (e.g., fire fighting, commercial fishing, airport work) and are unstable by definition. The high rate of unemployment characteristic of many villages is directly tied to these two factors. AFDC and APA benefits provide an important stable resource upon which many people periodically rely during difficult times.

In examining the elderly APA caseload over time, it is apparent that it is heavily weighted towards older, rural Alaskans. For a whole generation of Alaskans, APA has become a pension plan because they worked at a time and in jobs (i.e., commercial fishing, cannery work, mining, steamship related work) where retirement benefits were not available.

*Over the last decade, the public assistance caseload growth has remained fairly constant when compared to the growth of the Alaskan population as a whole.*

From 1982-1993 the APA caseload has consistently represented about 1% to 2% of the Alaskan population. The AFDC caseload has shown slightly more volatility, fluctuating between 4% and 6% of the Alaskan population. Caseloads rose in 1991 due to the federally mandated addition of the two-parent benefit, also known as the Unemployed Parent (U.P.) program (see Chart 2).

*The philosophy and purpose of the APA and AFDC programs are very different, despite the fact that they are being treated as virtually the same in HB 67 and SB 101.*

These bills encourage the idea that the AFDC program and the APA program have the same purpose. They do not. The major purpose of the AFDC program is to meet the basic needs of 22,000 poor children while their parents get back on their feet and into the job market. Alaska Department of Labor statistics bear out the fact that reforms in recent years and in the future will be tied to eliminating the economic disincentives built into the program for not working (i.e. accumulation of some assets or transitional health benefits) and to making training, education or work the immediate goal of those on assistance.

In contrast, the 9,664 poor elderly, blind and disabled individuals on Adult Public Assistance have limited prospects for work. Disabled persons who qualify for the program have to prove that they have limited ability for gainful employment. Disabilities range from severe physical limitations to chronic mental illness.

The APA payments are meant to foster independence-- to provide a basic needs allowance for persons who live in the community. The alternative for many persons on APA living in the community is to live in costly institutional settings like nursing homes or ICF-MR's. These options cost from \$6,000 to \$10,000 per month today in Alaska. The state, through the Medicaid program or the Pioneer Home Program, would pay the full tab for the institutional care of this population.

*In the state of Alaska, one out of five children three years and under rely on AFDC for their basic needs.*

Alaskan children will be the most hurt by these cuts. Approximately 18% of Alaskan children three years of age and under rely on AFDC for their basic needs (see Chart 3). Studies have shown that economic disadvantage is directly tied to high failure rates in school.

*An AFDC recipient will pay 77% of monthly income for rent compared with 30% for an average Alaskan.*

The average Alaskan spends 30% of their income on housing. Low income housing programs require tenants to pay 30% of their income towards rent. In the FNSB, there are 3,014 households below the poverty level, yet only 648 units of subsidized rentals exist, all with a one to two year waiting list. Here are some housing facts to think about:

- \* Without subsidized housing, a 3 person AFDC household currently spends 70% of their income on rent for a 2 bedroom unfurnished apartment in the FNSB.
- \* With the proposed rateable reduction, this percent will increase to 77% of monthly income (more if rents continue to rise). In other words, a mother with two children who receives \$890 per month will pay \$661 for rent and have only \$229 remaining for all other expenses (food stamps cover at most only half of food costs).
- \* By rolling the grant back to 1991 levels with 1993 rents the three person family actually loses \$100 of real income, a 9% reduction.

*The legislature should support the JOBS program: 88% of AFDC recipients surveyed by the Department of Labor want to work.*

The main barriers to working for AFDC recipients are lack of training and fear of losing medical coverage. A single parent of two (the norm on AFDC) would need to earn \$7.20/hour to equal the poverty level. The current minimum wage is \$4.75/hour. Most available jobs are in the service sector. They pay less than \$7.20/hour and they do not have health benefits. Unemployment is 10.2% in the FNSB and much higher across the Interior. Yet 88% of recipients surveyed by the Department of Labor want to work. The JOBS program needs a chance to prove itself and adequate funding to provide the needed comprehensive services. To date, the state has funded the program only at the minimum level required by the federal government. In addition, the state could seek waivers to regulations such as the resource limit and earned income 'disregard' levels which would encourage work and entrepreneurial starts. The state should be supportive instead of punitive in its efforts to reduce welfare rolls.

*These bills and/or Department policy do little to provide incentives or mandates to people who can work. They impose across the board cuts on everyone including those with little hope of working.*

These bills do not distinguish between people who have limited chance to work and those who should/could be in the job market today. For instance, cuts are proposed for single AFDC parents, regardless of the age of their child. Thirty-three percent of AFDC parents have children under three years of age. In the same vein, the Governor proposes to make drastic cuts to 10,000 poor elderly, blind and disabled: people who have no ability to work.

*One parent of a two parent AFDC family should be in the workforce.*

Alaska was federally mandated to add the unemployed parent or two parent family to the AFDC program in October 1991. This law change has accounted for over half of the AFDC caseload increases experienced over the last two years.

There is ample justification for setting different work and payment policies for families where there are two able bodied parents, as opposed to single parent households, especially households with young children.

There are good examples from other states of policies which require the second parent to work or perform public service. Some local governments in Alaska are taking that stance. Experience has shown that work requirements for one parent in Unemployed Parent (U.P.) caseloads will shorten the length of stay on the caseload.

Why hasn't the Governor focused his energy on getting people back to work rather than cutting benefits to our very poorest citizens, a great number of which have no ability to work?

*We should focus our efforts on equitable ways to reduce the caseload because it will save far more money for the state, even in the short run.*

Most of the focus of national efforts has been on the reduction of the caseload rather than on reduction of the payment. One good reason for this is that far more money can be saved by, for instance, getting 10% of recipients off the caseload than by cutting benefits by 10%. States have hotly debated learnfare, workfare, limitations of family size and more restrictive rules for unemployed parents. While these proposals have gained national media attention, relatively few of them passed last year.

Nevertheless, states are beginning to refine their proposals, apply for federal waivers and find longlasting ways of reducing welfare.

*Cutting AFDC while at the same time diluting child support enforcement places the entire burden on the custodial parent.*

There is a direct correlation between lack of child support payments and dependence upon AFDC. Every dollar collected by CSED reimburses that state for AFDC payments.

A 1991 evaluation of child support prepared by the Alaska Women's Commission for the Department of Revenue found that the average annual income of mothers was \$13,500, 60% of the income of fathers. The Department of Labor found the same disparity in the "Gender Gap" study. Forty-one percent of female headed households with all children under five years of age live below the poverty level in the FNSB. When mothers have primary custody, post-divorce family per capita income declined by 17% to 33% when child support is paid, and from 35% to 45% when child support is not paid.

The Alaska Child Support Division collects payments on only 18.6% of their AFDC cases. In cases where payments are made, only 27% of what is owed is collected.

The JOBS program mandates parents whose youngest child is three years old to get back into the workforce. We have no program or requirement that mandates obligors who are not working to get a job and pay child support.

*More than 1,000 individuals living in institutions or community-based programs use their APA payment to pay for the cost of their care.*

Virtually every adult with a disability who lives in a community program, and people who live in institutions who are Medicaid eligible use their APA payment to pay their way in the program. Each month their APA check is used to offset program costs, minus a \$75.00 personal needs allowance which the client is allowed to keep. Programs relying on these payments include:

- Community Developmental Disability Programs
- Community programs for the Chronically Mentally Ill
- Adult Foster Care
- Adult Residential Care
- Harborview
- Hope Cottages
- Nursing Homes

Alaska has been a leader in providing community based living options for adults with disabilities and mental illness. Organizations like Hope Cottages, Southcentral Counseling, Fairbanks Resource Agency (Fairbanks equivalent here) and Reach provide choices of apartments and group home living arrangements.

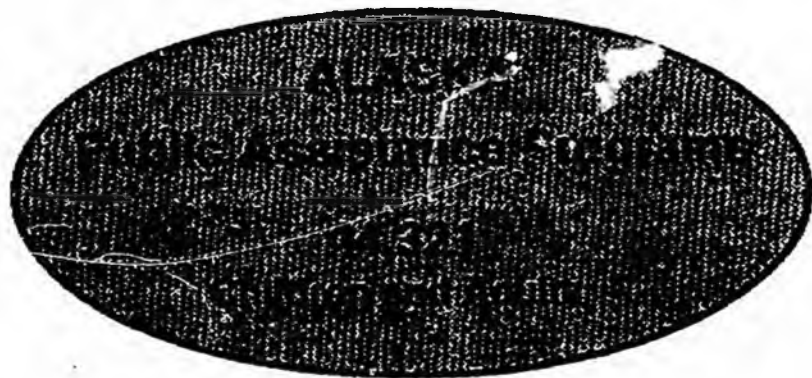
Similarly, Governor Hickel's initiative Project Choice counts on a sizeable contribution from the client.

Cuts in payments to these individuals really means a cut to the community-based program budgets.

*For further information, you may contact the following:*

Ruth Lister: 455-6886  
Karen Perdue: 456-5780  
Polly Wheeler: 457-1920

**ALASKA**  
**Public Assistance Programs**  
**Projected FY1994 Caseloads**



**Aid to Families With  
Dependent Children  
(AFDC)**  
12,657 Adults  
22,000 Children

**Old Age Assistance**  
4,137 Adults

**Aid to the Disabled**  
5,458 Disabled Adults  
89 Blind Adults

CHART 2  
 Percentage of Alaskans Receiving  
 Aid to Families With Dependent Children (AFDC)  
 and Adult Public Assistance (APA)

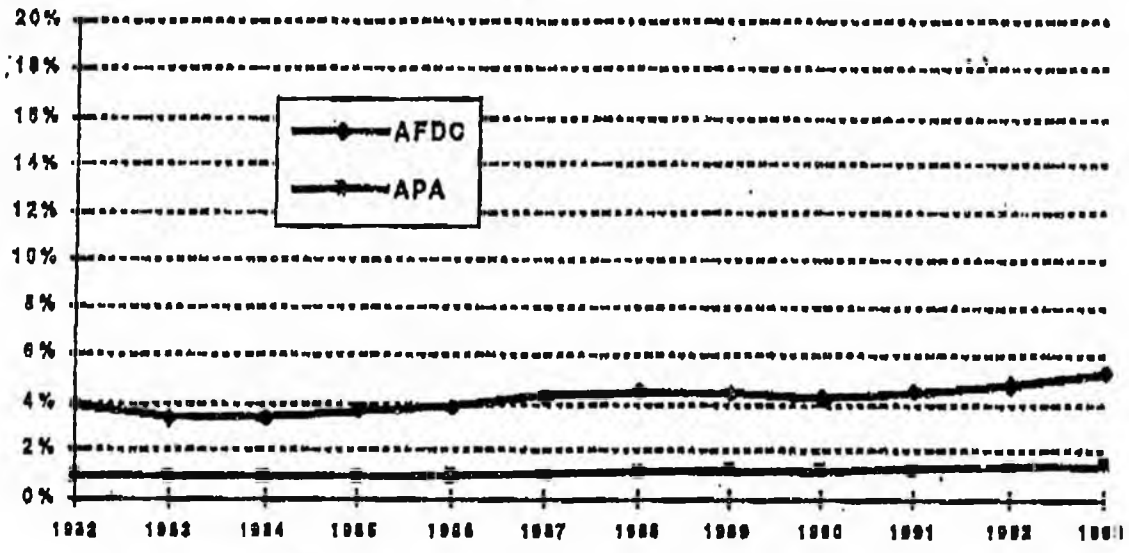
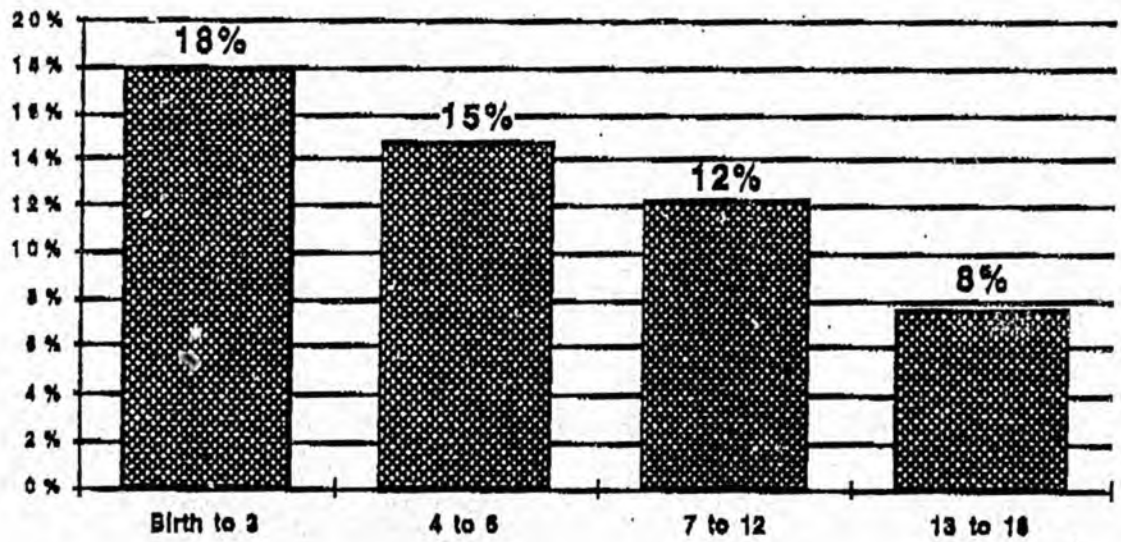


CHART 3  
 % of Alaskan Children  
 Receiving AFDC By Age  
 Projection for FY1984





STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

**STATE OF ALASKA**

**POSITION PAPER**

March 12, 1993

**FEDERAL POLICY CHANGES NEEDED FOR STATE WELFARE REFORM**

The State of Alaska needs changes in federal policy to enable it to move forward with initiatives to reduce welfare dependency and promote the self-sufficiency of welfare recipients. We propose changes in the following policy areas.

- AFDC Waiver Authority: Provide more options to states. Allow statewide waivers without demonstration project methodology.
- AFDC Unemployed Parents: Repeal the "100-hour rule."
- AFDC Eligibility Policy: Expand work incentives; allow options for the vehicle value limit.
- JOBS Program Policy: Drop unrealistic requirements and recognize the value of paid work.  
  
Reallocate lapsed federal JOBS funds to states that have fully matched 100 percent of federal CAP.  
  
Eliminate "new job" requirement for Work Supplementation.
- Work Experience: Provide federal matching funds for work experience programs for non-JOBS AFDC recipients.
- Health Care: Expand Transitional Medicaid coverage for AFDC recipients who go to work.

## Background

The State of Alaska has found that federal policies severely limit its ability to try new approaches in the Aid to Families with Dependent Children (AFDC) program and in the Job Opportunities and Basic Skills Training (JOBS) program for AFDC recipients. Many Alaskans have expressed a growing sense of frustration as it has become clear that the federal government must act before we can hope to make real, positive changes in our AFDC program.

Along with many other states, Alaska has experienced a rapid rise in its AFDC caseload over the past four years, with serious impact on the state budget. Alaska's caseload grew by 49.3 percent between July 1989 and September 1992, and is projected to continue to grow by at least five percent per year.

The Alaska Department of Health and Social Services has been working to identify the causes of welfare dependency and developing measures to curb the growth of the AFDC program. The January 1993 issue of Alaska Economic Trends includes an article that summarizes the department's study of welfare dependency and welfare restructuring measures. The study revealed that federal requirements stand in the way of state initiatives to reduce welfare dependency. Many of the most eloquent critics of existing federal policies are themselves AFDC recipients.

## Proposed Federal Changes

### AFDC Waiver Authority

Provide Options to States: The states' policy options are too limited. Policy waivers are difficult to obtain, expensive to operate, and inequitable in their application. Section 1115 of the Social Security Act establishes the only authority for waiver of federal AFDC policies. The waiver requirements are a major obstacle to welfare reform. The cost of designing and operating the demonstration projects required for waiver approval is prohibitive for sparsely populated states like Alaska. A project of any significant size requires major modifications to electronic data processing systems and additional staff to design, monitor, and operate the project in compliance with the rigid federal guidelines. Some of the federal statutes and regulations governing AFDC and JOBS make so little sense that there is no further need for experimentation to test alternatives.

Allow Essential Waivers without Demonstration Project Methodology: The demonstration project requirement to impose different eligibility rules on experimental and control groups raises the issue of inequitable treatment of similarly situated people, and makes it impossible to apply innovative rules to the state's entire AFDC caseload. Much has been written in the media about the innovations advanced by some of the larger states like Wisconsin, New Jersey, Maryland and California. These

stories tend to ignore the fact that the alternative rules being tested apply only to a selected number of individuals. The general perception of the ability of the states to restructure their welfare programs stands in sharp contrast to the reality of applying waivers under the current requirements. Waivers should be granted to allow statewide changes without requiring a control group.

#### AFDC Unemployed Parents

Repeal the 100-hour Rule: The limit on the number of hours that AFDC parents in intact families may work encourages dependency and wastes state and federal program dollars. The "100-hour rule" for AFDC Unemployed Parent cases, which denies benefits to families where a parent works more than 100 hours per month, actually fosters AFDC dependency and drives up the cost of the program. Low-income families frequently choose not to accept jobs that are available to them because they can't afford to take them. Families that might eventually work themselves off welfare stay on, hoping for a job that will pay enough to support them, and give up a source of income that would partially support them and reduce the cost of their AFDC benefits. The 100-hour rule must be repealed.

#### AFDC Eligibility Policy

Expand Work Incentives: Financial incentives for welfare recipients to work are inadequate. The statutory policy on treatment of earned income provides little incentive for AFDC parents to work. States must be given the authority to disregard substantially larger amounts of working recipients' income so they will have real incentives to get jobs and keep working.

Allow Options for the Vehicle Value Limit: The regulatory restriction on the value of the family automobile keeps people at home when they could be working or training for work. It doesn't allow potential workers to have the reliable transportation they need to get training, search for work, get children to child care, or commute to available jobs. Federal policy must be changed to empower the states to set much higher limits on the value of vehicles more than the \$1500 allowed under existing regulations.

#### JOBS

Drop Unrealistic Requirements: Participation quotas for the JOBS program for AFDC recipients are unrealistic and do not recognize work itself as a legitimate training activity. As the American Public Welfare Association pointed out in a recently adopted resolution, the statutory requirement to have 40 percent of AFDC Unemployed Parent families participate in individual work experience beginning in fiscal year 1994 is unrealistic when you consider the cap on federal JOBS funding, the general lack of job skills of most recipients, and the high cost of developing sites and operating and monitoring the program.

Recognize Paid Work: The 40 percent requirement, combined with the other JOBS program participation quotas, sets the states up for failure and loss of federal funding. This problem is exacerbated by the fact that the Department of Health and Human Services refuses to recognize unsubsidized employment as a legitimate work experience for unemployed parents. Paid employment—a real job—is the best possible work experience and must be the primary aim of the JOBS program. The JOBS participation quotas must be adjusted to reflect what can be reasonably accomplished with the amount of funding available.

Reallocate Lapsed JOBS Funds to States Who Use Cap: The authorization for Title IV-F JOBS funds is inadequate to carry out federal mandates for JOBS. Some states have fully expended their capped allocation and some states have lapsed JOBS funds by failing to appropriate adequate state match. The federal government should re-allocate lapsed JOBS funds to states that utilize their full cap and are making a welfare-to-work commitment with adequate state match. Alaska could be entitled to an additional \$1,000,000 for its JOBS program if a reallocation policy were in place.

Eliminate "New Job" Requirement for Work Supplementation: There is welfare dependency-breaking value in JOBS Work Supplementation (welfare recipients working for a paycheck from an employer, partially funded by diversion of the welfare grant). The federal requirement that Work Supplementation job placements be made only in jobs which did not previously exist severely restricts the use by public assistance agencies of the Work Supplementation program. JOBS program policy must be changed to allow Work Supplementation placements in any job available in the employment market.

#### Work Experience for non-JOBS AFDC Recipients

Restore Federal Funding for Title IV-A Work Experience: The Family Support Act of 1988 revealed federal funding and authority for mandatory work experience activities for AFDC recipients who are not enrolled in JOBS. Comprehensive welfare reform requires federal support of work experience for AFDC clients who, because of limited funding, are not served by the JOBS program. An impetus to work must be placed on all welfare recipients, not just those enrolled in JOBS. Authority and funding for non-JOBS AFDC work experience must be restored.

#### Health Care

Expand Transitional Medicaid: Under the current rules, the maximum Transitional Medicaid coverage is twelve months for people who lose eligibility for AFDC due to increases in earned income. It has been widely acknowledged that access to health care is one of the major reasons people stay on welfare. The twelve-month coverage limitation is a barrier to long-term employment for people entering the labor force,

particularly at the lower wage levels. The twelve-month limitation must be supplemented by an extension of coverage at state option, based either on length of employment, total income of the household, or both.

### Conclusion

Regulatory and statutory provisions which promote dependency and hinder the states' efforts must be repealed. The federal government must move away from the demonstration project concept toward a statutory expansion of the states' policy options. The states also need a simple, comprehensive administrative process for waiver of statutory and regulatory requirements. The states are well motivated to control costs while assuring that their citizens are protected from poverty. States are not going to adopt changes that do not promise to yield results.

These federal policy changes must be made, and made quickly, to support the states in their desire to affect positive changes toward the promotion of self-sufficiency and the reduction of welfare costs.

ER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 15, 1993

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

Dear Speaker Barnes:

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

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

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

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

4867a

GOV'S TRANSMITTAL LETTER

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

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

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

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

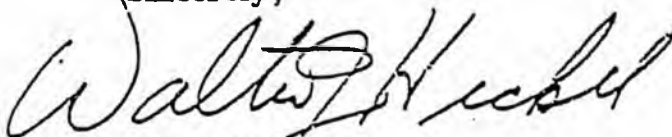
Section 7 repeals AS 47.25.320(e) to conform to the change made in sec. 1 related to reducing grant amounts for two-parent households.

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

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

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

Sincerely,



Walter J. Hickel  
Governor

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**STATE OF ALASKA  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF PUBLIC ASSISTANCE**

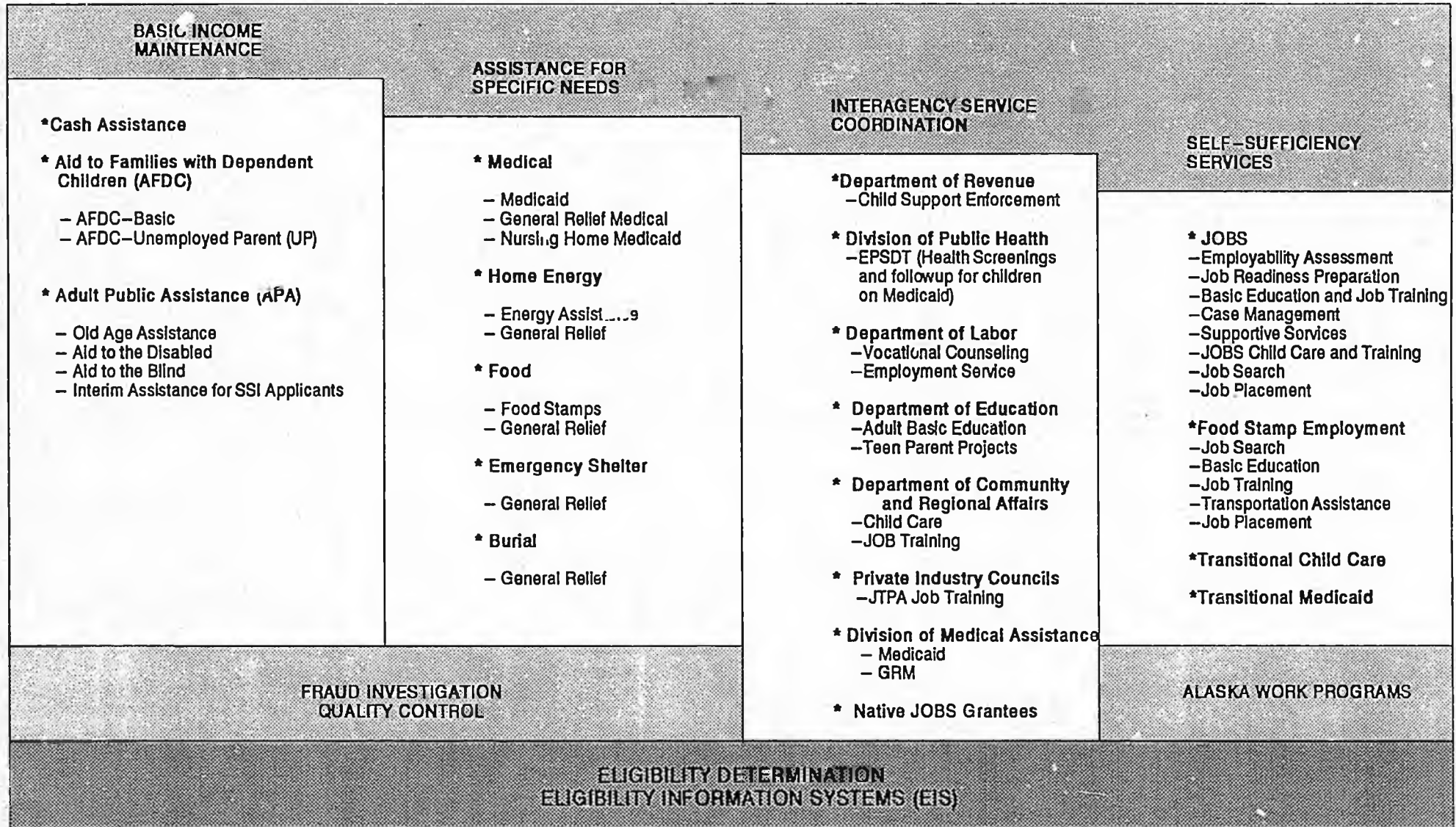
**Theodore A. Mala, MD, MPH  
Commissioner**

**Jan L. Hansen, Director  
Division of Public Assistance**

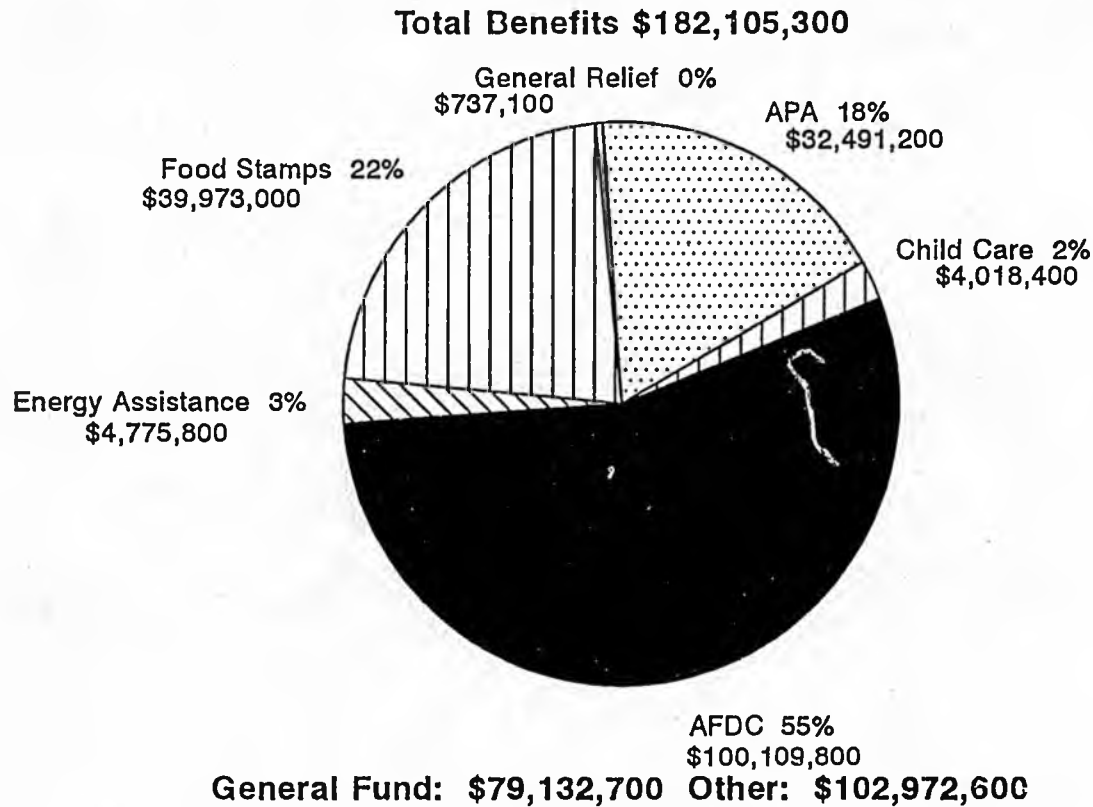


**February 23, 1993**

# DIVISION OF PUBLIC ASSISTANCE

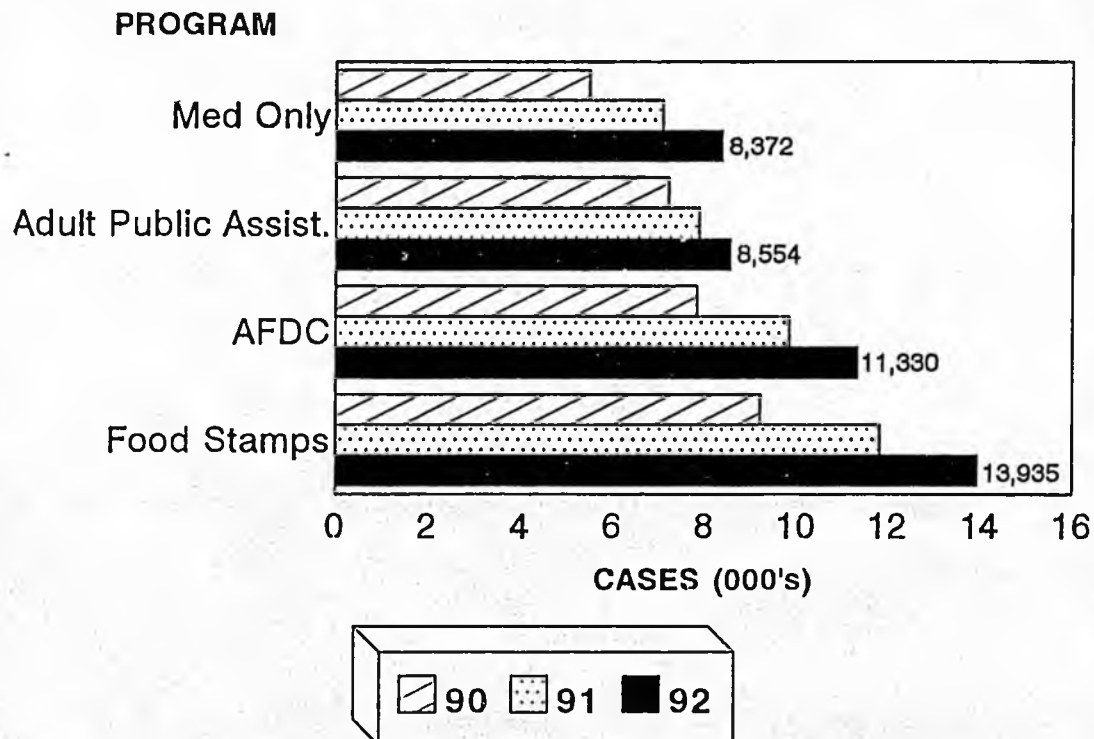


# FY 92 Program Expenditures



## Public Assistance Program Cases

Monthly Total  
October 90, 91, 92

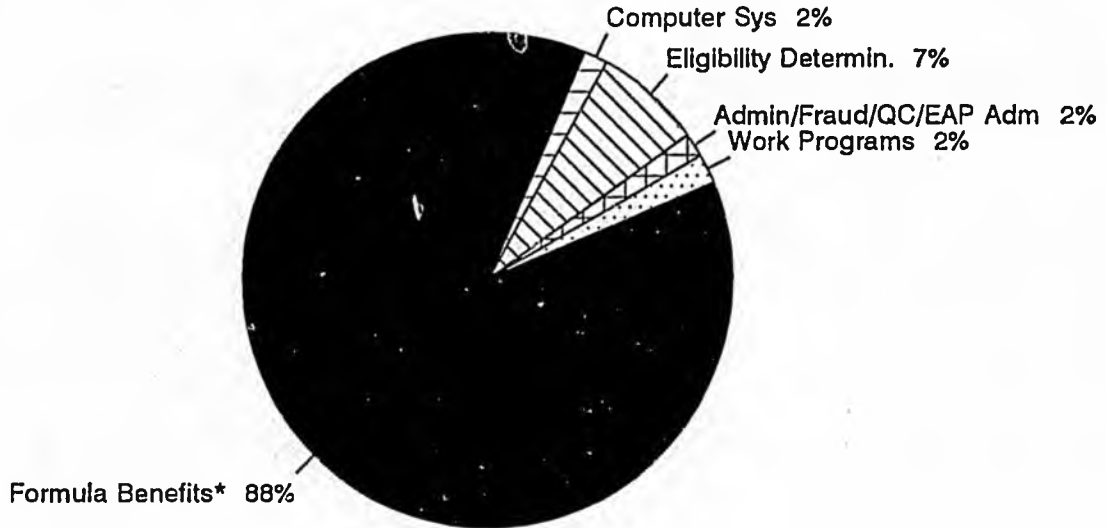


# FY 94 DPA Budget

## Program Benefits and Administration

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Total: \$262,616.6



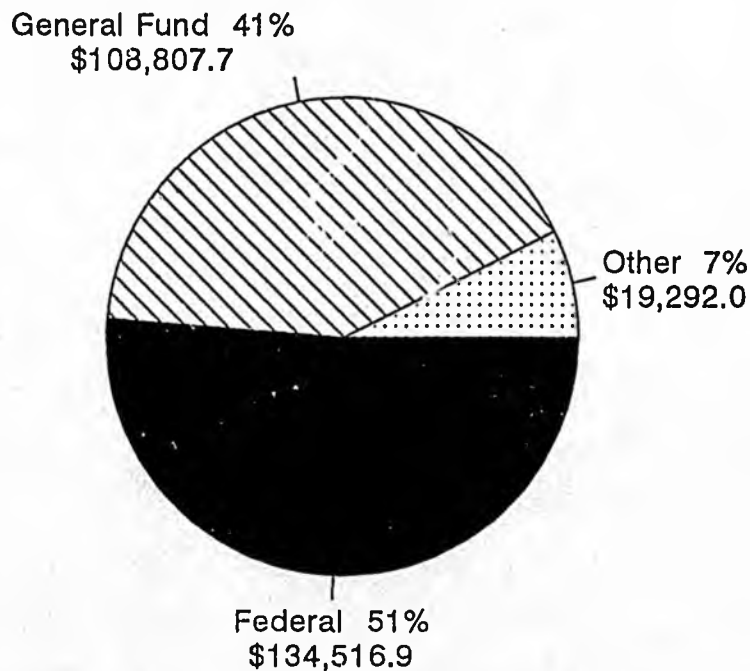
*\* Includes Cash Assistance, Food Stamps, Energy Assistance and Child Care Assistance*

## FY 94 DPA Funding Source

### Federal, General Fund, & Other

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Total: \$262,616.6



# DEPARTMENT OF HEALTH & SOCIAL SERVICES

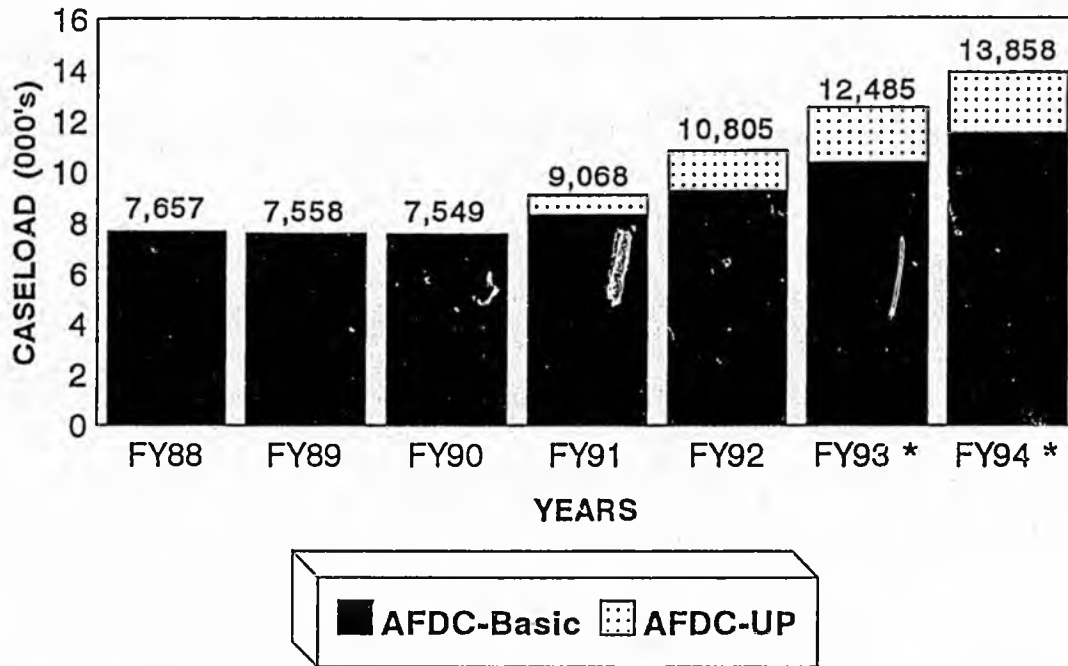
## Division of Public Assistance

### AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

- The AFDC-Basic program helps needy children who have low family income and resources and are deprived of one or both parents due to absence, death, or disability. AFDC-Unemployed Parent (UP) provides cash assistance to families with both parents in the home. AFDC-UP was federally mandated for all states on October 1, 1990.
- Participation makes members of households automatically eligible for Medicaid and energy assistance.
- A household comprised of a mother and two children, currently receives AFDC cash assistance of \$950 per month, or 77% of the federal poverty level for Alaska.
- Roughly 70% of the AFDC families also receive food stamps.
- Each month in 1992, about 11,000 families received cash assistance under the AFDC program. Family members included 12,000 adults and 20,600 children, a total of about 32,600 individuals.
- Of the total number of AFDC families served between FY84 and FY93 roughly 65% had received benefits for less than two years.
- Alaska current program participation rate, at 5.6% of the state population, is below California (7.6%), but exceeds Washington (5.3%), Oregon (3.8%) and Idaho (1.8%).
- In October 1992, the average AFDC-Basic family was 2.67 persons. The AFDC-UP average was 4.6 persons per family.
- The federal government pays 50% of the Alaska AFDC costs for both clients' benefits and for program administration.

# AFDC Program Average Caseload

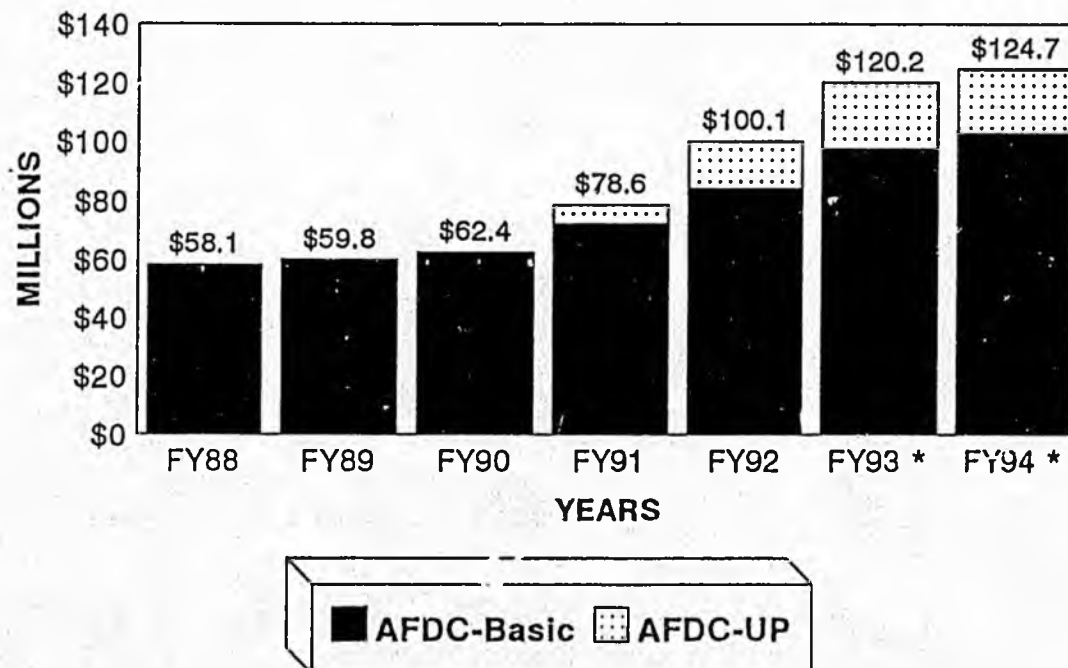
by Fiscal Year  
Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

# Total AFDC Program Expenditures

by Fiscal Year  
Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

## AFDC CASELOAD GROWTH

### JULY 1989/SEPTEMBER 1992 Percent Change in Cases (in thousands)

<u>Rank</u>	<u>State</u>	<u>July 1989 AF Cases</u>	<u>Sept 1992 Cases</u>	<u>Case Increase</u>	<u>Percent Change</u>
* 1	Florida	121.6	255.7	134.1	110.3%
* 2	N Hampshire	5.3	10.7	5.4	101.9%
* 3	Arizona	37.0	67.4	30.4	92.2%
* 4	N. Carolina	78.3	125.9	47.6	60.8%
* 5	Nevada	7.4	11.8	4.4	59.5%
* 8	Alaska	7.3	10.9	3.6	49.3%
18	California	604.7	826.5	221.8	36.7%
21	Oregon	30.6	40.7	10.1	33.0%
29	Washington	78.1	98.3	20.2	25.9%
30	Idaho	5.8	7.3	1.5	25.9%

\* States that implemented AFDC-Unemployed parent on October 1, 1990. In Alaska, 40 percent of the total AFDC caseload increase is the new AFDC-UP program.

**SITUATION:** For 39 consecutive months the national caseload for Aid to Families with Dependent Children has hit a new record high every month. As of September 1992 there were 4.9 million families and 14.4 million individuals receiving AFDC nationally -- or 29.6 percent more families than received AFDC in July 1989 when the escalation in need began.

#### PRINCIPAL FACTORS IN ALASKA'S AFDC CASELOAD INCREASE:

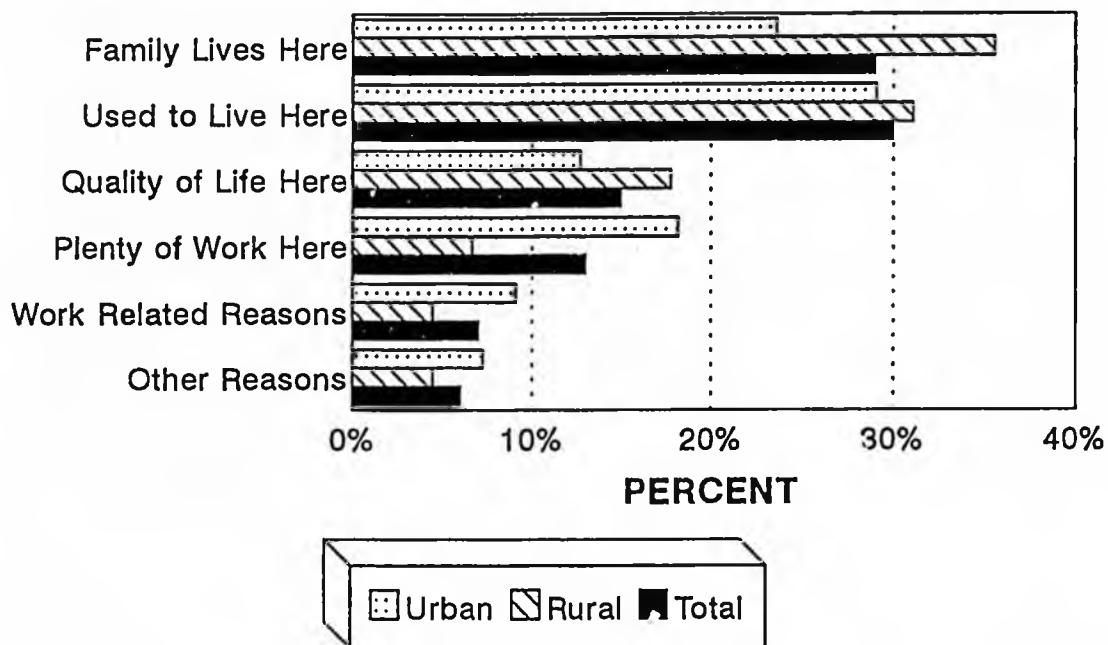
- The economic recession and high unemployment in Alaska and the rest of the states.
- Population increases as lower 48 residents moved to Alaska in expectation of greater economic opportunity. The Exxon Valdez cleanup and large Permanent Fund dividends contributed to Outside perceptions about Alaska's wealth. Unemployment rates in Alaska were lower than most of the U.S. when the caseload increases began.
- The October 1990 implementation of the AFDC Unemployed Parent program under federal mandate.
- Expansions in Medicaid coverage for pregnant women and young children and associated outreach efforts brought more families into contact with Public Assistance, and many were found to be eligible for AFDC.

#### OTHER FACTORS:

- Increased high school dropout rates.
- Increasing percentages of single-parent households.
- Growing numbers of refugees and immigrants.
- Increased rates of teen pregnancy and unwed births.
- Increases in the number of people living below the poverty line. Census data shows the number of Alaskans in poverty increased by 19 percent from 1979 to 1989.

# Primary Reason for Moving to Alaska

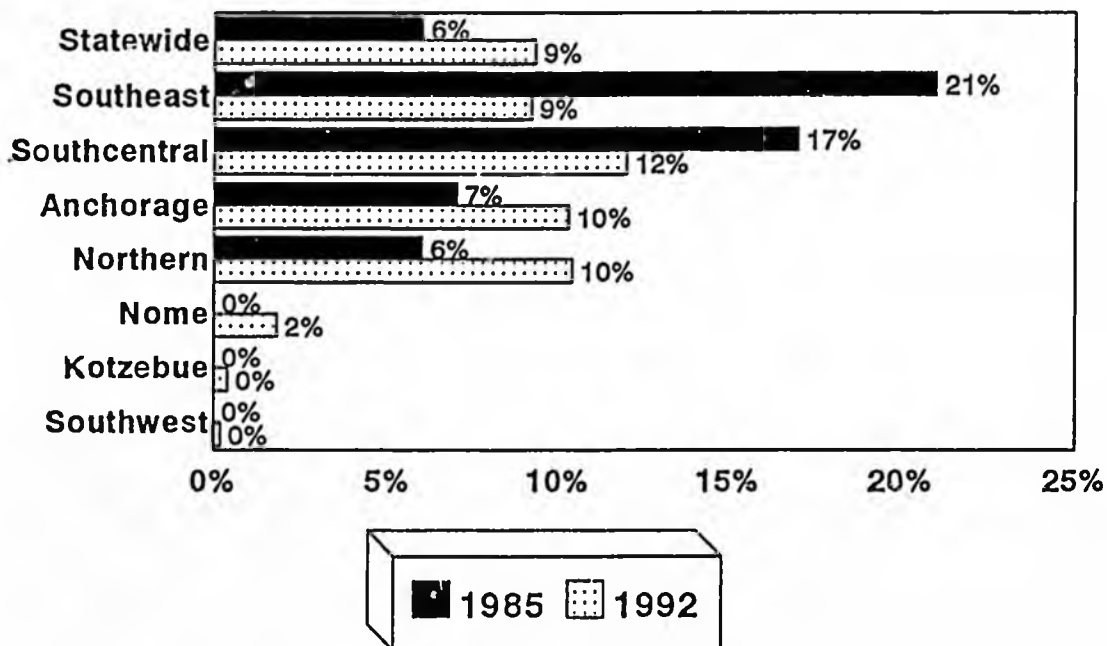
Client Survey/Self-Sufficiency Project



Based on survey of 485 clients in August 1992

## Percent of AFDC Cases That are New Arrivals\*

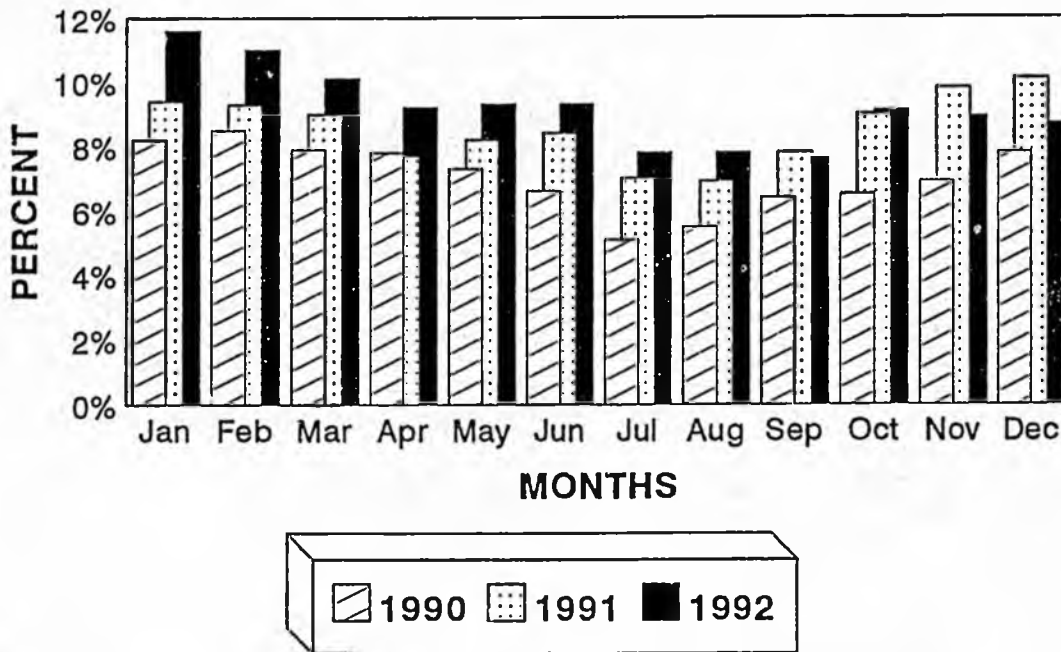
October 1985 vs October 1992



\* A new arrival has been in Alaska for less than one year.

# Alaska Unemployment Rates

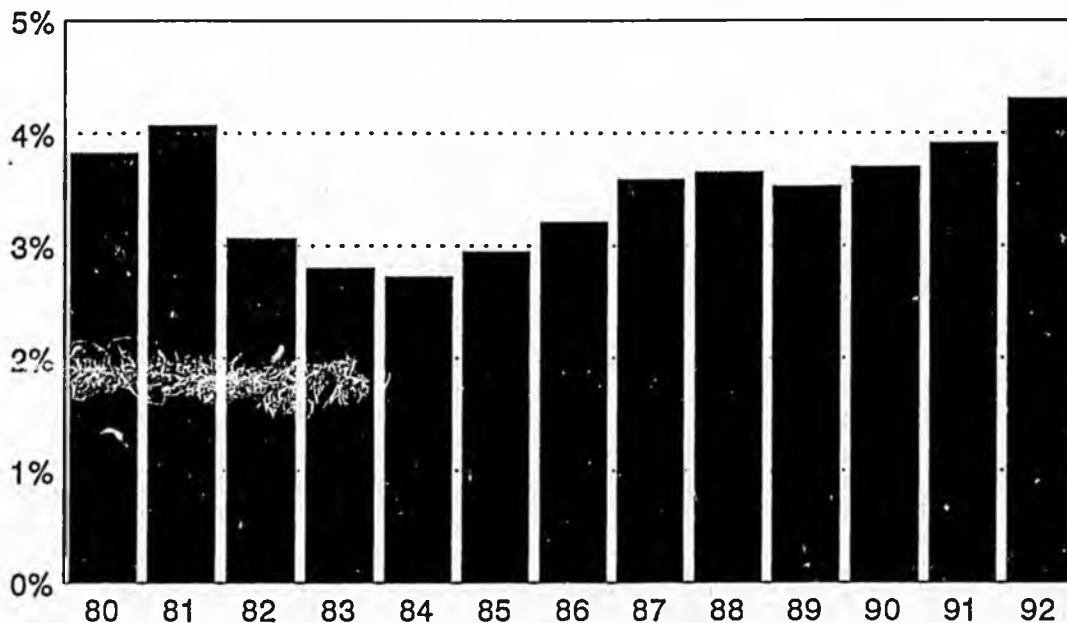
By Month  
1990 to 1992



Source: Alaska Department of Labor, Research and Analysis Section

## State of Alaska Comparison

AFDC Basic Recipients Percent of  
Alaska Population \*  
1980 to 1992

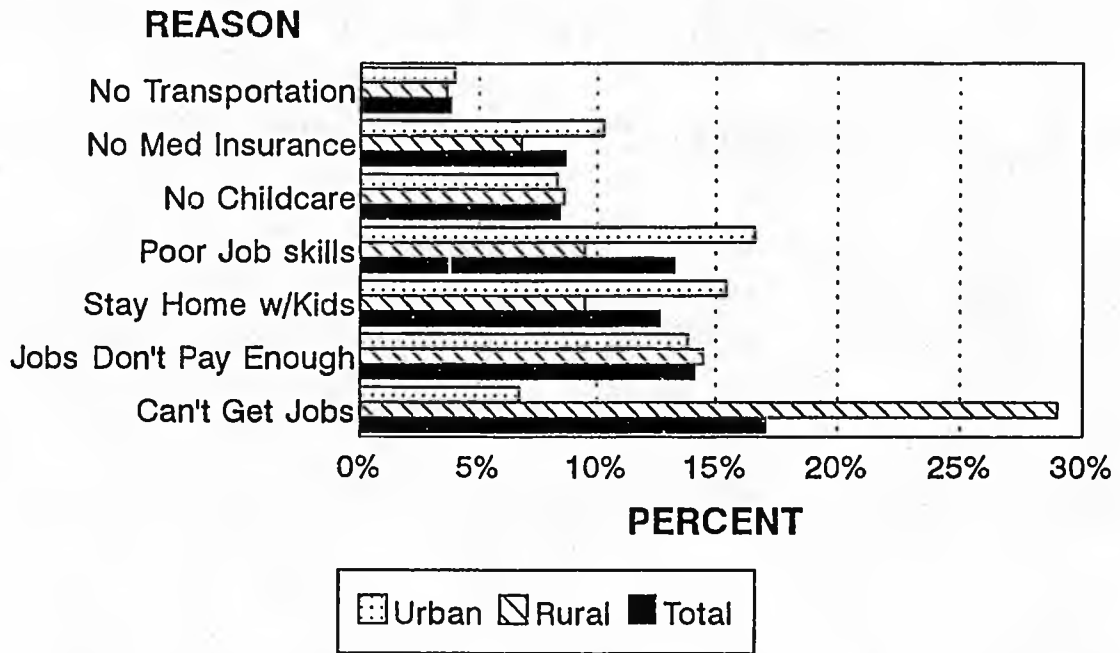


\* AFDC recipient and state population are as of July 1st each year.

# Primary Reason for Being on AFDC in Alaska

Client Survey/Self-Sufficiency Project

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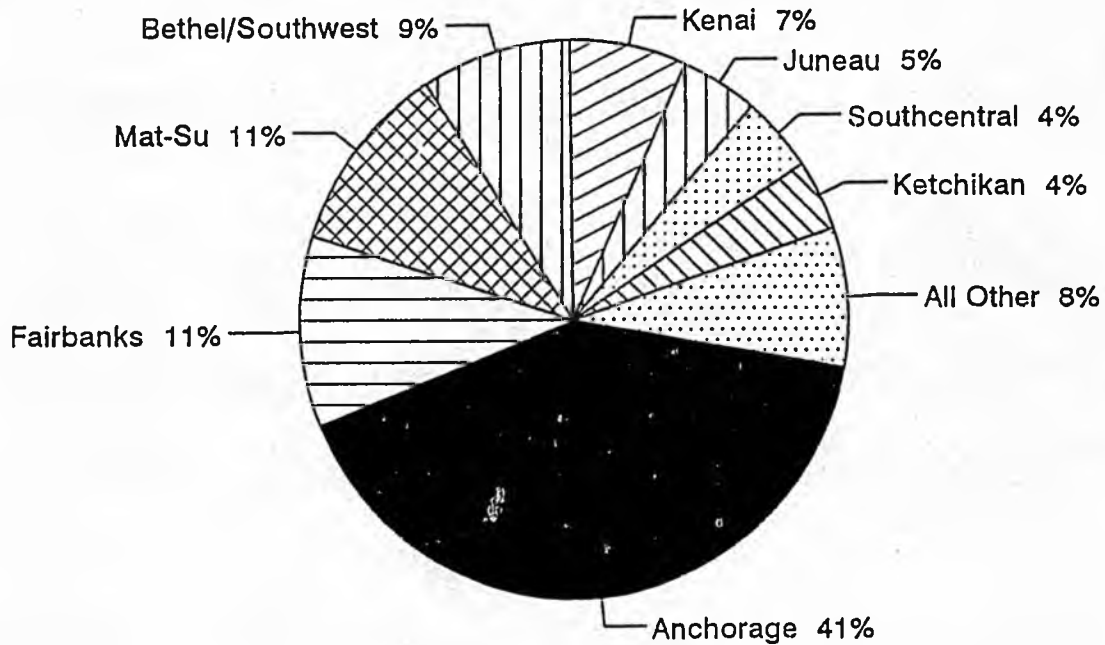


*Based on a survey of 485 clients conducted in August 1992*

# AFDC Cases by Location

October 1992

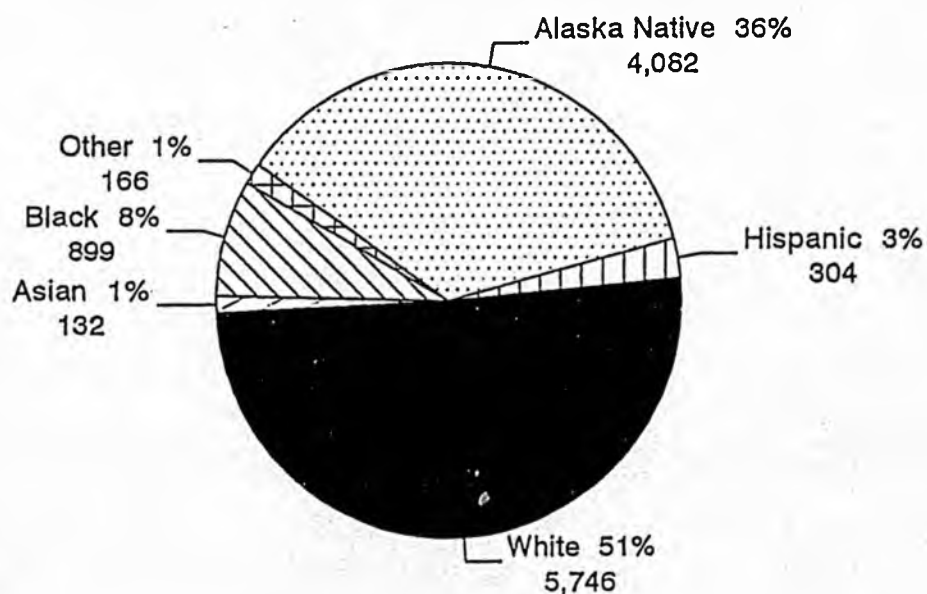
11,330 Cases Statewide



# AFDC Cases by Race

October 1992

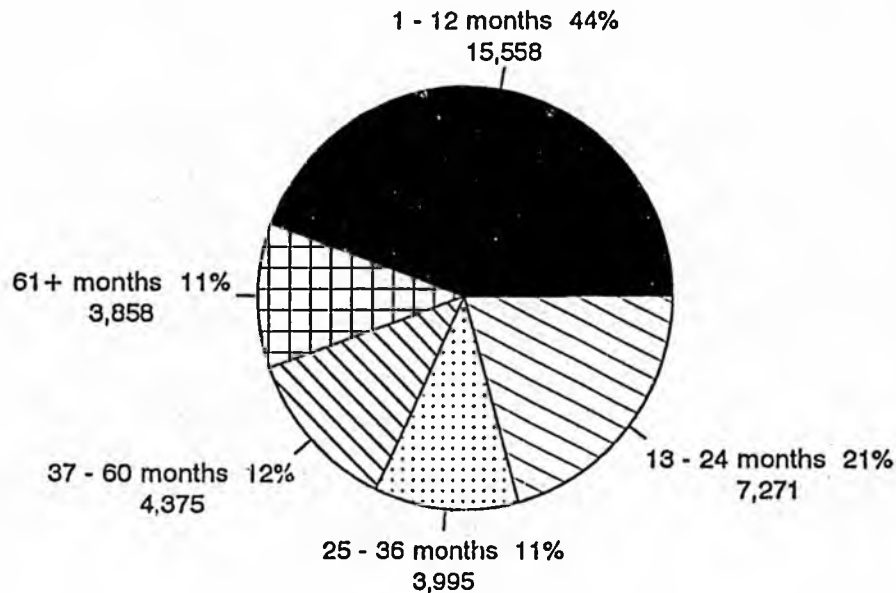
11,330 Cases Statewide



# Months of AFDC Participation

Open or Closed Cases  
as of January 1, 1993

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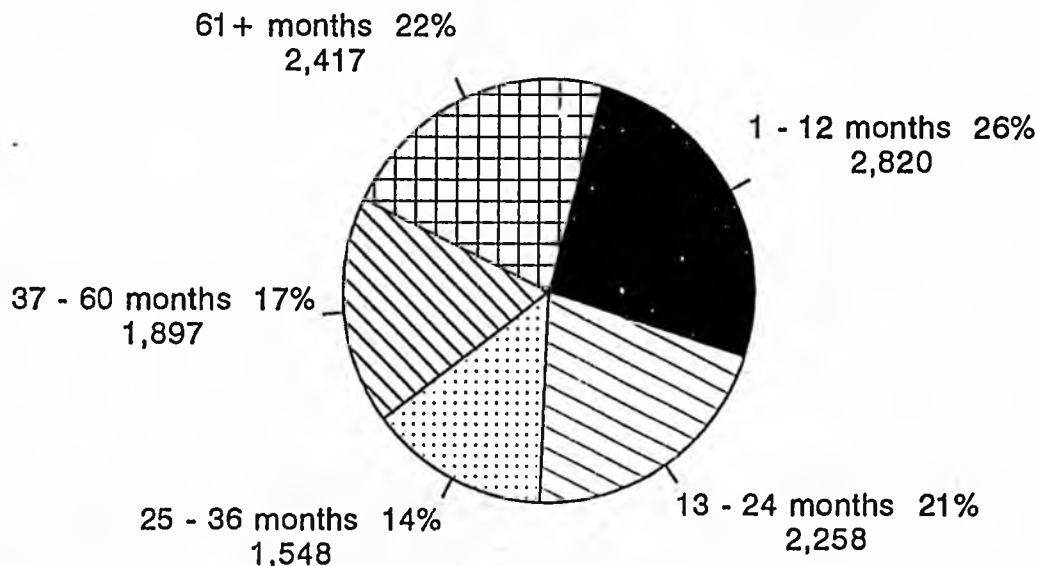


*Note: of the 35,057 AFDC families served since July 1984, 65% have participated for less than 24 months*

# Months of AFDC Participation

Current Open Cases  
as of January 1, 1993

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*Note: In Alaska, 39% of the current and open AFDC cases have been on welfare for more than 3 years.*

DIVISION OF PUBLIC ASSISTANCE

AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)

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

**FY93 AFDC BUDGET SUMMARY**

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

<b>FY93 AFDC BUDGET WITH SUPPLEMENTAL</b>	<b>\$120,202.4</b>
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**FY94 AFDC BUDGET SUMMARY**

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

<b>FY94 AFDC REQUEST</b>	<b>\$124,749.6</b>
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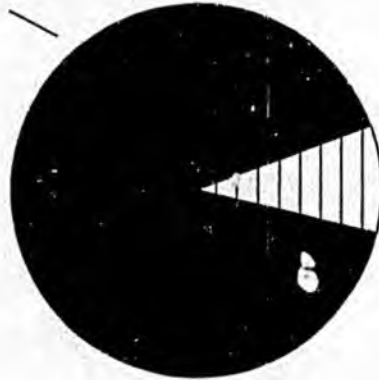
# FY 94 AFDC Budget Request

## Full Formula vs Reductions

\$137.4 FY 94 Full Formula

\$12.7 Total Reductions

AFDC Request 91%  
\$124.7



Total Reductions 8%  
\$12.7



Need Standard 16%  
\$2.0

Suspend COLA 17%  
\$2.1

Ratable Reduction 68%  
\$8.6

\$124.7 FY 94 AFDC Request

### Effects of HB67 on AFDC Payment Standards

PROGRAM	1/93 PYMT STD	1/94 PYMT STD W/O HB 67 + 3.0% COLA	1/94 PYMT STD WITH HB 67	% CHANGE FROM 1/93 PYMT STD	% CHANGE FROM PROJECTED 1/94 PYMT STD
<b>AFDC Basic</b>					
Adult/1 child	845	870	792	-6.3%	-9.0%
Adult/2 children	950	978	890	-8.3%	-9.0%
EACH ADDL	105	108	98	-6.6%	-9.3%
<b>AFDC-UP</b>					
2 Adults/1 child	1040	1070	890	-14.4%	-16.8%
2 Adults/2 children	1145	1178	988	-13.7%	-16.1%
EACH ADDL	105	108	98	-6.6%	-9.3%

ASSISTANCE PAYMENTS BRU  
FY94 AFDC PAYMENT LEVEL SUMMARY

	FY94 Full Formula	FY94 AT 1993 level (No COLA)	FY94 AT 1992 level	FY94 AT 1991 level	FY94 AT 1990 level
CUMMULATIVE PERCENT REDUCTION	None	3.0%	5.7%	9.1%	13.8%
AFDC CASELOAD					
AFDC-BASIC	11482	11482	11482	11482	11482
AFDC-UP	2376	2376	2376	2376	2376
<b>AVG. Monthly Cases</b>	<b>13858</b>	<b>13858</b>	<b>13858</b>	<b>13858</b>	<b>13858</b>
AFDC FY EXPENDITURE					
AFDC-BASIC	111,625.7	109,918.6	106,716.5	102,910.9	97,640.6
AFDC-UP	25,775.7	25,375.7	24,662.9	23,783.3	22,567.2
<b>TOTAL EXPENDITURE</b>	<b>137,401.4</b>	<b>135,294.2</b>	<b>131,379.3</b>	<b>126,694.2</b>	<b>120,207.9</b>
AF Reduction COLA / Ratable		2,107.3 960.9	3,914.9 1,785.2	8,600.1 3,921.6	15,086.4 6,879.4
TOT AF REDUCTION	0	2,107.3	6,022.1	10,707.3	17,193.5
GF REDUCTION	0	960.9	2,746.1	4,882.4	7,840.3
POVERTY GUIDELINE (Estimated as of JAN. 1, 1994)					
Household size 2	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014
Household size 3	\$1,278	\$1,278	\$1,278	\$1,278	\$1,278
AK. AFDC MAX PAYMENT					
Household size 2	\$870	\$845	\$821	\$792	\$752
Household size 3	\$978	\$950	\$923	\$890	\$846
AFDC MAX VS. GUIDELINE					
Household size 2	86%	83%	81%	78%	74%
Household size 3	77%	74%	72%	70%	66%
REDUCTION FROM FULL FORMULA (as of JAN. 1, 1994)					
Adult AND ONE CHILD	\$0	(\$25)	(\$49)	(\$78)	(\$118)
Adult AND TWO	\$0	(\$28)	(\$55)	(\$88)	(\$132)
REDUCTION FROM CURRENT LEVELS					
Adult AND ONE CHILD		\$0	(\$24)	(\$53)	(\$93)
Adult AND TWO		\$0	(\$27)	(\$60)	(\$104)

AFDC AT 1991 MAXIMUM PAYMENT LEVEL: Roughly two-thirds of all AFDC households consist of a parent and one or two children, with no other source of cash income but the PFD. The typical AFDC household in Alaska consists of a mother and one child. In FY94, under current law, this household would have expected to receive \$870 or 86% of the Poverty Guideline for Alaska. However, with the proposed changes the maximum monthly grant for a mom and one child would drop to \$792 (1991 standard), a reduction of \$53 from current 1993 level.

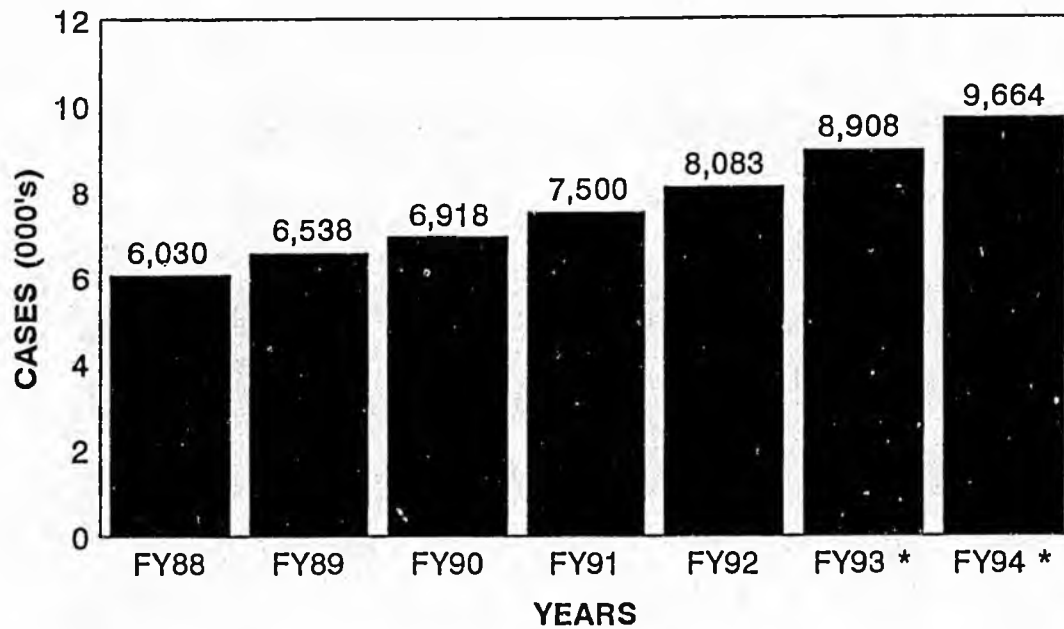
## **ADULT PUBLIC ASSISTANCE (APA)**

### **OLD AGE ASSISTANCE, AID TO THE BLIND, AND AID TO THE DISABLED**

- Provides cash assistance to citizens over age 65, blind, or permanently disabled.
- The State cash supplements are closely linked to Federal Supplemental Security Income (SSI) program, which currently pays a maximum of \$434 monthly.
- Participation makes client automatically eligible for Medicaid and energy assistance.
- A single APA client living independently currently receives \$808 per month, or 111% of the federal poverty level in Alaska. (\$434 SSI and \$374 State Supplemental payment)
- Alaska provides interim assistance, in the amount of \$280 only to clients who are awaiting a determination of disability.
- In FY94 we expect to serve 9664 APA clients each month

# APA Program Average Caseload

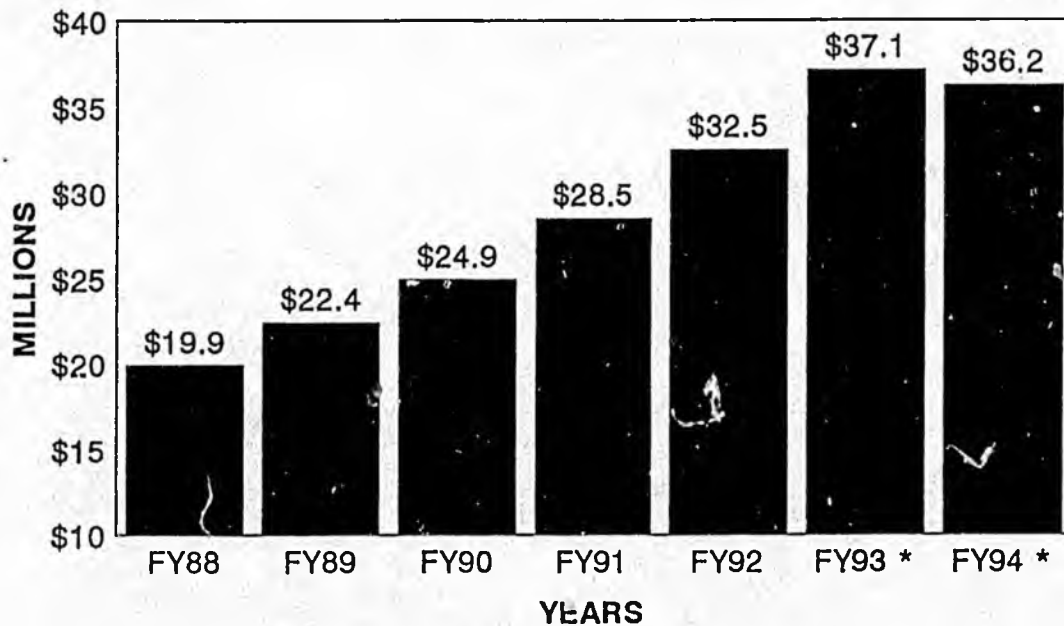
by Fiscal Year  
Fiscal Years 1988 to 1994



*\* FY 93 and FY 94 are projected*

# APA Program Expenditures

by Fiscal Year  
Fiscal Years 1988 to 1994



*Note: Includes OAA-ALBHH*

*\* FY 93 and FY 94 are projected*

**DIVISION OF PUBLIC ASSISTANCE**

**ADULT PUBLIC ASSISTANCE (APA)**

APA PROGRAM	FY89 ACTUAL	FY90 ACTUAL	FY91 ACTUAL	FY92 ACTUAL	FY93 Full Formula	FY94 Full Formula
Average Caseload	6538	6918	7500	8083	8908	9664
Caseload growth rate vs. respective prior year	8.4%	5.8%	8.4%	7.8%	10.2%	8.5%
APA Expenditure	18,952.3	20,639.0	23,430.2	26,688.1	34,887.0	38,918.6
OAA - ALB HH Expenditure	3,403.1	4,262.5	5,066.9	5,803.1	2,194.5	2,456.0
TOTAL Program Expenditure	\$22,355.4	\$24,901.5	\$28,497.1	\$32,491.2	\$37,081.5	\$41,374.6
Expenditure increase vs. respective prior year	2,458.4	2,546.1	3,595.6	3,994.1	4,590.3	4,293.1

**FY93 APA BUDGET SUMMARY**

FY93 APA INITIAL AUTHORIZATION	\$33,649.9
1. Restore the reduction for the cost of the FY93 COLA because the COLA suspension in HB 573 did not pass last year's legislative session.	535.7
2. Replace 434.0 federal funding with general fund for Interim Assistance reimbursement that can not be achieved because authorizing legislation in HB 573 did not pass. (434.0) Federal + 434.0 GF	0.0
3. Add 701.4 for the cost of APA caseload growth that was not planned in the FY93 budget request.	701.4
<b>FY93 APA BUDGET WITH SUPPLEMENTAL</b>	<b>\$34,887.0</b>

**FY94 APA BUDGET SUMMARY**

FY94 APA FULL FORMULA BUDGET	\$38,918.6
Legislative changes in HB 67 needed to create savings:	
1. Suspend APA COLA effective January 1, 1994 9207 APA clients(Interim Assistance cases excluded) x \$11.00 Avg pay reduction x 6 mos =	(607.7)
2. Implement ratable reduction of APA payment to 1990 maximum levels. 9207 APA clients(Interim Assistance cases excluded) x \$36.67 Avg pay reduction x 12 mos =	(4,051.9)
3. Enact Interim Assistance reimbursement & eliminate retroactive APA payments to Interim Assistance recipients after SSI application. (434.0 Federal replace GF In FY94 base)	0.0
Regulation change required to implement:	
4. Prorate APA initial months benefits	(475.2)
<b>TOTAL FY94 SAVINGS</b>	<b>(\$5,134.8)</b>
<b>FY94 ADULT PUBLIC ASSISTANCE (APA) REQUEST</b>	<b>\$33,783.8</b>

# FY 94 APA Budget Request

## Full Formula vs Reductions

\$38.9 FY 94 Full Formula

\$5.1 Total Reductions

APA Request 87%  
\$33.8



Total Reductions 13%  
\$5.1



Prorate Benefits 10%  
\$0.5  
Suspend COLA 12%  
\$0.6

Ratable Reduction 78%  
\$4.0

\$33.8 FY 94 APA Request

### Effects of HB67 on APA Payment standards

PROGRAM	1/93 PYMT STD	1/94 PYMT STD W/O HB 67 + 3.0% COLA	1/94 PYMT STD WITH HB 67	% CHANGE FROM 1/93 PYMT STD	% CHANGE FROM PROJECTED 1/94 PYMT STD
<b>APA</b>					
SSI + State APA					
SINGLE-INDEP	808	832	778	-3.7%	-6.5%
COUPLE-INDEP	1196	1232	1156	-3.3%	-6.2%
State APA					
SINGLE-INDEP	374	385	331	-11.5%	-14.0%
COUPLE-INDEP	544	560	484	-11.0%	-13.6%

P2apa

ASSISTANCE PAYMENTS BRU  
FY94 APA PAYMENT LEVEL SUMMARY

	FY94 Formula	FY94 AT 1993 level (No COLA)	FY94 AT 1992 level	FY94 AT 1991 level	FY94 AT 1990 level
Cummulative Percent REDUCTION	None	3.1%	5.7%	9.2%	13.8%
APA CASELOAD					
Aid to Disabled	5438	5438	5438	5438	5438
Aid to Blind	89	89	89	89	89
Old Age Assistance	4137	4137	4137	4137	4137
<b>AVG. Monthly Cases</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>	<b>9664</b>
<b>APA FY EXPENDITURE</b>					
<b>TOTAL EXPENDITURE</b>	<b>38,918.6</b>	<b>38,311.0</b>	<b>37,337.1</b>	<b>36,020.8</b>	<b>34,259.0</b>
APA reduction COLA/Ratable		607.7	973.9	2290.1	4051.9
APA GF REDUCTION		572.2	917.1	2156.5	3815.6
<b>TOTAL SAVINGS</b>	<b>0</b>	<b>607.7</b>	<b>1,581.6</b>	<b>2,897.8</b>	<b>4,659.6</b>
<b>GF SAVINGS</b>	<b>0</b>	<b>572.2</b>	<b>1,489.3</b>	<b>2,728.8</b>	<b>4,387.8</b>
<b>POVERTY GUIDELINE</b> (Estimated as of JAN. 1, 1994)					
Household size 1	\$751	\$751	\$751	\$751	\$751
<b>APA MAX PAYMENT</b>					
Household size 1					
SSI Payment	\$447	\$447	\$447	\$447	\$447
State APA Payment	385	374	362	349	331
<b>TOTAL SSI and APA</b>	<b>\$832</b>	<b>\$821</b>	<b>\$809</b>	<b>\$796</b>	<b>\$778</b>
<b>APA MAX VS. GUIDELINE</b>					
Household size 1	111%	109%	108%	106%	104%
<b>REDUCTION FROM FULL FORMULA</b> (as of JAN. 1, 1994)					
APA Client	\$0	(\$11)	(\$23)	(\$36)	(\$54)
<b>REDUCTION FROM CURRENT LEVEL</b>					
APA Client		\$0	(\$12)	(\$25)	(\$43)

APA AT 1990 MAXIMUM PAYMENT LEVEL: In FY94, under current law, an APA client would have expected to receive \$809 or 111% of the Poverty Guideline for Alaska. With the proposed changes, the maximum monthly grant for this client would drop to \$778, a reduction of \$43. The monthly maximum payment (SSI and State APA) would fall to 104% of the poverty level due to the imposition of the payment reductions and COLA suspension.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF PUBLIC ASSISTANCE

**INTERIM ASSISTANCE UNDER EXISTING LAW.** Under existing state law, Adult Public Assistance (APA) applicants whose income qualifies them for Supplemental Security Income (SSI), may receive Interim Assistance (IA) pending a disability decision from Social Security. The client receives \$280 each month. Once the applicant is found eligible for SSI, Interim Assistance ends and regular APA/Medicaid benefits are approved.

Once found eligible for SSI, the APA applicant is entitled to retroactive APA benefits. The retroactive benefits are reduced by any income the client received for the retroactive months. In the typical example below, an individual in an independent living arrangement, with no other income except SSI and IA, is eligible for retroactive APA benefits of \$94 per month. The monthly retroactive APA benefit is calculated by subtracting the monthly SSI payment of \$434 and the monthly IA payment of \$280 from the APA maximum payment standard of \$808. In these examples, the applicant received 5 months of IA benefits before the SSI application was approved.

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
SSI	<ul style="list-style-type: none"> <li>SSI application received --&gt;</li> <li>(SSI application is held pending a disability decision.)</li> </ul>				<ul style="list-style-type: none"> <li>SSI approved</li> <li>Initial SSI pymt of \$2170 for 7/93 - 11/93 paid to Client</li> </ul>	<ul style="list-style-type: none"> <li>\$434 SSI --&gt;</li> </ul>
APA/MED	<ul style="list-style-type: none"> <li>APA application received --&gt;</li> <li>(APA application is held pending SSI eligibility determination. No Medicaid coverage.)</li> </ul>					<ul style="list-style-type: none"> <li>APA approved</li> <li>\$470 retroactive APA pymt for 7/93 - 11/93 paid to client</li> <li>Retroactive Medicaid for 7/93 - 11/93</li> <li>\$374 APA/MED --&gt;</li> </ul>
IA	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> <li>IA case closed eff. 11/30/93</li> </ul>	

**INTERIM ASSISTANCE UNDER HB 67/SB 101.** Under HB 67/SB 101, to be eligible for Interim Assistance, APA applicants must sign an agreement with the State to repay Interim Assistance from their initial SSI payment. This initial SSI payment is sent to DHSS. DHSS keeps \$280 per month for the repayment of Interim Assistance and refunds the remainder to the client.

HB 67/SB 101 provides that Interim Assistance recipients are not eligible for retroactive APA benefits. However, the successful SSI applicant will be eligible for retroactive Medicaid coverage.

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
SSI	<ul style="list-style-type: none"> <li>SSI application received --&gt;</li> <li>(SSI application is held pending a disability decision.)</li> </ul>				<ul style="list-style-type: none"> <li>SSI approved</li> <li>Initial SSI pymt of \$2170 for 7/93 - 11/93 paid to State</li> <li>\$1400 is kept by State to repay IA for 7/93 - 11/93</li> <li>Remaining \$770 is refunded to Client</li> </ul>	<ul style="list-style-type: none"> <li>\$434 SSI --&gt;</li> </ul>
APA/MED	<ul style="list-style-type: none"> <li>APA application received --&gt;</li> <li>(APA application is held pending SSI eligibility determination. No Medicaid coverage.)</li> </ul>					<ul style="list-style-type: none"> <li>APA approved</li> <li>No retroactive APA</li> <li>Retroactive Medicaid for 7/93 - 11/93</li> <li>\$374 APA/MED --&gt;</li> </ul>
IA	<ul style="list-style-type: none"> <li>Client signs agreement to repay IA</li> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> </ul>	<ul style="list-style-type: none"> <li>\$280 IA pymt.</li> <li>IA case closed eff. 11/30/93</li> </ul>	

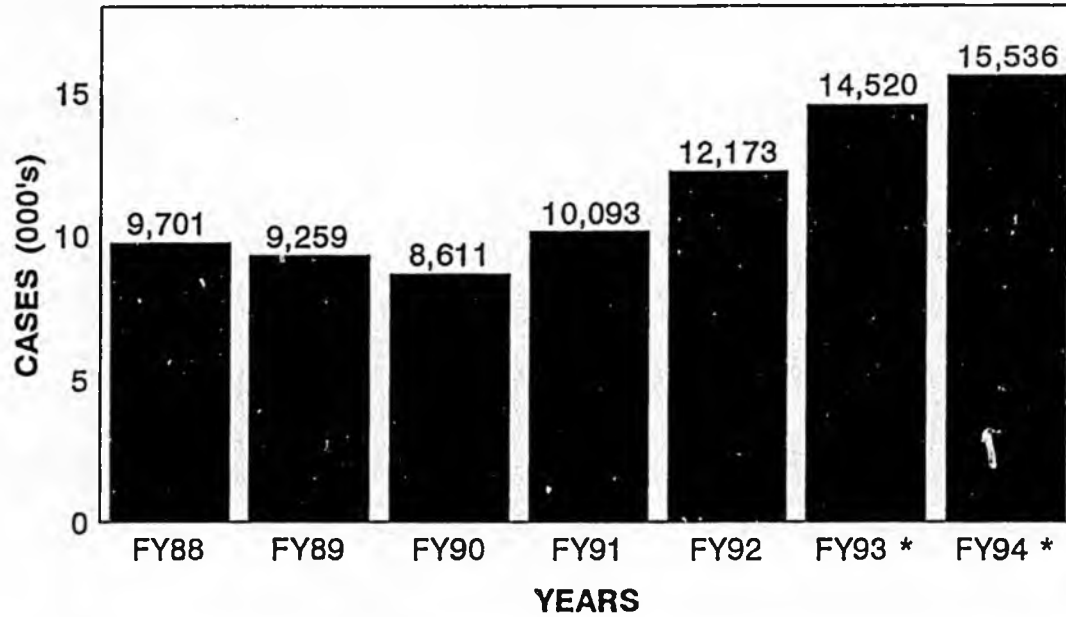
## FOOD STAMPS

- Administrative costs are shared 50/50 with the federal government.
- Benefits are paid 100% by the federal government.
- Each month about 43,500 people receive food stamps in Alaska. That is around 7.4% of the population, which is below the national participation rate of 10%.
- Rural clients get 30-50% more coupons than urban clients due to higher food costs in the bush.
- Benefits vary greatly with household size and income but the average allotment in Anchorage, Fairbanks, and Juneau is \$202 per month. Large households and low incomes in rural areas can drive monthly benefits as high as \$1,056 (6 people, zero income).

# Food Stamp Average Caseload

by Fiscal Year

Fiscal Years 1988 to 1994

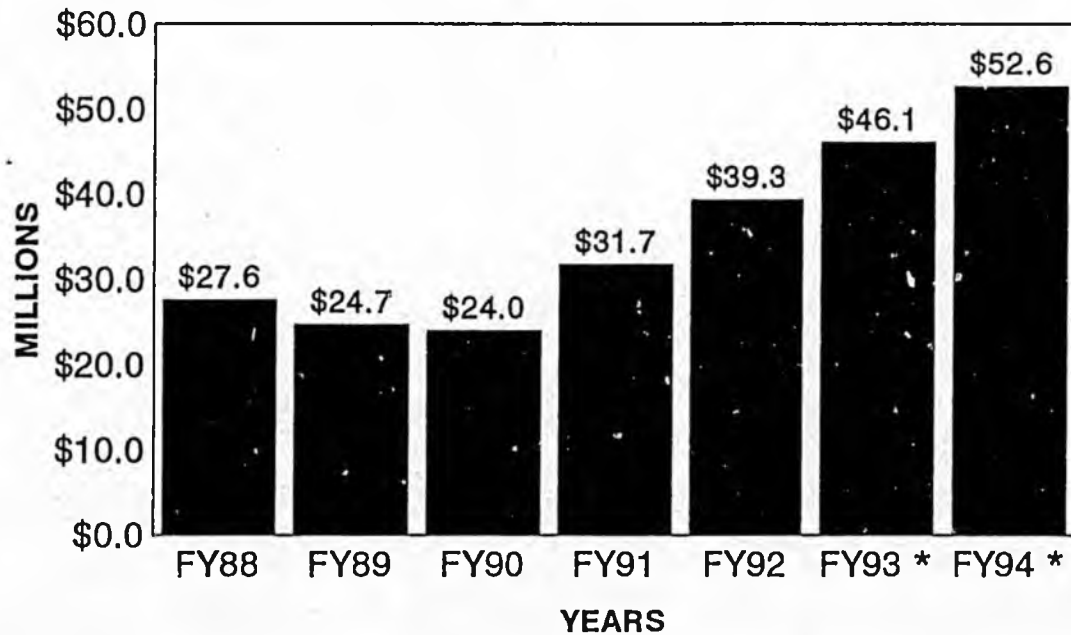


\* FY 93 and FY 94 are projected

# Food Stamp Program Benefits

by Fiscal Year

Fiscal Years 1988 to 1994



\* FY 93 and FY 94 are projected

## JOB OPPORTUNITIES AND BASIC SKILLS

### PROGRAM GOAL

Long term economic self-sufficiency for AFDC clients by means of an Employment and Training Program that removes barriers, and provides remedial education and vocational training.

### TARGET GROUPS

JOBs targeted to serve those welfare recipients who are long term or likely to become long term.

- Young Parent - under 24 years old and either:  
Little or no work experience, or  
No high school diploma or G.E.D.
- Long term recipient - has been on public assistance for three out of the last five years
- About to leave AFDC - household's youngest child is age 16 or older

### SERVICES

- Assessment
- Barrier Removal
- Transportation Assistance
- Child Care
- Case Management
- Vocational Counseling
- Employability Development Plan
- Remedial Education  
Grade 8.9 Literacy Level  
GED or High School Diploma
- Work Experience (Unpaid Job Sampling)
- Vocational Training
- Job Placement
- Full or Part-Time Work
- 90 Day Post-Employment Follow-up

### CLIENT BARRIERS TO SUCCESSFUL EMPLOYMENT AND TRAINING

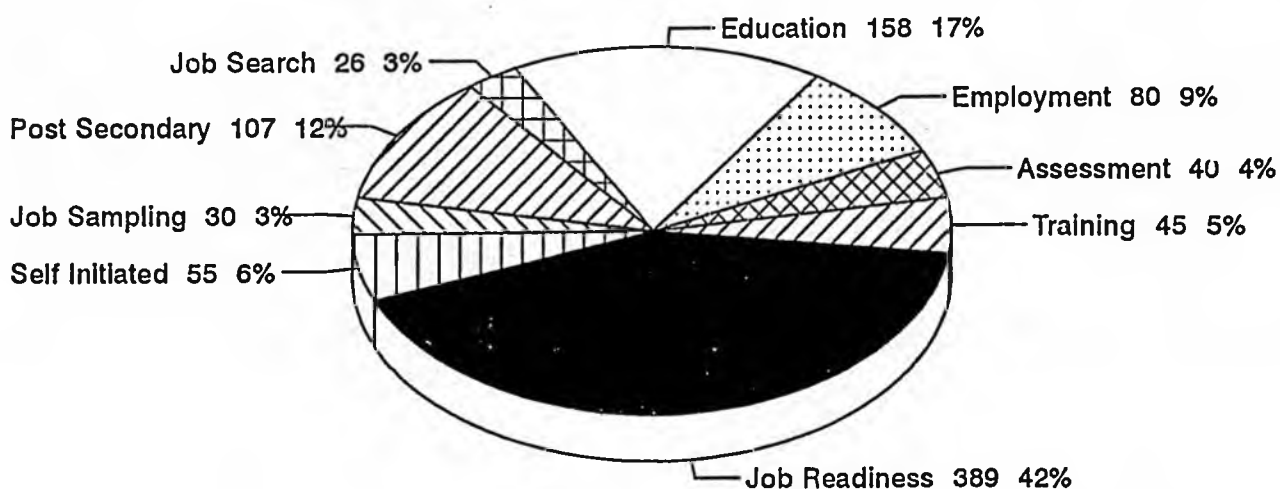
- Child Care
- Transportation
- Basic Life Skills
- Workplace Skills
- Learning Disabilities
- Substance Abuse
- Mental Health Problems  
Low Self-Esteem  
Depression
- Domestic Violence
- Criminal History
- Financial Problems

# JOBS Participants

By Components/Activities

December 1992

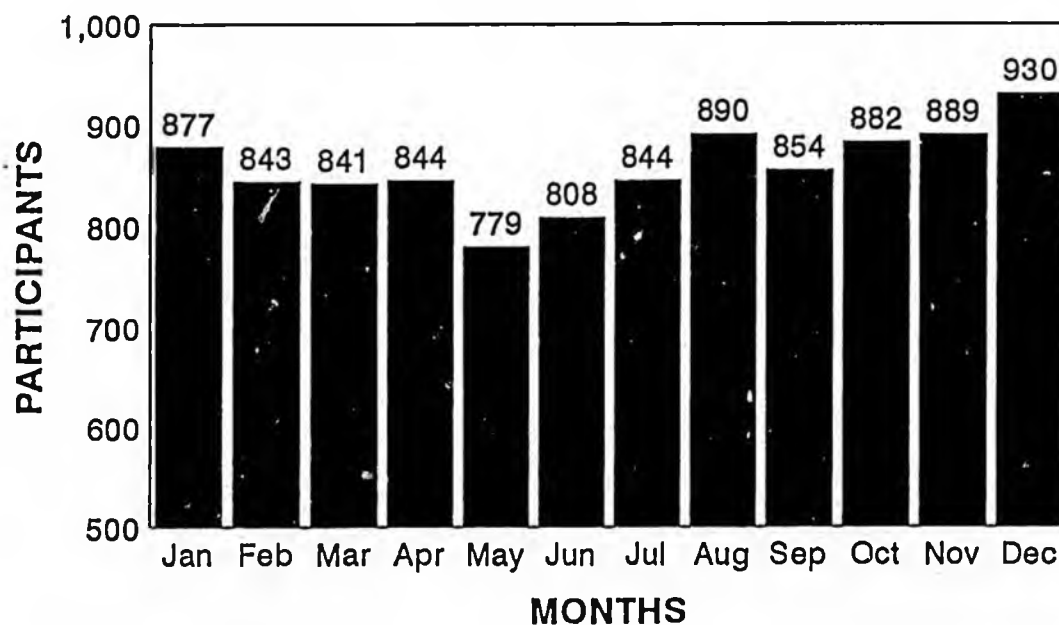
## 930 Total Participants



# JOBS Caseload Report

Year to Date

1992



**DIVISION OF PUBLIC ASSISTANCE  
ALASKA WORK PROGRAMS COMPONENT**

<u>SERVICES</u>	<u>FY93</u>	<u>Proposed FY94</u>	<u>Department</u>	<u>Description</u>
<u>Case Management and Administration</u>	\$1708.9	\$2029.4	DHSS	Administers JOBS, Food Stamp Employment and Training, State JOBS and Native JOBS Child Care
<u>Supportive Services</u>	\$ 377.0	\$ 476.4	DHSS	Direct client support.
<u>Child Care</u>				
State JOBS Child Care	\$1658.1	\$1758.1	DHSS	Federal child care programs for welfare recipients, or low income working parents, "At-Risk" of AFDC.
Native JOBS Child Care	\$ 711.1	\$ 711.1	DHSS	
At-Risk Child Care	\$1000.8*	\$ 800.0*	DCRA	
Transitional Child Care	\$ 484.4*	\$ 484.4*	DCRA	
Resource and Referral Admin/DPA Child Care	\$ 170.0*	\$ 170.0*	DCRA	
	\$ 196.4*	\$ 222.7*	DCRA	
<u>Employment Services</u>	\$1000.4	\$1104.4	DOL	Employment specialists and vocational counselors co-located on-site with DPA link welfare recipients with labor market.
<u>Education</u>				
Remedial Literacy and ABE	\$ 575.0	\$ 753.2	DOE	Remedial education to grade 8.9 literacy and GED or high school completion. Alternative high school and support.
Teen Parent Projects	\$ 125.0	\$ 215.0	DOE	
<u>Training</u>				
JTPA	Unavail.	Unavail.	DCRA	JOBS depends on JTPA for funding of vocational training.
AWP - Tuition	\$ 40.0	\$ 150.0	DHSS	Short training courses not funded by other sources.
<b>TOTAL</b>	<b>\$8047.1</b>	<b>\$8874.7</b>		

\*Federal Share Only

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF PUBLIC ASSISTANCE**

**ELIGIBILITY DETERMINATION  
Field Staff and Work**

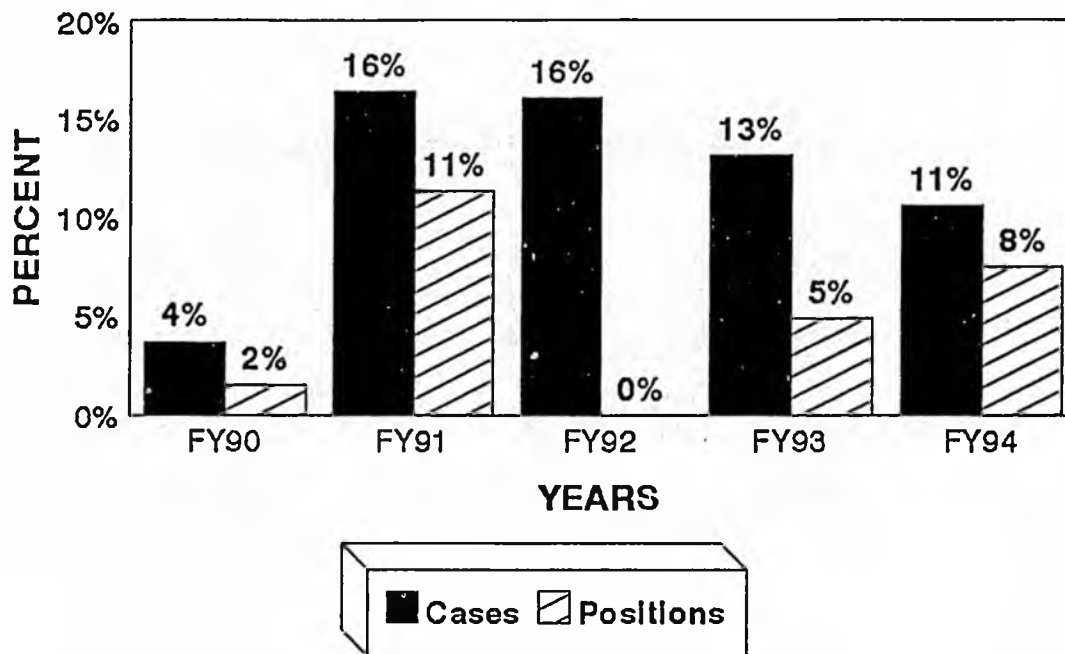
Formula Program	Total Benefits FY93	Open Cases 11/92	Apps Per Month	HH SZ	1/1/93 Maximum Benefit Urban
Aid to Families With Dependent Children (AFDC)	\$ 120,202,400	11,361	1,299	3	\$950/mo
Food Stamps	\$ 46,100,000	14,156	2,376	3	\$376/mo
Adult Public Assistance	\$ 37,081,500	8,558	419	1	\$808/mo
General Relief Assistance (GRA)	\$ 991,000	442	782	1	\$120/mo
Medicaid (ME)	\$ 241,933,900	8,493	1,282	3	Covered Services
Energy Assistance (EAP)	\$ 5,150,000	2,001	2,541	3	\$540/yr

• 75,000 people per year receive public assistance in Alaska

- The fundamental mission of the Public Assistance programs is to provide cash, food, and housing assistance to low-income Alaskans who do not have enough resources to provide for their own basic needs, and to promote the economic self-sufficiency of public assistance recipients.
- Public Assistance caseloads have experienced caseload increases of approximately 41 percent in the past two years through addition of unemployed parent (AFDC-UP) families and increases in the traditional AFDC, Adult Public Assistance, Food Stamp, and Medicaid programs. Caseloads are projected to increase from 10 to 15 percent in the next year.
- The issues emerging in this environment of increasing demand for services include increased application volume, increased caseload, rising benefit costs, increased program complexity, greater demands on staff and higher risk of unbudgeted liability for payment errors that exceed federal quality standards.
- DPA has 320 eligibility and support staff located in 13 communities throughout the state. While staffing increases have not been commensurate with the huge workload increase, workers have increased their production to cope with the ever increasing demand. Fee Agents are paid to take assistance applications in about 250 communities.
- The Division is acting on several fronts to balance the high demand for public assistance benefits against the reality of diminishing state revenues. By emphasizing quality casework and maintaining a level of accuracy in excess of federal requirements we not only avoid costly federal fiscal sanctions, we save state funds that would otherwise have been spent on improperly issued benefits.

# Annual Increase

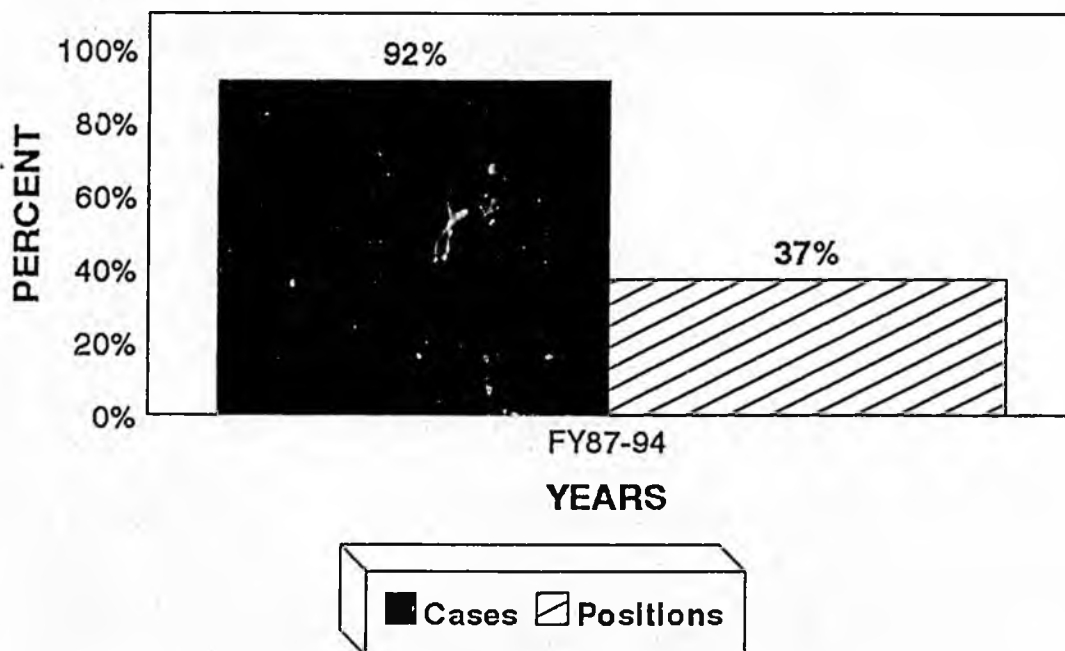
Program Cases vs Field Positions  
FY 90 to FY 94\*



\*FY 94 is projected

# Percent Change

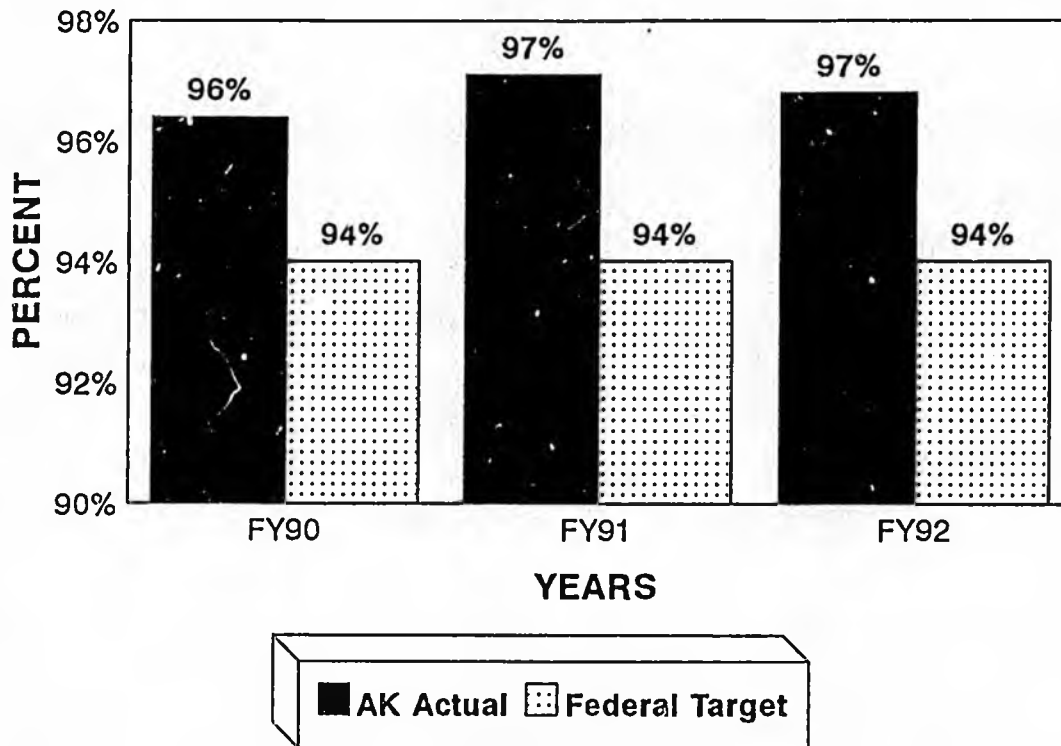
Program Cases vs Field Positions  
FY87 to FY94\*



\*FY94 is projected

# AFDC Accuracy Rate

Federal Target vs State Actuals  
FY 90 to FY 92



## AFDC

Federal AFDC requires 94 percent accuracy to avoid sanctions; Alaska's AFDC accuracy rate has been better than 97 percent. That additional 3 percent accuracy equates to about \$3 million in AFDC that would have been paid out incorrectly. Adequate staff to maintain high accuracy saves state program dollars.

## FS

The FY92 Food Stamp Program accuracy rate was 92.4%, better than federal target of 89.7%.

## Medicaid

In November, 1992, the federal Department of Health and Human Services announced that DPA had achieved 99.7% accuracy in its administration of the Medicaid caseload in federal FY91 - the best in the nation.

## DPA SYSTEM OPERATIONS ELIGIBILITY INFORMATION SYSTEM (EIS)

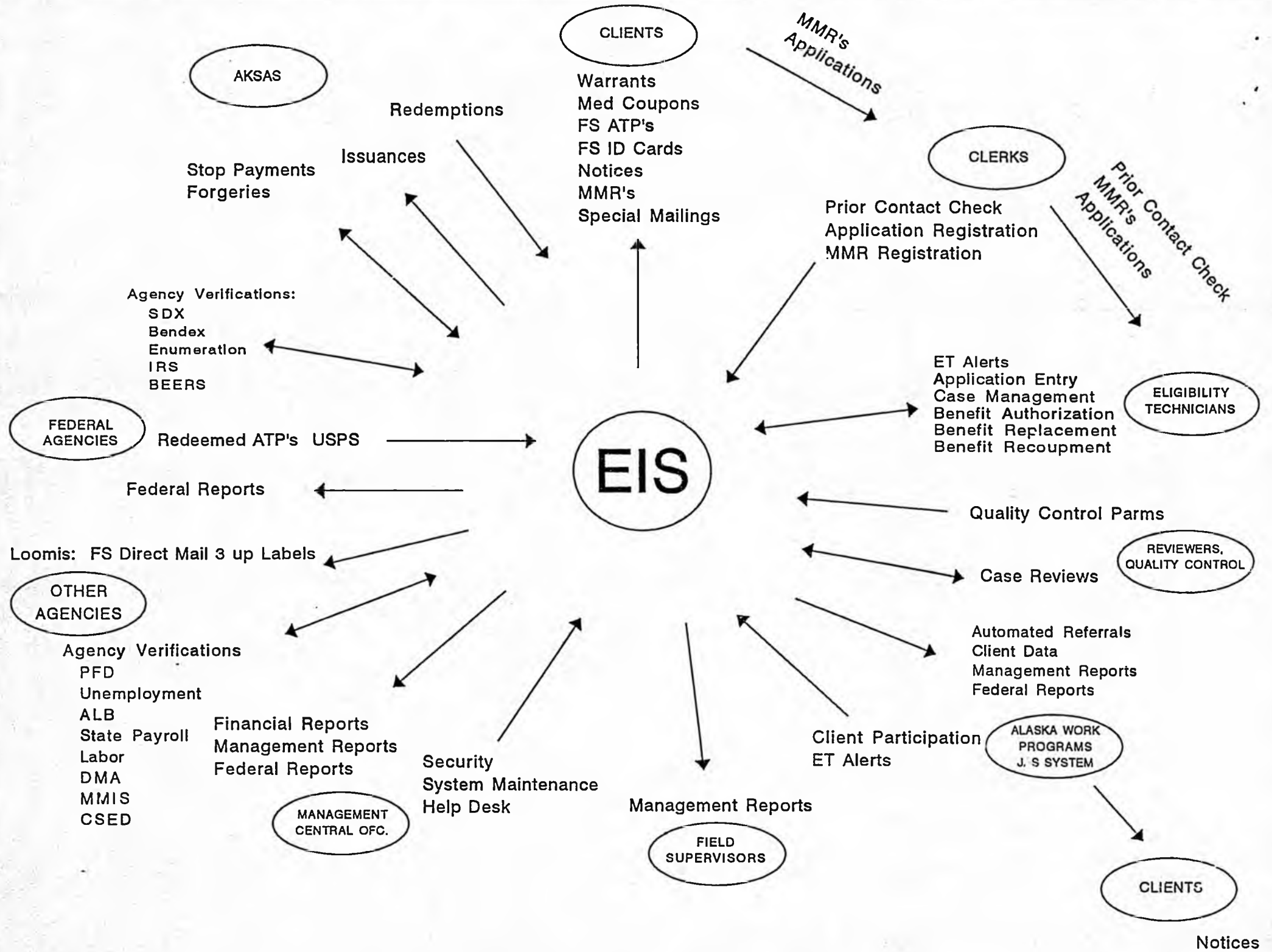
- EIS has 1,700 Program Applications
  - 1,100 on-line
  - 600 batch
- EIS has 450 Users
- Limited Access is provided to agencies such as
  - Community and Regional Affairs
  - Medical Assistance
  - Labor
  - Child Support
  - Family and Youth Services
  - Public Health
- EIS stores 11.0 gigabytes (6.3 Billion Bytes) of information, or 2.5 million typewritten pages
- EIS produces monthly
  - 25,101 Warrants
  - 31,331 Medical Coupons
  - 4,565 Food Stamp (ATP)
  - 1,240 Food Stamp ID Cards
  - 32,670 Notices
  - 16,879 Monthly Reports
  - 8,661 Food Stamp Direct Mail
  - 2,258 Reviews/Recertifications
- To perform an eligibility determination an intake technician inputs data on an average of 25 screens
- An average of 110,000 transactions are performed on EIS per day

The Eligibility Information System, our automated data processing system, is essential to each employee's work. The Division relies on EIS to store client data, process eligibility determinations, calculate benefits, and issue benefits and notices to clients. EIS is also needed to produce financial and other reports for program administration and planning.

Growing workloads and growing program complexity have made the efficient, accurate delivery of benefits increasingly difficult to sustain. The ability of EIS to compile information for program management and planning is limited.

The Division needs to redesign or replace EIS to ensure its future ability to administer the public assistance programs.

An effective data processing system is probably the single most important factor in our ability to manage the growth and change in the public assistance workload. Replacing or redesigning EIS will be a major capital project that includes planning, design, and implementation phases.



**DIVISION OF PUBLIC ASSISTANCE  
FY93-FY94 WELFARE REFORM**

**CASELOAD CONTAINMENT**

- Rigorous application and Eligibility Determination process to maintain 97% accuracy and prevent ineligible from getting benefits
- Monthly reporting by client and review by caseworker
- Maintain AFDC payment accuracy at 96%-97% vs. federally required 94%. Each percent is \$1.2 million.
- Early Fraud Detection
- Post-certification fraud investigation and repayment
- Prosecution and conviction for criminal fraud
- JOB Opportunities and Basic Skills (JOBS) program

**BENEFIT PAYMENT REDUCTION**

- Suspend COLA
- Ratable Reduction of AFDC to 1991 payment level
- Ratable Reduction of APA to 1990 payment level
- Conform AFDC-UP payment standard to AFDC-Basic
- Interim Assistance reimbursement and no retroactive APA
- Prorate initial APA benefits

**AFDC SELF-SUFFICIENCY PROJECT**

- Survey of AFDC clients' and staff perceptions of barriers to self-sufficiency
- Focus Group meetings on barriers to self-sufficiency
- Analysis of the federal Section 1115 Waiver process
- Analysis of the AFDC waiver demonstrations proposed or carried out by other states through 12/92
- Exploring economic development, job creation, and rural job possibilities

**REFORMS PLANNED FOR FY94**

**Support and Enhance JOBS Program**

- Serve 40% of AFDC UP, 625 clients
  - Job Search
  - Remedial Adult Basic Education
  - Job Readiness
  - Work Experience
- Increase JOBS program to meet federal 15% mandate up from 11%; serve 1340 clients, up from 925
- Referrals for substance abuse treatment
- Increased job skills training

### **Encourage Self-Sufficiency for AFDC Recipients**

- Establish self-sufficiency goals at initial AFDC application
- Client education on job search, child care, job readiness
- AFDC Payment "Gap" from ratable reduction

### **JOBS INITIATIVES IN FY93**

- \$119,000 federal grant for Wasilla Teen Parent Project
- Job Sampling
- Designed Data System to retrieve JOBS client occupation and wages, post-AFDC

### **INITIATIVES UNDER CONSIDERATION**

- Waiver Package to include:
  - Increase AFDC earned income disregard
  - Eliminate AFDC Unemployed Parent "100 Hour Rule"
  - Increase AFDC vehicle value limit
- Pursue federal program changes
  - AFDC Earned Income Disregards
  - AFDC Unemployed Parent "100 Hour Rule"
  - AFDC vehicle value limit
  - Section 1115 Waiver process
  - JOBS quota to serve 40% of AFDC-UP
  - Paid employment as a countable JOBS component
- AFDC Payment "Gap" increased by raising need standard
- Child Care Vouchers for working families
- Subsidized employment: Work Supplementation; On-the-Job Training
- Work Experience for non-JOBS clients
- American Public Welfare Association Task Force on Self-Sufficiency
- National Governors' Association Initiative on "Rethinking Welfare"

**MAXIMUM PUBLIC ASSISTANCE PAYMENTS**

	FY92 1/1/92	FY93 1/1/93	Projected ** FY94 1/1/94
<b>1 Adult/2 Children</b>			
Aid to Families with Dependent Children (50% GF/50% FED)	923.00	950.00	890.00
Food Stamps - FED	260.00 *	260.00 *	286.00 *
<b>Total</b>	<b>1,183.00</b>	<b>1,210.00</b>	<b>1,176.00</b>
Percentage of Poverty	98.2%	97.5%	92.0%
<b>2 Adults/2 Children</b>			
Aid to Families with Dependent Children - Unemployed Parent Program (50% GF/50% FED)	1,113.00	1,145.00	988.00
Food Stamps - FED	304.00 *	303.00 *	357.00 *
<b>Total</b>	<b>1,417.00</b>	<b>1,448.00</b>	<b>1,345.00</b>
Percentage of Poverty	97.5%	96.7%	87.2%
<b>1 Adult over 65</b>			
Adult Public Assistance - GF	362.00	374.00	331.00
Supplemental Security Income - FED	172.00	184.00	197.00
Longevity Bonus - GF	250.00	250.00	250.00
Longevity Bonus Hold Harmless - GF	250.00	250.00	250.00
Food Stamps - FED	10.00 *	10.00 *	10.00 *
<b>Total</b>	<b>1,044.00</b>	<b>1,068.00</b>	<b>1,038.00</b>
Percentage of Poverty	147.5%	146.5%	138.2%
<b>1 Adult Blind or Disabled</b>			
Adult Public Assistance - GF	362.00	374.00	331.00
Supplemental Security Income - FED	422.00	434.00	447.00
Food Stamps - FED	10.00 *	10.00 *	10.00 *
<b>Total</b>	<b>794.00</b>	<b>818.00</b>	<b>788.00</b>
Percentage of Poverty	112.1%	112.2%	104.9%
<b>1 Adult No Category</b>			
General Relief/Vendor Payment - GF	120.00	120.00	120.00
Food Stamps - FED	142.00 *	143.00 *	144.00 *
<b>Total</b>	<b>262.00</b>	<b>263.00</b>	<b>264.00</b>

**Other Possible Cash Benefits**

Veteran's Benefits - FED  
Energy Assistance - FED (60% to 70% paid to vendors)

\* Food stamp numbers are estimates. The amount paid for food stamps varies according to several factors including shelter costs.

\*\* Includes 1994 COLA suspension and rateable reductions.

Presumes 3% annual rise in federal Poverty Guidelines and Supplemental Security Income benefits for FY93 and FY94.

## POSITION PAPER

CSHB 67 (JUD)

## DISCUSSION

CSHB 67 (JUD) amends the Governor's welfare reduction bill by permanently repealing the authority to automatically award cost-of-living allowances (COLAs) in benefits paid under the Aid to Families with Dependent Children (AFDC) and Adult Public Assistance (APA) programs. The Governor's bill proposed a one-year suspension of the COLAs and would have denied the 3 percent COLAs expected to be awarded in January 1994 while retaining the authority to award COLAs in future years.

The Governor's bill has the dual goals of producing immediate savings in program costs and curbing the rate of increase in the welfare caseload. Suspending rather than repealing the COLAs was a strategy calculated to achieve the necessary savings in program costs while maintaining the protection against rising living costs afforded by the statutory COLA provision. CSHB 67 (JUD) removes this protection. The benefit reductions imposed by the Governor's bill are substantial. We do not support the assistance reductions which would result from permanent repeal of the AFDC and APA COLAs.

## THE GOVERNOR'S WELFARE REDUCTION PROPOSAL

The Governor's bill achieves substantial cost savings in the AFDC program by reducing benefit payments by 6.3 percent to January 1991 levels, suspending the COLA adjustment for one year, and reducing the payment standards for two-parent AFDC families (AFDC Unemployed Parent and Incapacitated Parent cases) to the same level as the standards for single-parent (AFDC Basic) families.

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

This legislation amends the Adult Public Assistance (APA) statutes to achieve savings in payments to the aged, disabled, and blind. APA benefits are reduced to the level in effect in January 1990, resulting in a net reduction in assistance to individual recipients of 3.7 percent. The scheduled January 1994 COLA increase is suspended. The APA statutes are amended to allow the State to be reimbursed for Interim Assistance paid to individuals applying for federal

Position Paper  
CSHB 67 (JUD)  
Page 2

Supplemental Security Income (SSI) benefits by collecting the Interim Assistance from their retroactive entitlement to SSI benefits.

SECTIONAL ANALYSIS of CSHB 67 (JUD)

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

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

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

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

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

The adjustment to the payment standards for two-parent families is expected to result in approximately 28 families becoming ineligible for AFDC benefits. In these families, approximately 56 adults and 31 children will become ineligible for Medicaid.

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

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

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

Section 2 allows the Department of Health and Social Services to use its regulatory authority to set standards of need that exceed the payment standards set in Section 1. Federal law allows the states to pay a reduced percentage (a "ratable reduction") of the amount that is established as necessary for the basic household expenses that the AFDC payment is intended to cover. Alaska has historically paid 100 percent of need.

Ratable reductions may be structured to create a payment "gap" that works as an incentive for recipients to earn income. The administration intends to use the authority provided in Section 2 to establish AFDC need standards that are 6.3 percent above the payment standards set in Section 1, effectively maintaining the January 1993 basic need standards and creating a small payment gap that assures that current AFDC recipients who receive small grants will continue to be eligible for Medicaid and Job Opportunities and Basic Skills Training (JOBS) program services, and providing a small incentive for recipients to work.

The authority provided by Section 2 could also be used, given sufficient appropriations to cover additional AFDC and Medicaid program costs, to create a larger payment gap that allows recipients to retain more of their earnings and earn larger amounts without losing eligibility for AFDC and AFDC-related benefits. The Department intends to make future adjustments in the standards of need as SSI COLAs are awarded, and to increase the ratable reduction percentage to maintain payment levels at the statutory maximums.

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Section 3 amends 47.25.430(b) to repeal the authority to award annual cost-of-living (COLA) increases in Adult Public Assistance benefits. This adjustment, which is based on the federal SSI COLA, is expected to be approximately 3 percent in January 1994.

Section 4 amends AS 47.25.430 to reduce Adult Public Assistance payments to the levels in effect on January 1, 1990. The January 1993 APA payment to a typical individual who also receives SSI benefits is \$374; Section 4 would reduce that payment to \$331. The payment to a typical couple would be reduced from \$544 to \$484.

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

The APA maximum payment standards are set by regulation at 7 AAC 40.310. Section 4 gives the Department of Health and Social Services the direction and authority to reduce the payment standards while maintaining maximum income levels at or above the current levels, thus preserving the Medicaid eligibility of APA recipients whose countable income exceeds the maximum payment level but is less than the existing standards of need, as adjusted for future COLAs.

The reductions in benefit levels imposed by Section 4 would take effect on July 1, 1993.

Section 5 amends AS 47.25.455 to allow the state to be reimbursed for Interim Assistance benefits paid to APA applicants while they are waiting for the Social Security Administration to determine their disability. Social Security typically takes 4 months or longer to make a disability determination. APA applicants must be disabled under SSI standards before they qualify for regular APA and Medicaid benefits; Interim Assistance provides these individuals with a \$280 monthly payment for basic living expenses until they are determined eligible to receive SSI and regular APA benefits.

Once APA applicants are determined to be disabled, they are retroactively eligible for SSI from the date they applied. Such individuals typically receive 4 or more months of retroactive SSI benefits (at up to \$434 per month) for the months they received Interim Assistance. Federal law allows

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the states to be reimbursed for the Interim Assistance from the applicant's retroactive SSI benefits. Section 5 establishes the authority for Interim Assistance reimbursement in Alaska by requiring applicants to repay the Interim Assistance they receive if they are found eligible for SSI. The Social Security Administration would make the individual's retroactive SSI payment to the Division of Public Assistance. DPA would retain the first \$280 of each month's retroactive SSI benefit and forward the balance to the recipient.

Section 5 also eliminates retroactive eligibility for regular APA benefits to individuals who have received Interim Assistance. Under current law, an Interim Assistance recipient who is found eligible for SSI is retroactively entitled to APA benefits; this entitlement is reduced by the amount of Interim Assistance the individual already received each month. Interim Assistance reimbursement will achieve savings only if the retroactive entitlement is eliminated. Section 5 adds a new subsection (d) to AS 47.25.455 that repeals the retroactive entitlement to APA benefits of Interim Assistance who are found eligible for SSI.

Section 6 repeals AS 47.25.320(d), which provides the authority to award annual cost-of-living (COLA) increases in Aid to Families with Dependent Children payments. This adjustment, which is based on the federal SSI COLA, is expected to be approximately 3 percent in January 1994.

Section 6 also repeals AS 47.25.320(e), which established the payment standards for AFDC Unemployed Parent cases when the AFDC-UP program was enacted in 1990. This change is necessary to conform to the change to AS 47.25.320(a)(2) made in Section 1, establishing the payment standards for two-parent AFDC families at the same level as the standards for single-parent families.

Section 7 provides transitional authority to allow DHSS to adopt implementing regulations for this legislation before the effective date of the law. The regulations would take effect on the effective date of the legislation. This provision is intended to facilitate timely implementation on the statutory changes included in the bill.


Section 8 provides for an effective date for Sections 1 through 6 of July 1, 1993.

Section 9 provides for an immediate effective date for Section 7.

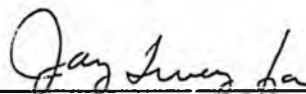
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RECOMMENDATION

We recommend that CSHB 67 (JUD) be amended to restore the authority to award COLAs in AFDC and APA payments after calendar year 1994 and be adopted with the rest of the provisions of the bill intact. The Governor's bill attempts to balance the need to contain the growth in public assistance expenditures against the necessity of continuing to provide cash assistance to increasing numbers of low-income Alaskan families and aged, disabled, and blind adults. The additional reductions imposed by permanent repeal of the statutory COLA provisions undermine the State's commitment to providing for the basic subsistence of its citizens who are unable to support themselves.

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

3/23/93  
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Date

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

3/24/93  
\_\_\_\_\_  
Date